GOV. JOHNSON SUGGESTS MUCH NEW LEGISLATION

At His Second Inaugural the State's Executive Advocates Taxation Reform, Lower Freight Rates, Two-Cent Fare and Abolition of Passes.

State Department of Mines and Mining Proposed, and a Royalty Tax on Iron Ore Recommended—Reciprocal Demurrage Law Favored—Permanent Tax Commission and Insurance Legislation Necessary—Initiative and Referendum.

St. Paul, Jan. 9—The formal inauguration of John A. Johnson's second term as governor of Minnesota took place today at the state capital at a joint meeting of the senate and house in the hall of representatives. The oath was administered by Chief Justice Chas. M. Start, and immediately following the ceremony Governor Johnson read his message, in substance as follows:

Gentlemen of the Senate and House of Representatives:

The first paragraph of our constitution states that government is instituted for the security, benefit and protection of the people, in whom all political power is inherent, together with the right to alter, modify, or reform such government when the public good may require. It is not instituted for the protection of interests deriving their privileges from the sovereign power of the people; neither is it instituted to deprive any individual or any interest of any right which may obtain under the constitution. You are elected as representatives of all the people of the state to make such alterations and modifications in our laws as will inure to the domestic welfare, and I believe that at this session of the legislature you are given opportunities that seldom come to a law-making body. I hope and believe you will approach the office committed to your care with zeal and activity, and with the sole purpose and motive of doing that which is best for the commonwealth.

There is much cause for congratulation in the general condition of our prosperity. We have particular reason for felicitation in the financial condition of the state. According to the report of the state auditor there has been much improvement during the past biennial period. Economy by the legislature, followed by economical administration on the part of the executive departments, will bring a further improved condition in the near future.

TAXATION.

One of the greatest questions with which you will be called upon to deal is that of solving the problem of providing, at least in some measure, a wise and just method of distributing the tax burdens of the people you represent.

From the birth of our state government we have had an unchanged system of taxation in the form of a direct tax upon real and personal property. The history of taxation in our state has taught us that taxes have not been equal and that the method has not been efficient. The cause has been in part the law and in part the application.

The state constitution provided that laws should be passed taxing all property according to its true value in money. Laws have been enacted with this idea in view, and yet we know that the taxation of all forms of property, while based in some measure upon valuation, has seldom or never approximated full value. Real property has been generally assessed at anywhere from twenty-five to fifty per cent of actual value; and tangible personal property at much the same ratio; while millions of dollars of invisible and intangible property has escaped taxation entirely because of the ability of the owner to evade his lawful tax burden.

It is not to be presumed that this or any other legislative body while able to devise a system of taxation or enact a tax law which is going to bring about in complete form the results commonly hoped for by all people compelled to pay taxes. The best that this body can do is to equalize as nearly as may be the burden of taxation and so adjust it that its weight will not fall too heavily upon those unable to bear it, and distribute the responsibilities in accordance with the privileges enjoyed under our government. We cannot escape taxation. Taxes are and must be levied for the purpose of government. During the year 1905, the total taxes levied in our state for all purposes amounted to $22,355,326.25, distributed in various ways for the carrying on of state, county, city, town and school governments. No law can be enacted by you which will in a very large measure reduce this burden of taxation, which was even greater in 1906 than in 1905; the total taxable valuation of the property of the state for 1906 being $914,000,000 in round numbers, as against $853,000,000 in 1905.

At the recent general election the people of Minnesota voted to modify the constitution, and adopted an amendment giving to the legislature this wider latitude; and it now falls to you to justify, in some small measure at least, the opinion of the people that this action, both by the legislature and by themselves, was a wise one.

PERMANENT TAX COMMISSION.

I would most urgently recommend legislation providing for the establishment of a permanent tax commission, which shall be empowered to make a careful and scientific study of this question and report from time to time, both to the executive officers and to the legislature.

The commission should visit the several counties of the state annually, or at least biennially, and should be empowered to supervise the work of local assessors and boards, and provide rules to facilitate the performance of the duties of assessors and otherwise aid them in the work of securing equal and uniform assessments. Specially important service can be rendered by the proposed state commission in seeing that the tax laws made by this legislature are enforced strictly, uniformly and impartially, and that assessments are free from discrimination as between counties, local assessment districts and different parcels of property in the same district.

TAXATION OF IRON MINES.

Prior to 1896, the owners of iron mines in Minnesota paid a nominal tax of one cent per ton on ore mined and shipped, in lieu of all other taxes. The law, that of 1881, was clearly unconstitutional at that time and was repealed in 1897. Under this act, during the five years ending with 1895 the tonnage taxes on Minnesota iron mines netted a total of only $73,845.

Beginning with 1896, the mines have been assessed as other real property for direct taxation; the totals for St. Louis county, as equalized by the State Board of Equalization, being for the past ten years, approximately as follows: $5,900,000 in 1896, $6,000,000 in 1898, $16,000,000 in 1900, $30,000,000 in 1902, $42,000,000 in 1904, and $70,000,000 in 1906.

How inadequate even the assessment of 1906 may be is apparent from the estimates of the companies themselves who hold the mining properties as assets for capitalization. In 1902, when the United States Steel Corporation had much smaller iron ore holdings than at present, the officers testified in a chancery suit, as appears in a government report, that the corporation had in reserve in deposits of tested ore upwards of 700,000,000 tons upon which the officials placed a value of $1.00 per ton as the worth of ore to the company as material for conversion into merchantable products. Subsequent reports of the corporation and public statements of its recent president, Chas. M. Schwab, confirm this valuation and show, moreover, that t[illegible] of this iron ore asset of the [illegible]eel Corporation is locate[illegible]nce 1902 the explora[illegible] of iron ore propertie[illegible] proceeded on a large [illegible]resent estimates of m[illegible] government author[illegible] explored merchan[illegible]m Minnesota are upw[illegible]e-half billions of ton[illegible]apparent that even the [illegible] placed upon the iro[illegible]ota by the State Bo[illegible] in 1906 represents a[illegible] of something like five to ten per cent of the actual value placed upon the properties by the companies themselves for practical commercial purposes.

IRON ORE ROYALTY TAX.

