

**State of the State
Governor John Walton
January 8, 1923**

*To the Honorable Members of the Ninth
Legislative Assembly of the
State of Oklahoma:*

In accordance with a custom existing from the time of the foundation of the State, the chief executive, upon taking office, expresses to the Legislature his opinions upon the policy to be pursued and the reforms to be effected during his term of office.

What I may say can have no force merely because I say it, but only as it appears right and just to the people and to the law-making body.

The highest aim of any public servant is the common welfare, and with this end in view, what I now say is respectfully submitted for your consideration.

The incoming administration has been accused of radicalism and fear has been expressed that the State will become bankrupt because of visionary ideas and Utopian theories of government.

Let me say at the outset that so far as the administration is represented by me, there is no thought of destroying the economic structure of our business and industrial life.

And gentlemen, do not think it strange for me to express my individual belief – I believe in the impersonal thing called capital – but it should be the servant and not the master of mankind.

Theoretically and as a rule I do not believe that the State or nation should engage in business.

Exceptions exist.

The postoffice, the school and the highways are exceptions.

When it is apparent that the public welfare demands that another exception should be made we should act with courage and decision, but the ultimate remedy, in my opinion, is voluntary co-operation.

FARMING

Farming is the basic industry.

It is the sub-structure upon which all other groups rest. It is the sub-structure of civilization. It should be the solid, concrete pier upon which the superstructure of civilization rests.

A perilous hour has arrived.

The substructure of civilization is crumbling.

If the substructures falls, the superstructure falls, and we are confronted with chaos and darkness.

An examination of the census of 1910 discloses that in that year there were 6,631,502 farmers in the United States.

Their investment amounted to \$40,991,499,000. They received for their farm produce on that investment \$5,497,600,000. This means that the average total gross income per farm was \$872.21.

Deduct 5 per cent interest on \$6,181.31 – the investment – from \$872.21 and you have \$563.15.

Deduct from this what the farmer paid for hired labor, and the value of the seed he put in the ground, and you will then have the amount he received for the labor of himself and his family for twelve months.

If this was the status of the farmer who was worth \$6,181.31 what was the status of the farmer who was worth less than \$6,181.31?

If this was the status of the farmer in 1910, what is his status today?

In the American economic review, volume 6, No. 1, March, 1916, is a diagram and under the diagram the following appears:

“The diagram shows that after all the expenses are paid the average farm family has \$724.00 of net earnings, of which \$322.00 was earned by the capital invested in the farm, and \$402.00 by the labor of the farmer and his family.

The \$724.00 of net earnings were received by the family in the following manner: \$303.00 in cash, \$35.00 as feed, \$125.00 as rent, and \$261.00 as food furnished by the farm.

The limitations of these figures on farmers’ earnings should be clearly understood.

In the first place they are the average figures for the United States as a whole, covering decidedly varied conditions in different parts of the country.”

The publication in the review caused not only comment, but alarm.

The department of agriculture, then ordered experts to investigate and report, and in August, 1917, the experts published their report and thus summed up the situation:

“The average income of the farm families of the United States which represents what the farmer gets for his labor and managerial ability, after allowing 5 per cent on the investment, was shown to be, by an intensive investigation by the department of agriculture, \$318.22 for twelve months. This includes what he received toward his living from the farm and therefore represents the total income of the family.”

On September 7, 1915, No. 1 northern wheat was quoted at 92 cents per bushel in Duluth, and \$1.64 at Liverpool, a spread of 72 cents per bushel, and the itemized figures are incorporated in this message for your perusal.

Here are the figures:

Wheat, American, No. 1 Northern Liverpool.....	11s 3d
In our money, per 100 pounds	\$2.70
Duluth, same grade, 93c per bushel, or per 100 pounds	1.55
Spread between Duluth and Liverpool.....	1.15
Handling cost, insurance, ocean freight, elevator charges, 2c commission for handling, making a total of.....	.54
Amount taken over fair profit and all cost of handling.....	61
American oats, Liverpool, 45 pounds	4_d
Reduced to our money for 100 pounds	2.33
Oats, Duluth, No. 3, for 100 pounds	1.03
Spread between Duluth and Liverpool.....	1.30
Cost of handling between Duluth and Liverpool.....	.54
Amount taken above a fair profit, cost of all kinds.....	.76

These figures disclose that of the selling price of wheat 39 per cent is taken, and this after every known charge is deducted, allowing 2 cents commission to the exporter.

