

INAUGURAL MESSAGE

of

Governor Edward J. Thye

**To the Legislature of
Minnesota**



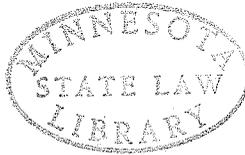
**St. Paul, Minnesota
Wednesday, January 3, 1945**

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INAUGURAL ADDRESS OF
GOVERNOR EDWARD J. THYE OF MINNESOTA
DELIVERED AT THE JOINT SESSION OF THE
MINNESOTA LEGISLATURE
WEDNESDAY, JANUARY 3, 1945, AT 12:00 NOON

Mr. Speaker, Mr. President, Members of the Minnesota
Legislature:

We meet in troubled times. Thousands of our Minnesota boys are fighting on foreign soil. Many have given their lives for preservation of the liberties we enjoy. Others will fall. What the cost of this war will be, in the lives of our valiant men, none of us can foretell.

Our people have joined wholeheartedly in the support of our war effort. Our farmers have done a magnificent job in producing three record crops under adverse conditions, handicapped by shortage of help and machinery. The record of labor is equally good. Our workers in the iron mines and in the war factories have turned out unbelievable quantities of war materials almost without interruption. Our business men have stopped at no sacrifice to keep production going. Men have closed their stores in towns throughout the state and gone out in the fields to help farmers harvest their crops. Out of the hardships and sacrifices of war, we have developed a spirit of co-operation that is unequaled.

We must preserve this co-operation. Only through unity can we hope to solve the problems that will come with peace.

It will be the job of this legislature, insofar as it may, to prepare for the day when peace comes and the men and women in our armed forces return. The story of our fighting men is one to stir the pride of every Minnesotan. Our Minnesota men have been in the forefront of battle on land,

and in the air and on the sea, in war theaters all over the world. Many, like the men of our National Guard and Naval Militia, have been in active service for four years. From every battle front have come stories of their heroic exploits.

What will greet these men and women when they come back to Minnesota? Will we have jobs for them? It is our responsibility in this session of the Legislature to take whatever steps are possible to assure that there will be jobs and opportunities for the men and women who return from service in the armed forces. We cannot have our returning veterans walk the streets for months, looking for work, as some of us had to do after the last war. It is imperative that we be prepared this time. It is essential that all of us, members of the Legislature, officials, civic and industrial groups and all others, work together to solve this problem. The responsibility we bear is too great to let any differences stand in the way. We must submerge all the difficulties that have divided us and jointly, with serious intent and forward outlook, endeavor to provide the utmost in opportunity for the men and women who will have to re-establish themselves in civilian pursuits after the war. We must do it for their sake. We must do it for our own progress.

I shall have some suggestions to make which I think will help meet this problem. You will have others. My conception of the role of Governor is not that he should draw up a long list of recommendations and expect the Legislature to accept them without the changing of a letter. Rather, I think, he should outline the problems which confront the state government, make such suggestions as he has to meet the problems, invite the suggestions of all members of the Legislature and expect that out of the sum total of suggestions and discussions will come the best possible solution. Teamwork is essential in legislation.

Before making the suggestions I have, I want first to report to you the financial condition of the state that we

may judge its capacity to meet our post-war problems, and then review briefly the steps that already have been taken to prepare for the readjustment period.

Our state government is in excellent financial condition. The improvements in administrative machinery of the state which you members of the Legislature worked out here in 1939, have proved of tremendous value. The financial control plan under the Commissioner of Administration, centralized purchasing under competitive bids and the encumbrance system have enabled your officials to make large savings and keep spending within income. They have helped very much in reducing our state debt and have aided in building up the substantial reserves that have accumulated in the major state funds.

Our state debt has been reduced \$11,048,106 in the last twelve months. This is a reduction of fully \$50,493,266 since January, 1939. The state debt was \$129,787,660 at the beginning of 1939 when the Legislature developed the new financial control plan and adopted policies which have resulted in a gradual reduction of borrowing for state purposes. All borrowing for current operations of the state now has been eliminated, except for relief purposes, and I am hopeful that even this can be paid out of current revenues in the next two years, ending all borrowing for current costs.