Under the new constitutional amendment it is within your power, as it is your duty, to provide some system of taxation which will give the state at least an approximately fair share of its just revenue income from this great iron ore wealth. One step in the right direction, it occurs to me, would be an income tax on the royalties or mineral rights, which are not now listed for taxation.

An income tax of 5 per cent on the $6,500,000 of royalties estimated to have been received by fee holders of Minnesota from iron lands during the year 1906 would net the state treasury $325,000, or a 10 per cent tax would net $650,000.

A royalty tax, were the total thereof equivalent to 5 cents per ton on the present tonnage of 25,000,000 tons shipped from Minnesota mines in 1906, would net $1,250,000, or somewhat exceed the present tax revenue derived from direct taxation of tangible property. This royalty tax should go to the state treasury, and represent the total taxation of the intangible property or rights of mining companies and fee holders; leaving the direct realty tax, as now, for the support of local government.

As much of the inequality arising from the application of the tax laws is due to inefficient machinery for assessment, you may find the following change worth your consideration, namely, the abolition of the office of assessor in cities, villages and towns, and in their place establish either a tax commissioner for the county, or in the larger counties, a tax commission of three or five persons, to be employed annually with a view of the proper listing of property and the better equalization of existing values.

Taxation of sleeping car and telephone companies on a gross earning basis is recommended.

TAXATION OF EXPRESS COMPANIES.

Your attention is directed to the feasibility and propriety of making a change in the matter of the taxation of express companies. Our statute now provides for the taxation of express companies, based on 6 per cent of the receipts on business done between points in the state, after deducting the amounts paid to railroads for the transportation of freight within the state. This practically makes the rate of taxation of express companies 3 per cent, as the railroads are paid about 50 per cent of the revenue. Express companies do not include any proportion of the earnings or receipts on interstate business; that is, business which originates in and terminates outside of Minnesota, and vice versa, and business passing through the state. Railroads doing business in this state pay 4 per cent on a proportion of all inter-state and also on intra-state earnings, and I believe Minnesota is the only state where the statute provides for the collection of taxes on an earnings basis, to pay on the balance, after deducting the amount paid to railroads. Express companies should not be treated differently from other companies, and I believe it would be more practical to take the total earnings of the express companies and ascertain Minnesota's proportion of such revenue for taxation purposes based on the ratio of mileage in Minnesota of such express companies, which the mileage bears to the total operated mileage; or, in lieu of some such provision, adopt the excise plan obtaining in the state of Ohio with relation to sleeping car companies, to which reference has already been made.

LICENSE TAX ON CORPORATIONS.

Your attention is likewise respectfully called to the following resolution of the state board of equalization adopted Oct. 4, 1906, in favor of levying an annual license tax on corporations, with the spirit of which I heartily concur:

"RESOLVED, By the state board of equalization that the governor is respectfully requested to ask for the passage of a law by the next legislature fixing an annual license fee of, say, $10, for each and every corporation, whether local or foreign, doing business in the state of Minnesota, with a proviso that in the case of failure to pay said annual fee, the offending corporation be barred from the courts of this state, and their charter be considered annulled, said license fee when paid to be accompanied by the address of the principal office, the names of the officers and the amount of capital paid in of said corporation. The fees arising to be paid to state treasurer and be covered into the state general fund."

STATE DEPARTMENT OF MINES.

By reason of the vast interests of the state in mines and mineral properties, I herewith submit to you the advisability of organizing a new state department devoted to the subject and the creation of the position of state commissioner of mines, giving such official powers and duties similar to those of the commissioners of insurance, labor, railroads and warehouses, dairy and food, game and fish, or the superintendent of banks. To this department might be entrusted the enforcement of the state mine inspection and regulation laws, the examination of the mineral resources of the state school and other public lands, the protection of the state's interests in iron ore royalties and mineral contracts and leases, as well as the maintenance of a bureau of statistics and general information in regard to the mining industries and mineral resources of the state for the aid and use of the state legislative and various executive departments.

The fact that Minnesota today holds over one-half of the estimated iron ore reserve of the United States, and that our state school and other public institutions have greater mineral holdings than those of any other state in the Union, show the propriety and public value of such department to the state, even if our past experience did not prove the necessity of additional state executive authority and machinery in the regulation and protection of its mineral interests.

MINERAL LEASES.

The state has a large area of land containing iron ore, and in the past has leased on terms out of proportion to just and proper conditions. The statute now provides that from all iron ore taken from state lands, the state shall receive a fixed royalty of 25 cents per ton, each ton to be reckoned at 2,240 pounds. In the light of the leases made between private parties this fixed sum is an absurdity, and should be changed without further delay. The average royalty paid by the United States Steel Company to the owners of land on the Masabi range is more than 27 cents per ton, and upon the Vermillion range, almost 37 cents per ton. Recently this corporation has negotiated a lease with private parties at 85 cents per ton, with a contract to mine not less than 750,000 tons per year. An important lease still more recently has been made on the basis of $1 per ton royalty, and this is likely to be the Masabi range basis for the future. In view of this condition, the state cannot longer afford to pursue the policy of disposing of its iron ore wealth at prices less than that paid to private individuals. I would suggest that the provisions of the law be changed, fixing a minimum royalty on state leases of not less than 50 cents per ton, and authorizing a board consisting of the governor, attorney general and the state auditor to dispose of mineral leases at public auction to the highest bidder without fixing a maximum price by law. Rather than to continue issuing mineral leases at the price now fixed by law, it would be better rar to withdraw all state mineral lands from the market, and hold them for the future with a view of securing to successive generations a fair share of this rich heritage with which by nature we have been endowed.

RAILROAD LEGISLATION.

No problem with which you have to deal is of more vital concern to you and the people you represent than that of railway transportation, and a proper adjustment of transportation rates. Some idea of the importance of this question to the people of the state may be gathered from the fact that the total gross earnings of railroads within the state of Minnesota as reported by the companies to the railroad and warehouse commission for the year ending July 31, 1906, was $81,619,640.35. The gross earnings per mile of the railroads within this state were $10,283.28, and the net earnings per mile $5,109.90. The relative importance of this matter may be more clearly understood when we realize that the total gross earnings in Minnesota, being $81,619,640.35, is over fifty per cent of the estimated farm productions of 1906. The basis of our wealth is agriculture, and the total estimated agricultural products of Minnesota during the past year, including wheat, oats, corn, rye, barley, flax, potatoes, hay, butter, cheese, live stock, poultry, market garden, fruit and nursery products is approximately $160,000,000. In other words, it required more than one-half of the agricultural products enumerated to satisfy the transportation demands of railroad corporations within the state of Minnesota.