I am glad to report that at the opening of the present fiscal year on July 1st, we had a free balance of \$3,100,000 in the general revenue fund, \$15,700,000 in the trunk highway fund and \$21,700,000 in the income tax school fund. This makes a total of almost \$41,000,000 in these major funds. By the end of the present year on June 30th, the general revenue fund should have a free balance of \$5,500,000; the income tax school fund, fully \$25,000,000 and the trunk highway fund, probably around \$18,000,000. We thus should be able to enter the post-war period with some good reserves to help meet the demands that may be expected. It is clear that the state will be called upon to meet increased needs

in the readjustment period after the war and that receipts from many of the taxes which provide our state revenue will fall off materially.

Important steps already have been taken to enable the state to help meet the need for jobs while our returned veterans and war plant workers are being absorbed back into the usual peace-time pursuits. As you know, construction funds in the state highway department were set aside in a post-war reserve immediately after war was declared. We now have accumulated reserves of \$15,700,000 in this fund, and most of it should be available for post-war construction work. Our state highway department has completed plans on about \$28,000,000 of highway work, with blue prints all ready to start work as needed for jobs. This is enough for a program of about a year and a half of work under the new federal aid bill just passed by congress. Minnesota will receive about \$10,400,000 a year for trunk highways under the federal aid road bill and about \$2,000,000 annually for other roads, or about \$12,400,000 annually for all roads. Enough funds will be available to match the federal funds, it is believed. This should make available, in federal aid and state and county funds, around \$70,000,000 in highway construction work. More than 600 school districts, counties and municipalities have made preparations for some kind of post-war construction. Passage of the aviation amendment has opened the way for other improvements that may be of far-reaching importance. Continuance of the development of aviation in Minnesota offers one of our greatest opportunities for progress in the post-war period.

With this vast program of construction and other work contemplated, we have felt the need of some agency to stimulate and co-ordinate post-war planning. We recognize that the state government and its sub-divisions can and should undertake needed, worthwhile improvements to aid in relieving unemployment after the war, but that main reliance naturally must be placed on private enterprise. It

seemed essential therefore that each community, each firm and each individual be encouraged to make all plans possible to provide additional jobs. It was apparent, above all, that post-war activities should be co-ordinated to avoid duplication and misdirected effort and to assure proper timing. The Minnesota Post-War Council was created by executive order to meet this need. Headed by Ward Lucas of Winona and made up of leading citizens, this council has been doing some valuable work, but has been handicapped by the lack of a staff and clerical help. I am suggesting that this council be made an official body and that it be given an appropriation for an office from which it may direct this highly important work. Nothing can be more valuable than a well directed program of this kind.

Need of some kind of curb or control on post-war construction is imperative. If no effort is made to control the time of launching the post-war projects, we may find that the great majority are being started just when manufacture of civilian goods is taking all or nearly all available labor. Curtailment of the manufacture of many types of civilian goods for a long period is going to result in a tremendous demand after the war, and it is possible that this may absorb much of the available labor for a considerable time. The main thing needed is some plan that will assure launching of the projects in an orderly method, as needed to provide jobs, instead of dumping them on the market when competition for labor is keen. Public works should be the reserve to be used to fill in the gaps in employment. I would suggest that the Legislature consider carefully how some curb or control over the timing of the projects can be established. I am positive it can be done in an effective manner through the Minnesota Post-War Council on a voluntary basis, without compulsion, particularly if the Council is given official status.

Our Minnesota Resources Commission has been helping to shape events to provide additional jobs, not merely for the readjustment period after the war, but in furtherance

of the long-range effort it has been making for development of Minnesota Resources. Headed by James Ford Bell, the commission arranged last year through contributions of our business men for a survey of Minnesota's resources by a noted firm of engineers to see what steps might be taken for utilization of new resources in Minnesota or expansion of present resources. The report of the engineers will be completed shortly, and I am hopeful that it may be presented to you early in the session. I would urge that you give every consideration to this report and to any other proposals that may be made to aid and encourage the expansion of business. Minnesota is less favored than some of the other states for the development of industry because of our location and other factors, and it is essential that we do everything possible to promote a friendly and encouraging atmosphere for growth of business.