REDUCTION OF FREIGHT RATES.

The vast earnings of railway companies have been swollen by excessive rates of transportation, which have been much higher in our own state than in the state south of us, or in Canada, to the north of us. There is a general and just demand that the people be relieved from the extortion and the abuse of high and unfair railroad rates of transportation. In my biennial message to the last legislature, and in discussing this same question, I said that I believed there was a remedy in the establishment of a maximum freight rate that would be fair to the shipper, and not be a hardship to the transportation company; that the railroad and warehouse commission was clothed with proper legal authority to establish fair and equitable rates, and that this failure to establish fair and equitable rates was because of lack of aggressive administration rather than a lack of legal authority. I recommended at that time the appointment of a joint legislative committee to make a complete and full investigation of prevailing rates of transportation within Minnesota, with a view of establishing by law, a maximum tariff rate for transportation which might bear a reasonable rate of interest and profit on the investment, be fair to all parts of the state, and absolutely prohibit unjust discrimination between localities or individuals. Pursuant to that recommendation, the legislature appointed a joint committee which made an investigation of the prevailing rate conditions, and, as a result thereof, the legislature adopted a joint resolution directing the board of railroad and warehouse commissioners to proceed with a view to a reduction of merchandise rates within the state of Minnesota. During the past biennial period efforts have been made by the board of railroad and warehouse commission looking toward a reduction of the rates of transportation, resulting in a reduction on merchandise rates; a voluntary reduction by some of the railroads in the matter of coal and grain rates. I am satisfied, however, that absolute justice has not yet been done to the people of the state of Minnesota. During the past year, I caused to be made a complete tabulation of the prevailing rates of transportation between points on the several lines of railway within the state of Minnesota.

The recent rate reductions are in the right direction. Compared, however, with grain rates in the Canadian provinces to the north of us and with Iowa merchandise rates to the south, it is apparent that Minnesota freight rates are still at too high a level, and especially in view of the enormously heavy tonnage passing over Minnesota roads from the several northwestern states tributary to Minnesota distributing points.

A TWO-CENT PASSENGER RATE.

Hitherto we have dealt largely with the adjustment of the rates of transportation on freight. The time has come in our state when relief is also demanded in the matter of passenger rates. The current fare for the carrying of passengers now is three cents per mile. It is recognized that the average fare per mile paid by persons who travel on railroads does not exceed 2.3 per mile. A maximum rate of two per cent per mile should be fixed by law and fixed now. The public has demanded it; the public is right in making that demand, and the legislature should not defer actions.

ABOLITION OF PASSES.

The time has also come for some specific action in the matter of the enactment of law forbidding the granting of pass privileges by railroad corporations to people other than bona fide employees of railways and their families. Our state enjoys the peculiar distinction of having deferred action upon this matter until other states have taken the initiative. So insistent have the people become in their demand for this reform that all of the several political organizations have been compelled to recognize the justice of the demand, and have incorporated planks in their various platforms looking toward the abolition of the pass system in the state of Minnesota. I recognize that action upon this matter has hitherto been deferred by reason of the fact that members of the legislature and public officers generally have been granted the courtesy of free transportation. There should be no hesitancy upon this important question. If public officers are not adequately compensated now for their services, fix the compensation to such an extent as to make it reasonable compensation, and do away with the possibility of any officer becoming a beneficiary of the favors of corporations, and by reason of gratitude be placed under some obligation to the corporation which extends the courtesy. Public opinion has become settled as to what should be accomplished along this line, and I urge most earnestly the early enactment of a law which will forever abolish the pass system in Minnesota.

RECIPROCAL DEMURRAGE CHARGES.

For many years the railroad companies of Minnesota have made demurrage charges upon shippers without reciprocity. A reciprocal demurrage law, which will be fair to all parties is demanded by the public and should be enacted at this session of the legislature. If the members of this body need any further enlightenment as to the absolute necessity of prompt action in the passage of such a just and practicable measure, you will find it in the conditions of so-called car shortage which have afflicted the agricultural districts of this and neighboring states in the Northwest during the past ninety days. Even so flagrant have been the conditions that the general government felt compelled to visit this state with its force of traffic experts, hold hearings of shippers and carriers, and enter into an exhaustive investigation of our defective traffic facilities. As one of the chief remedies for the insufficient supply of cars, which has resulted in the loss of thousands of dollars to Minnesota wheat growers, and in some localities produced temporary coal famine, I suggest a reciprocal demurrage law, subjecting carriers to the same penalties for delay in furnishing cars as the carriers impose upon shippers for delay in loading cars. Under present conditions it is time that the state impressed upon public carriers the fact that a private corporation which seeks from the state a charter to exercise a quasi-public function is bound to perform that function to the best of its physical ability, and heed the public interest, and that its duty to the public is paramount to its duty to swell the already generous dividends to its stockholders by "ton-mileage" or other arbitrary economies.

INSURANCE.

Since the last session of the legislature the subject of insurance, and life insurance in particular, has occupied a conspicuous place in the public mind and will no doubt receive your particular attention.

Great evils have grown up in connection with this very important phase of our industrial life; extravagant salaries and commissions have been paid; ambiguous, deceptive and often fraudulent contracts have been sold; colossal accumulations have been secured by adroitly conceived plans and used for the benefit of favored individuals, or hazarded in the doubtful conflicts waged by captains of finance in the money centers of the country. That all this has not been followed by great disaster is due to the wonderful resources of our land and is not to the credit of those who have thus abused their trust.

During your deliberations upon this question you will be told that any legislation seeking to regulate life insurance is "paternalism"; that the companies are private corporations which should be left to manage their own affairs, and finally that the subject is so delicate and technical that if legislation is inevitable its construction should be left to those who by study and research have become expert upon the subject.

In February, 1906, a conference of governors, attorneys general and insurance commissioners was held at Chicago to consider and further the adoption of uniform insurance legislation. A committee appointed by that conference has given careful consideration to the subject since that date; its report will be before you and I bespeak for it your most earnest consideration.

Chapter 229, laws 1905, reorganizing the insurance department, has proved a very satisfactory and efficient measure. Under the provisions of that act the total fees received from January 1, 1906, to December 12, 1906, amounted to the sum of $50,946.73. The total expenses of the department for the same period amounted to $15,413.17. During the same time there have been collected from insurance companies, on account of examinations, $3,921.41. A portion of these charges consisted of the per diem earned by members of the department receiving a salary from the state. This per diem, as provided by the act of the legislature I have mentioned, goes to the state and amounted, during the period referred to, to the sum of $1,040. The total net revenue of the state from fees and per diem earned by the department during the year 1906, up to and including December, was $36,573.56. This does not, of course, include the taxes paid by insurance companies, which this year amounted to $326,019.61.

BANKS AND BANKING.

According to the report of the public examiner, the state banks of Minnesota show during the last biennial period the greatest volume of growth of any such period in the state's history.

The number of state banks in operation increased from 325 to 427, a net gain of 102. During the same period the aggregate capital stock, surplus, and undivided profits increased from $11,410,533.04 to $13,414,249.45. The gross deposits had reached the sum of $64,392,858.79, an increase of 48 per cent. The total resources show a net increase of 38 per cent. During this two-year period, there has been no state bank failure, and only one temporary suspension, which resulted in a re-organization and the strengthening of the bank without loss to the depositors or other creditors. The total banking resources of Minnesota in July, 1906, including state and national banks, saving banks and trust companies, but not including private banks, amounted to $266,490,032.83. The total deposit increase in Minnesota's financial institutions, not including private banks and building and loan associations, is approximately sixty millions of dollars, or 40 per cent; this being without doubt the greatest deposit growth in both volume and percentage for any equal period in the state's financial history. The examination of banks subject to inspection by the public examiner has developed the fact that the demand upon our banks for commercial loans is becoming limited in certain localities. Under favorable financial conditions, such as the state is enjoying at the present time, the banks have a considerable amount of surplus funds. Under our present banking laws a state bank is not permitted to make a loan in excess of 15 per cent of its capital stock and surplus. First mortgage farm loans have proven to be a highly satisfactory class of investments, and probably no better or safe class of loans can be made by banks operating in farming communities. Under the circumstances I would concur with the recommendation of the public examiner that our banking laws be so amended as to permit of the making of first mortgage loans on improved farms located within our state equal to 25 per cent of the capital stock and surplus of the bank, all such loans to be limited to and not exceed 50 per cent of the cash value thereof; provided that no bank shall invest in that class of loans in the aggregate more than 50 per cent of its deposits.

PERMANENT SCHOOL FUND.

I desire to call your attention to one peculiarly in the law relating to the investment of our permanent school funds. The law now provides that loans to school districts for the erection of school buildings shall be at a rate of 4 per cent per annum, and at the same time provides that this fund may be loaned for the construction of ditches for drainage at 3 per cent per annum. It is not fair that the institutions for which this fund is created should suffer by this discrimination. It is hardly fair to provide a higher rate of investment for the schools of the state than for other purposes. We should not discriminate against the educational interests of the commonwealth; and either the rate of interest in one case should be raised, or in the other lowered.

STATE UNIVERSITY.

No one institution within our state is of so much importance as our state university. Its growth in the past has been phenomenal, and with the aid and encouragement which should come to it from the legislature its future possibilities are unlimited. Requests for financial aid for the construction of new buildings are not as large as during other periods, and are submitted to you with the suggestion that they receive careful consideration. It is a recognized fact that this institution has been handicapped somewhat by reason of financial policies which have hitherto made it impossible to pay adequate salaries by which men of recognized ability could be employed and retained in the institution, and from time to time we suffer the loss of some of our best teachers by reason of the inability to properly and adequately compensate them. Certainly Minnesota can afford to pay reasonable compensation for this class of service, and to provide means by which we can compete with any educational institution in the country in bidding for talent which would permanently endow our university.

Since the last session of the legislature the state university has fallen heir to a large sum of money known as the Elliott bequest, providing for a memorial hospital in conjunction with the medical school. This bequest has not yet been secured because its acceptance would involve a new policy and the board of regents decided that this could not properly be done without legislative sanction and approval, and the acceptance would necessarily be conditioned upon the legislature making provision for the future maintenance of the proposed hospital. Your attention will be officially called to this matter later. It is but right that you should know that the bequest, while urged for this specific purpose, will still be available for the use of erecting a memorial building of some other character. Inasmuch as it involves a large sum of money which can be used to splendid advantage at the university, I trust that the question will receive from you that consideration to which it is entitled.

LOGS AND LUMBER.

I am pleased to be able to convey to the legislature the information that during the past biennial period all settlements by the timber board of the state for timber trespass upon public lands have been in strict accordance with the law. Irregular settlements of preceding periods have likewise been considered, and a number of cases were placed in the hands of the attorney general with strict instructions to begin immediate and continuous prosecution of the cases with a view to the collection of all moneys to which the state is entitled under the law. The attorney general, in his prosecution of these cases, has secured from the supreme court an opinion sustaining the validity of the present timber trespass law, and it requires no amendment so far as it relates to punishment of offenders under the law. It has, however, some features which should be changed. The timber board should be given a wider range of authority in settling controversies and making adjustments by which the necessity of some law suits might be dispensed with. A change should certainly be made in that section of the act providing for a re-scale of state timber. Under the present statute provision is made for a re-scale upon a demand by the state auditor, and in such case he is required to serve notice upon the surveyor general, giving a description of the tract upon which a re-scale is demanded. The surveyor general thereupon appoints one of his deputies to act in concert with a state estimator, appointed by the auditor for this purpose, the two to make a re-scale of the timber embraced in the permit, and make a report of the same for record with the auditor. It is provided that in case both the deputy and the estimator agree upon the scale, the same shall be final and binding upon the state and the purchaser; and if it shall appear by the state re-scale that the first scale was practically correct, the state shall pay the surveyor general the sum of $5 for each day spent by his deputy in making such re-scale, in addition to all necessary expenses incurred by him in traveling to and from the land, and that in case of a material difference in the two scales, the surveyor general shall not be entitled to compensation for such re-scale.