While seeking ways to develop material resources I would urge you not to overlook our human resources. One of the most important fields that will occupy your attention is the care of our veterans. Just as the maintenance of the armed forces is a federal function, the federal government naturally has taken over in the main care and distribution of benefits to our discharged veterans. Through the GI bill and other measures, it is providing for the education and assistance of veterans in many ways, and it is possible these services will be augmented before your session is over. I would suggest that you study carefully the services being rendered by the federal government and determine whether there are any gaps that should be supplied by the state. The fund appropriated by the Legislature in 1943 for care of returning Minnesota veterans has been carefully administered by our state veterans affairs department. Its use has been restricted to individuals or types of cases not being assisted by the federal government. This policy should be continued. In connection with the question of service men, I would suggest also that the Legislature consider enactment for another two years of the absent soldiers' voting

law, as passed in the special session. The war may run over into another election.

One need that I want to bring to your attention I consider very important. That is the plight of mothers and children being assisted through our Aid to Dependent Children. The present maximum allowance is inadequate, and many mothers have to seek work outside the home or try to get help from relief agencies in order to get along. The present law allows a maximum of only \$23 for a mother and one child, while the army, in making its family allowances, considers that \$80 is essential. For a mother and two children, the maximum aid to dependent children is only \$38 while the army allowance is \$100. Many mothers cannot maintain themselves and their children, particularly in these days of high prices, on the ADC allowances permitted. Fully 65% of the 5,000 families receiving this assistance are now at the maximum, and many find it impossible to get a supplement from public relief funds. I would suggest that the Legislature increase the maximum or arrange for no maximum, as some twenty states have done, so that the payment will be on the basis of need in all cases. An additional appropriation should be made if this is done to make possible the larger grants. The cost to the state will not be great, and we cannot neglect to make the change if we are moved by concern over the welfare of our dependent children.

A somewhat different problem presents itself in the case of old age assistance. Only about 17% of the old age assistance grants are at the maximum, and many of these are persons requiring more than the ordinary medical attention. I would suggest that the Legislature examine this problem to determine whether it should not allow a supplement to the allowance for medical needs. For persons requiring any amount of medical care, the present maximum is too low a ceiling.

Another grave problem I wish to suggest for your earnest consideration is the condition of our public institutions.

Many of the institutions are using old buildings that ought to be replaced, and, even with unsuitable quarters, lack adequate space. Long waiting lists have accumulated of persons needing admission to the School for the Feeble-minded. The Legislature two years ago appropriated funds for four cottages at the School for the Feeble-minded, as you know, but we have not been able so far to start construction owing to federal restrictions on building. I suggest that you study closely present and future needs of the state's institutions and at this session authorize a building program that will bring their facilities up-to-date. It will require at least a \$10,000,000 program to do this. I feel this is imperative. Plans should be prepared now so there will be no delay in the needed improvements when the war is over.

Education will have your close and earnest consideration I know. Value of our schools has been emphasized in a striking way during the present war. Without the background of Education, initiative and resourcefulness acquired in our schools, it would not have been possible for the young men who went into the armed forces to develop so quickly into the greatest army in the world. How much more important are the schools in preparing for the pursuits of peace. Education and research are the great agencies upon which we must rely for progress in the days ahead. I suggest that you study especially the plight of our rural schools in these days, when teachers are scarce and costs so increased, and see if any plans can be worked out to encourage the development of larger schools that will offer our children in the country greater opportunities.

Needs of conservation, as in other sessions, will occupy much of your attention. Our resources in forest and minerals, our lakes and parks are a priceless heritage which I know you appreciate. Any funds that can be devoted to conservation and development of our natural resources must be regarded, not so much as an expenditure, as an investment for the future. Experiments being carried on with reference to the utilization of low grade ore and other fields

of research looking toward greater use of natural resources merit every consideration. Our Iron Range Rehabilitation Commission has done a splendid job in developing plans that will aid the counties in Northern Minnesota, particularly in the post-war period.

Your two legislative bodies worked out an effective reorganization of many of the functions of state government in 1939, particularly those having to do with the business administration of the state. I think you will agree that experience has shown the soundness of the general principles adopted in the reorganization and that any changes needed now will be merely filling out the details of the pattern or extending the reorganization to other fields. I want to commend to you the very thorough study of state administration made by the House Interim Committee on State Administration. I urge that you study carefully the information and suggestions made in this report and determine whether some further improvements can be made in our governmental machinery. The report is an interesting demonstration of the value of interim research on Legislative problems, when seriously pursued, and I am sure will be very helpful to you.