PRIMARY ELECTION LAW.

It is hardly necessary to call your attention to the need of some very important modifications of our primary election law. Much opposition to the law as it now stands exists, and there is prejudice against a primary election at all because of the possibilities of abuse under our present system. It is urged, and not without some degree of reason, that the present primary election system cultivates perjury, fraud, deceit, misrepresentation, and a total disregard for our entire election system. Citizens called upon to declare their political affiliations feel that election judges trespass upon the constitutional rights of the citizen and ignore to some extent the very purposes for which the law was created. Candidates for office, recognizing the possibility of victory through the assistance of political parties other than the one with which they affiliate, encourage fraudulent and deceitful voting. This, however, is no excuse for the demand that the present law be repealed. I believe the present law works better results for the people as a whole than the old convention system, but it is not without its weaknesses, and some radical changes should be made in the present law to overcome some of the difficulties in the way of its successful operation. I believe the law would be improved by providing that political parties through conventions might be permitted to nominate two or more candidates to be placed upon the election ballot, and to allow the people to choose between these nominations. The present system of permitting any citizen to declare himself a candidate for nomination by the mere filing of a nomination fee suggests a possibility of having a totally unfit and unworthy man to become the nominee of the political party with which he affiliates. A suggestion worthy of consideration is that nomination for the primary election, or the right of a citizen to have his name placed upon the ballot, should be by petition only. The number of petitioners required should be sufficient to prevent frivolous candidates, but not so high as to bar worthy aspirants.

GOOD ROADS.

The subject of better highways and of making good roads is still prominent in the public mind, and much more interest is being taken along this line than heretofore. We have come to recognize that the improvement of our public highways means better and more economical transportation facilities. The amendment to the constitution proposed by the last legislature relating to this question failed of passage by reason of the failure of a large number of the people of the state to vote upon this question. There was some opposition to the amendment by reason of the fact that the proposed amendment imposed certain limitations upon the legislature. I trust that provision will be made for the submission to the people of another amendment to the constitution, and that restrictions heretofore contained in the constitution be removed. For instance, the legislature is now authorized to add to the state road and bridge fund by providing in its discretion an annual tax levy upon the property of the state not to exceed in any year one-twentieth of one mill on all the taxable property in the state. This limitation should be removed and the legislature should be permitted at its discretion to levy a tax sufficient to accomplish good results along the line of better highways. The provision now in the constitution that no county shall receive in any year more than three per cent, or less than one-half of one per cent of the total fund thus provided should also be changed by striking out that portion of it which provides that a county shall not receive not less than a certain amount. All of the legislative restrictions should be removed with the exception of a possible restriction providing maximum amounts. I believe the legislature understands the importance of this subject, and that further comment is unnecessary.

DRAINAGE.

The subject of drainage is one proper for your consideration at this time. Approximately 2,368,000 acres of the state holdings of 2,750,000 acres of school and state institutional land, which do not include 60,000 acres not yet patented to the state, are too wet for agricultural purposes. This large area is confined to thirty counties in northern Minnesota; 90 per cent of the land being in Roseau, Cass, Itasca, St. Louis, Aitkin, Lake and Cook counties. With this immense area of low lands which the state is able to reclaim at a comparatively small cost, it would seem to be an excellent public policy that the most advanced methods for their reclammation be adopted and that Minnesota co-operate with any satisfactory plan proposed by the federal government for drainage.

Under authority granted by Chapter 159, General Laws 1905, the state drainage commission, has caused a topographical survey to be made of state swamp lands. The report of this work will be submitted to you, and will show the number of acres of wet lands belonging to the state, their location, the feasibility and the cost of their reclammation by systematic drainage. This report will show that the average cost per acre for their reclammation will be $1.40 and that when drained the lands will become productive and their present value increased many times the cost of such drainage. It is a good business proposition that these lands be drained. It is unjust to other business improvements in these counties that the state's wet lands be allowed to stand as barriers in the way of progress. Increased activity along this line will compel the reclammation of thousands of acres of low lands now held by railroad and land companies, and the country will provide homes for those of our citizens now seeking homes elsewhere.

I am glad to be able to say that there is in Minnesota but one sentiment on the question of the wisdom of some plan of drainage, and I would urge liberality in appropriations to this end. I would also at this time call your attention to the plan now in operation in many of the other states by which the geological survey of the federal government undertakes to make a complete survey of the state, with perfect maps, important data, etc. For each dollar expended by the state, the geological survey appropriates an equal amount, and the result is eventually to secure a survey made along the most approved lines at an expense which would be prohibitive were the state to undertake the work alone. This matter is at least worthy of your thoughtful investigation.

UNIFORM DIVORCE LAW.

During the past year a divorce congress was held in the city of Philadelphia to which duly accredited representatives of the various states of the Union were gathered with a view of framing a uniform divorce statute relating to the annulment of marriage and divorce for adoption by the several legislatures of the various states in the Union. The case with which some states permit annulment of marriages and divorces has come to be an American scandal, and it it earnestly hoped that there will be a complete co-operation by all of the several states of the Union on this important question. At the congress named, Minnesota was represented by a duly accredited representative, who assisted in the preparation of a proposed uniform statute covering this question. Copies of this proposed statute will be submitted to this body, and your earnest consideration of the matter is desired. I trust that Minnesota will be among the first states of the Union to put herself right on this important question.

INITIATIVE AND REFERENDUM.

I would call your attention to the merits of the advisory initiative and referendum. This permits the people of a state, county, city, village or town to express their views upon questions affecting their organizations and is fast gaining ground upon the theory that the duly elected officers are the servants of the people who elected them and will be guided by the expressed views of a majority. The advisory initiative and referendum is but a step farther than the right of petition, and is not binding upon their officers. The enactment of a law providing for an advisory initiative and referendum can be accomplished without a constitutional amendment, and I am firmly of the opinion that such legislation is desirable. There can be, I am sure, no valid reason against the submission to the people of a proposed constitutional amendment providing for a direct initiative and referendum. This would give the people an opportunity to vote on the question whether or not they want the right to instruct their representatives and also the further right to pass upon the laws enacted by their legislature. But whether or not you would care to go so far in this direction, I would urge your consideration of a plan for an advisory initiative and referendum.

PUBLIC OWNERSHIP.

Public ownership of public utilities is fast becoming an accomplished fact in many of the cities and villages of the state. If a city, village or town desires to conduct its public utilities by and for the public, after having so decided by a majority vote, there can be no objection to allowing the municipality to raise the money necessary to purchase and operate in any way it sees fit. Under our present laws it is permitted to bond all the property of the community for this purpose. If, on the other hand, it can find persons who are willing to loan the money upon the property of the public utility desired to operate, pledging only the property of the public utility loaned on, there can be no objection on the part of owners of other and general property.

DAIRY AND FOOD DEPARTMENT.

In the field of production our greatest dependence is upon agriculture. In its several branches none has made greater progress in this state during recent years, than the dairy industry. Minnesota butter occupies in the markets of the United States a position in which it commands a decided premium over the product of any other state. This is due in no small measure to the progress made in elevating the standard of its butter by the department, and is shown in the fact that in six national contests, Minnesota has four times been awarded highest honors. Not only along dairy lines, but in raising the standard and quality of food products manufactured and sold in the state has the department excelled. The laws entrusted to this department for enforcement have been administered with the single purpose of accomplishing the ends sought by the legislature. The department has been governed by the policy, first, of rigidly enforcing the laws; and, second, to educate the dealer as well as the consumer to a realization of the necessity of complete co-operation in all efforts looking toward the sale and consumption of pure foods; and while our laws are recognized to be as fully advanced, and perhaps more so, than those of other states, there are some deficiences and some necessity for amendment to existing laws in order to make the work of this department still more effective.

In a report which will later be laid before you, this department recommends that the liquor law be so amended as to fix a standard for purity and to inaugurate a system of labels that will inform the purchaser the chartacter of the liquid that he purchases. The paint provision of the present law is absolutely inoperative and affords no protection to the purchaser.

Standards for flavoring extracts ought to be established. The section of the law governing the manufacture and sale of maple syrup and maple sugar should be amended to prevent deceptive labeling; the law relating to labeling of substitutes of pure jellies, jams and preserves should be repealed, and a new law should require simply the printing of the formula in legible type. An effective patent medicine law should be adopted, requiring the labeling of all packages giving the formula of the product when it contains dangerous ingredients. A standard for ice cream should be established. The department should be relieved of the burden of proof when dealing with food products in which the ingredients are generally recognized and deleterious to health. Owing to the growth of the canning industry, a special law should be enacted giving the department supervision as to sanitary conditions, and fixing a standard of purity in the output of the canneries; and the national pure food law will be more effective if the legislature will make the Minnesota law as nearly uniform as possible to the national law. These recommendations are based on the best experience of the officers of the dairy and food department for Minnesota, and in them I heartily concur, earnestly calling your attention to the suggestions in the hope that beneficent legislation will follow.

STATE PRISON.

During the past two years the state prison twine plant has been materially enlarged; the output amounting during this period to twenty-four and a half million pounds, which was sold at a price amounting to $2,360,000. It is conservatively estimated that the farmers of this state have been benefited to the extent of at least three cents per pound, amounting to approximately $750,000, while the state at the same time has made a net profit of $410,000, thus yielding during the two years a net profit to the state and the citizens thereof of more than $1,100,000. The past two years have been the most prosperous and beneficial since the twine plant was originated. The product has given general satisfaction, and the demand is still beyond the capacity of the plant. In my message to the legislature two years ago, I recommended that practically all of the labor of the prison should be devoted to this industry. I renew the suggestion that the plant should be still enlarged so as to increase the capacity at least five million pounds annually. This can easily be done without additional appropriation from the state, except for the necessary buildings on the new prison site to be used for that purpose. With this increase the output would be 18,000,000 pounds per annum, and would nearly meet the requirements of the total average crop year in the state. The National Cordage Company, a subsidiary corporation of the International Harvester Company, has commenced making twine from flax fibre in this state for the evident purpose of competing with the state product. To meet this situation and to protect the state interests, the law should most certainly be amended to permit the sale of the prison-made twine outside of the state in order that we may meet any effort made by the twine trust to throttle our plan inside of state lines. I would also suggest that the law be changed so as to allow the sale of twine to dealers after March 1, reserving 500,000 pounds to fill small cash orders direct to farmers. With the large increase in the output, it will be necessary to dispose of a large amount of the product through the dealers of the state, as a prudent business man will not wait longer than February or March to secure his twine. He should be allowed to place his orders early enough to meet his requirements and that of his trade. The law now in force restricting the dealer to sell twine at one cent profit per pound is ample protection to the farmer, and fair and equitable to all concerned.

There seems to be a feeling upon the part of our citizens in favor of making farm machinery at the state prison to compete with the trust; that is, the manufacture of such machinery as is now not made in the state. I believe a departure could be made along this line which would prove of great advantage to the agricultural interests, and I would suggest that the management at least be authorized to investigate the feasibility with power to act. This does not necessarily require or need to carry with it an appropriation, as the necessary expense conservatively engaged could be met from the earnings of the state twine plant.

STATE SOLDIERS' HOME.

I would call your attention to the requirements of additional appropriations for the state soldiers' home in order that Minnesota may continue to discharge her debt to the veterans who gave their early years to the cause of the country in the preservation of the Union. Increasing age, disability and dependence mean that the number of veterans at the home and throughout the state who receive state aid will grow instead of decrease for the next few years. A total of 2,513 cases in which relief was provided through the agency of the relief fund were treated during the biennial period ending July 31, 1906, the average payment being $5.40. The last legislature appropriated $75,000 for a home for the mothers, wives and widows of soldiers. It was found that this sum would not build and equip the building contemplated, and $2,000 was borrowed from the soldiers' relief fund to assist in the work, while changes were made in the plans by which the cost was lessened. The board of trustees now ask for an additional appropriation of $60,000 to complete the woman's building according to the original plans and to install an electric elevator. The building has been so far completed as to admit of its occupancy and the first woman to be enrolled is the mother of two Minnesota soldiers. She has just passed the century mark and were it not for the beneficence of the state she would now be forced to become an object of charity.

LIVE STOCK SANITARY BOARD.