One of the most forward steps taken in connection with state government was the adoption of civil service. It abolished the spoils system and put selection of state employees on the basis of merit. I am sure I share the common feeling when I say that the general principles of the Minnesota civil service system should be retained and that any changes made should be details that will strengthen and improve the act.

Our labor relations act equally has been a splendid piece of legislation. It has brought a greater understanding between employer and employee through the conciliation processes and given Minnesota one of the best labor records in the country.

Another agency established recently that has helped us greatly to promote understanding and maintain unity in the state has been the Inter-racial Commission.

I want to say a few words now about one of the most important phases of the work you will have to do. I refer to the financial arrangements that must be made to implement any program you adopt. I plan to present the annual budget message to the two houses on January 17, if that should suit your pleasure. It will contain suggestions for the budget for the coming biennium, based on present law and presently established policies, and some additional suggestions which I hope you may find worthwhile to help put Minnesota's house in order for the post-war period. I think it essential that we adopt sound fiscal policies now and put them in operation, so that the state will be financially strong and ready to meet the demands that will be made upon it in the post-war period.

You naturally will not want to form any final conclusion on matters of taxes until you have examined needs as set forth in the budget and until your own committees have completed their study. I feel, however, I ought to set forth now the general suggestions which I think should guide us in the consideration of financial matters in this session. Here are my suggestions:

1. I would dislike to see any increase in the state tax on property over the current levy of 4.5 mills. It is my desire on the contrary that you shape your action to permit a reduction. The state debt and fixed levies under present arrangements would require a total levy of 4.5 to 5 mills during the next two years. I would suggest, however, that you arrange to pay one of these levies, the \$1,500,000 required annually for the rural credit deficiency, from the general revenue fund. This would permit the reduction of about a mill and a half in the state property tax.

2. I would not like to see the income tax reduced at this time. I feel that it is better to keep the tax at the present level and raise more money than needed for current purposes now, when incomes are big and the burden less, and so accumulate a reserve for lean periods, rather than have to impose heavier taxes in a period of distress to meet the great demands that will exist at that time.
3. The money to pay the cost of any relief needed during the coming biennium should be paid for out of current funds, rather than from the issuance of certificates of indebtedness, as we have been accustomed to do.
4. I think provision should be made for an appropriation out of current revenue of \$5,000,000 of the \$10,000,000 that should be spent for post-war construction for our public institutions.
5. An appropriation should be made to help finance the approach to the Capitol in connection with the Memorial to Minnesota Veterans which has been proposed. All citizens are indebted to Minnesota's men and women in the armed forces and a memorial such as this in connection with the capitol grounds would be a fitting recognition of their services and sacrifices and serve as well a useful purpose.
6. The Legislature should give consideration to the making of an appropriation to the proposed Mayo Memorial at the University of Minnesota, out of recognition for the services of the great Minnesota physicians and the benefits that will come from the research that will be carried on by this living memorial.

Other needs will appear during your deliberations. I shall not attempt here to enumerate all that should be considered.

We can meet these needs, without increasing taxes, and we can do it on a fair and reasonable basis if you will arrange to pay all the state's educational needs for the next biennium out of the income tax school fund. A balance of more than \$21,000,000 had accumulated in the income tax school fund, as of June 30th last, and, estimates indicate it will exceed \$25,000,000 by the end of the present fiscal year on June 30th. We can pay the \$12,000,000 or so that will be required for the teachers colleges, department of education and the University out of the income tax school fund, instead of out of the general revenue fund, as we have been accustomed to do, and still have \$13,000,000 of the current balance left in that fund to apply against appropriations for school aid, which should be ample considering the big additions that will be made to the fund from income taxes during the next two years. If all educational needs for the two years were met from the income tax school fund, as suggested we could finance from the general revenue fund the financial program I have outlined to you, including reduction of the state property tax through pre-payment of the rural credit levy, putting relief on a current basis and the \$5,000,000 appropriation from current revenue for the general building program.

What I propose to do is to put our state in financial condition so that we can meet the emergencies in the post-war period without having to pass part of the burden on to our returning veterans. They have made sacrifices, yes unbelievable physical sacrifices, and many of them have given up four years of their life in this warfare. Their problems will be many in returning to civilian life. We must not pass any financial burden on to them that we can take care of today.