Laws governing treatment of contagious diseases in cattle, hogs and horses have been vigorously enforced but there is, I regret to say, an alarming increase in diseases requiring special supervision. The executive officers of the live stock sanitary board report that there were killed for the year ending July 31, 1906, a total of 1,438 head of cattle because of tuberculosis and 606 head of horses for glanders. The law requires that the state shall pay three-fourths of the appraised value of animals killed under its terms, but limits the value of the animals to a reasonable maximum. Under the law creating a separate sanitary board there was a reduction to $19,000 of the amount given to the board for its maintenance annually, this amount being intended also to cover the state's share of the value of animals slaughtered under its provisions. I do not hesitate to say that the sum is wholly inadequate. There are now on hand over 750 claims approved by the board, representing every county in the state, for slaughtered cows and horses, aggregating $55,000, and which the state is under a moral obligation to pay. The board asks for $55,000 to wipe out this debt and also asks for an appropriation of $50,000 annually with which to eradicate tuberculosis in cattle and glanders in horses.

THE LOBBYIST.

In several of the states steps have already been taken to exclude the lobbyist from the halls of legislation, and eliminate one of the greatest evils to political economy and to political decency. Provision should be made, it seems to me, by which the current of popular will could not be turned from its proper channel by representatives of private interest who desire to overcome the rights of the public. While it will be impossible, perhaps, to totally prevent the lobbyist from intrusion, it could be accomplished to some extent by compelling corporations and individuals interested in legislation to register, and be required to submit all arguments to committees instead of to individuals.

CONCLUSION.

By way of conclusion, permit me to add that I have every confidence that you will be guided and governed by a desire to do that which is best for the state. This commonwealth, with all of its moral, intellectual, and material advancement is, I am sure, as dear to you as to me. We have been chosen by the same people; we serve the same cause; we may differ in our opinions, but if our differences are honest ones, they will find adjustment with little difficulty. Whatever our political convictions, our duty is the same. We may have our obligations to political parties, and these obligations it seems to me will be best met and redeemed in patriotic service regardless of the demands of partisan service; that we will serve our parties best by serving the state best.

We live in a time when purely party considerations are being made to yield to the principles of good government, and in any conflict between the two our first duty is to the state and nation, and allegiance to a party organization a secondary matter. Let us strive to attain the highest ideals and reward the people who have reposed special confidence in us by honest effort which will make us worthy of the honors conferred upon us. In your every effort to bring about a healthier and better state of governmental affairs I pledge you the hearty co-operation of my office, and assure you, as well, that I will be glad to welcome any suggestion calculated to promote the prosperity of our people and the general domestic welfare.

SCANDINAVIAN NEWS

Principal Events Gathered in the Old Scandinavian Countries

Bjornsjerne Bjornson has written a newspaper article under the caption, "Our Sin and Our Humiliation," giving his view of the part which the Norwegians played in the dissolution of the union. He protests against the assertion that the Norwegians committed a "sin" by breaking out of the union. Then he goes on to say: "No Norwegian wants the work of 1905 undone. But I am sure that in a short time a great number will agree that we acted harshly against the dynasty, and particularly against our old king."

At the same time he found it humiliating to have the Swedes dictate a Norwegian plebicite and the domolition of the Norwegian forts along the Swedish frontier.

DENMARK.

Numerous orders from Iceland for Icelandic flags have attracted considerable attention in Copenhagen. This trade seems to prove that the "flag movement" in Iceland is stronger than the Danes took it to be. It is said that the Icelanders expect the king to give them a new flag on his coming visit to the island. When King Kristian visited Iceland in 1874, he gave the island a liberal constitution. At the time of the change of the system of government the Icelanders were given a new coat-of-arms, a falcon. What could be more natural for King Frederik when he goes to see the Icelanders than to give them a flag of their own?

All the Polish laborers who return from Denmark to their native villages in Eastern Germany must pass through the Stettin railway station, Berlin, and the authorities at this station have estimated that the whole number of Polish laborers returning from Denmark and Sweden during the late fall and early winter was about 5,000, a majority of whom were young, healthy girls. They save all the way from $25 to $50 during a six-months' stay in Scandinavia.

SWEDEN.

On Christmas day, 1903, Skane was visited by a storm which did much damage to the houses. On that occasion a small house at North Vallosa, about a mile west of Rynge railway station, which was the home of a sixty-two year old man, was partly wrecked. His neighbors expected that the man would leave his old shack, but the man has lived there ever since. The house presents a sorry sight. The roof is caved in, one of the gables is gone, and there are large openings near the door and windows. Through the leaky ceiling, which is exposed to the rain and the snow, the water has been trickling down and the clay floor of the house has been a soft mass. A small ditch was generally kept open across the floor to carry away as much of the water as possible. There is no way of heating the house, the chimney having blown down when the rest of the house was wrecked. The strangest part of the story is, that the aged occupant of the house has not been sick; but now he will have to move out because the house is to be torn down.

At Storbyn, Dalarne, a gruesome find has been made, consisting of the skeletons of two old persons who are supposed to have been gypsies, whom their younger fellows dispatched and buried in order to get rid of them.

Gustaf Jorsander has published an account of the experiences of the Swedish-Norwegian regiment which took part in the battle of Dybbol, Denmark, in the Danish-German War of 1864. Among those who repeatedly were in the thickest of the battles of that war he makes particular mention of P. M. Ostevall, a Stockholm confectioner, who distinguished himself by singing patriotic hymns. At first only the soldiers of the Scandinavian army could enjoy his beautiful singing. But as the Russians gradually approached the Danish breastworks they, too, could not but hear his rich, strong voice. The Prussians evidently appreciated his singing, for though he was repeatedly exposed at close range they always spared him so that he came out unscathed though his comrades fell all around him.

Leading citizens of Engelholm are planning for the construction of a large watering establishment.

The city of Helsingborg offered the national government $242,000 and a large tract of land as a bonus in case barracks were built on the land for a whole regiment of soldiers. Now the government is contemplating the stationing of only five squads of soldiers at Helsingborg, and the city is going to reduce its offer very materially.

Broby, Skane, will soon have a machine shop of considerable capacity. N. Sjoholm, who has been running a large blacksmith shop at the place, has sold this to a company which is going to enlarge the establishment.

The city council of Vimmerby has petitioned the king for permission to contract a loan of $150,000 for building public waterworks, a school house, a poorhouse, etc., and for taking stock in a local railway. It is proposed to pay the loan in forty annual installments.

A boy at Mala, Vasterbotten, is suffering from a rare disease. For two years his tongue has been growing both in length and thickness until it protrudes about two inches from his mouth and fills up the mouth so that the patient can take only liquid food.

The preliminary inquiries made for the purpose of guiding the cabinet in drawing up a new suffrage bill were completed just before Christmas, and a bulky report on the matter was handed to the government.

August Lanfeld, a Helsingborg contractor, has patented an invention which is an electric motor and an air-pressure machine combined.

Bro. Sundeen, a noted thought reader, is no longer able to take care of himself, and he is staying at the Norrkoping poorhouse.

Patrik Adlercrentz has been appointed Swedish judge of the international courts of Egypt.

Gustaf Johansson, of Markaryd, who was formerly connected with a peat factory in Iceland, has been appointed to a lucrative position as engineer at the Panama canal.

A company has been organized with a capital stock of $200,000 at Gothenburg for altering the Furstenburg palace and using it as a fashionable hotel.

According to statistical information just published the imports of Sweden for the year 1905 were $157,160,000, and the exports $121,550,000.

The head of the general staff does not favor the plan of making Norrbotten a separate military district.

Two new stations are to be built on the Malmo and Trelleborg railway.

It will cost $25,000 to drain lake Immelu. The draining will improve 1,100 acres of land and 1,000 acres will be reclaimed.

Careful and extensive experiments have demonstrated that it will be decidedly profitable to use electricity on some of the state railways of Sweden.

Jons Hansson, the richest farmer in all the country around Sandakra, Skane, died at the age of 90 years. His estate is worth $60,000, which will be divided among his cousins.

Eugene Lantier, a noted French authority on political questions, will spend a part of next summer in Sweden for the purpose of writing up Swedish politics for the Paris Figaro.

What is known as "American gooseberry mildew," is playing havoc with the gooseberry interests of Sweden, and appeals may be made to the riksdag for means of combating the pest.

The board of election at Helsingborg is making arrangements for furnishing warm milk to the school children at the public schools for use at the forenoon recess during the cold season.

Sater is the first Swedish town to go "dry." The showing was 643 votes cast by 79 voters for license, and 1,089 votes cast by 74 voters against license. The contest was very bitter. The "lid" will be closed Oct. 1.

During the second half of the year 1906 no less than 31 companies were organized for the purpose of enabling workingmen to procure homes of their own, and their aggregate minimum capitalization was placed at $1,200,000.

Rev. Henning Wendell, D. Ph., of Bjornlunda, declined the decoration of the order of the North Star which was conferred upon him on King Oscar's birthday. He gave as his reason that it would be incompatible with his dignity as a minister of the gospel to carry such a decoration.

So many foreigners are settling in Katarina parish, Stockholm, that the authorities have commenced to pay particular attention to this invasion. The people in question are Russian fugitives, Jews, Finns, Polanders, etc., and they are very poor. It is a curious fact that most of them are living in rookeries owned by the city of Stockholm.

The central committee of the temperance organizations of Sweden made arrangements for a course of lectures on the different phases of the temperance movement. Minister of Ecclesiastical Affairs Hammarskjold opening school Jan. 3. The lectures were given by a dozen of prominent men, including Bishops Bloggquist, of Lulea, and some of the foremost educators of Sweden.

NORWAY.

"East of the Sun and West of the Moon," a Norwegian fairy tale, has been dramatized by Miss Bergh, and her work was well received at the Kristiania National theater.

A city ordinance provides that meat must not be sold in smaller quantities than quarters on the public market in Kristiania, and many are the novseuives that fail to see the wisdom of this arrangement.

Those who are opposed to the study of pure Norwegian at the public schools are in favor of submitting that question to a popular vote; but the friends of the difficult reform are evidently afraid that the people might reject their pet scheme, and therefore they say, "No popular vote on that subject."

The state of Norway owns about 1,000,000 acres of spruce and pine timber lands and 900,000 acres of hardwood timber. The commons owned by local commerce include 450,000 acres of timber land. The value of the timber on the government lands is put at about $5,000,000, and the total value of the commons is about $3,000,000.

Fire was discovered on the mail steamer Lindholmen off Farsund, Jan. 3. A strong gale was blowing and the flames soon spread to the saloons and cabins. Thirty passengers, most of them seasick, hurried from their quarters to get on deck. Four of them were suffocated in their efforts to get out.

A Paris dispatch states that the endeavors made to secure neutrality for Norway are meeting with success and that a congress may soon be held in Paris for considering the matter. Russia has objected to several minor points in the plan proposed by the other powers, but Russia is not expected to put any serious obstacles in the way of the desired treaty of neutrality.

Others jumped overboard and one was drowned. Another passenger went mad. One lifeboat was burned and another was crushed against the side of the ship. Finally, while the remainder of the half-dressed and panic-stricken passengers were huddled on the forecastle in a blinding snowstorm, the rest of the ship being in flames, the captain drove the vessel ashore and managed to save the remaining passengers and the crew. There was much hardship, however, before all the ship's company were landed safely. The dangerous nature of the coast made the operation of beaching the Lindholmen most risky.

The Kristiania canvas factory has been running for fifty years, and at its semi-centennial jubilee the proprietors donated $6,750 to the employes, part of the amount directly to each person and part of it to the employes' pension fund.

Kristiania contributed 40 per cent of the receipts of the postoffice department of Norway for the past fiscal year.

The receipts of the Norge fire insurance company increased from $150,600 to $177,700 in one year.

The city of Hamar will have a budget of expenses of $80,000 for the year 1907.

Several farmers in Aardale, Sogn, were destroyed by floods and landslides Nov. 23, and Bjorson wrote an appeal for aid for the sufferers. Contributions to the aid fund are sent to Rev. Sandved, Aardal, Sogn.

A large part of the liquor procured for the holidays was bought in wholesale on account of the nature of the liquor laws.

The work of repairing Bygdo palace is going on rapidly, and the royal family may move into the building in February.

Dr. Sigurd Ibsen has returned to Norway after a lengthy sojourn abroad.