The above is what was taken by the organized market raiders who operate on the great terminal markets of the country.

To this must be added what is taken by the middlemen who operated on the primary markets of the country.

When the wheat harvest of 1920 was at hand, wheat was worth \$2.50 per bushel.

Court houses and all public places were plastered with notices signed by railway attorneys to the effect that on account of the shortage of cars the crop could not be shipped, and notifying the farmers to take the necessary steps to store their grain.

The farmers were compelled to store their wheat and mortgage it to the local banks to pay their living expenses, and the expenses of raising and harvesting and threshing the crop.

Hundreds of miles of box cars were sidetracked in out of the way places; feverish efforts were then put forth by the railway companies to increase freight rates, resulting in additional tax on producers.

While the farmers were threshing and storing the crop, the great terminal market raiders were disposing of the stock of wheat they had on hand.

Then an order was sent down the line from the great federal reserve banks to the local banks, not to renew farmers' notes secured by wheat, and to push the collection of all other farm paper.

The local banks were compelled to comply with this order, for the reason that if they renewed the notes the reserve banks would not receive them, and the local banks would be forced into liquidation.

Box cars now appeared in abundance; the farmer was forced to sell his wheat; the market became glutted, and the price fell to \$1.20 per bushel for wheat that cost the farmer greatly in excess of the selling price – and causing a spread twice as great as the spread between Duluth and Liverpool.

This action on the part of the reserve banks caused the bottom to fall out of the market for cattle, horses, hogs, mules, cotton and everything else the farmer produces.

The blow was staggering and as a result from sixty to seventy per cent of the farmers are reeling into bankruptcy.

In this way the volume of federal bank note currency was enormously decreased. The farmers' indebtedness, incurred when the dollar was worth fifty cents, is now to be paid in dollars worth two hundred cents.

This is not the time or place to discuss what should be done by the national government in behalf of the farmer, but it is the time and place to discuss what should be done in behalf of the farmer, by the state government of Oklahoma.

If it costs a farmer \$1.04 to produce and market a bushel of wheat and he only receives 93 cents therefor, he does not in reality sell any wheat.

He sells something that is blended with the wheat, and that which is blended with the wheat is labor power.

In truth he receives nothing for the wheat.

He receives something from his labor power.

This is necessary or he would be unable to plant another crop and raise a son or two to take his place when age and toil would unfit him to produce.

The state produces millions of bushels of wheat.

Immediately after harvest the farmer is compelled to sell 80 per cent of his wheat in order to meet his obligations at the banks and stores, and for the further reason that he has no place to store his grain.

The market becomes glutted and price falls below the cost of production.

When 80 or 90 per cent of the wheat passes into the hands of the grain and milling combine the price goes from 92 cents, which the farmer received, to \$1.55 in the hands of the combine.

This wheat is then ground into flour and the farmer who sold his wheat at 92 cents is compelled to buy flour ground from wheat raised by him, at a market price fixed by the combine at \$1.55 per bushel.

The farmer produces wheat and hauls it to the market, but has nothing to say as to the price that he shall receive for it.

He is compelled to accept the price fixed by the combine, and with this money he buys the necessaries of life, including a sack of flour ground from wheat produced by himself, but he has nothing to say as to what he shall pay for these necessaries, or this sack of flour, as the price is fixed for him both ways.

What I have said of the wheat farmer is true of the cotton farmer, the broom-corn farmer, and the farmer generally, and I used the wheat farmer merely to illustrate conditions.

Every group today is organized on the industrial field. The bankers, the lawyers, the doctors are organized. The miners, the carpenters, the barbers, and all other industrial workers are organized. The hardware men, the drygoods men, the druggists, are organized.

The reason for these organizations is group protection. They fix, or at least they have something to say about the price they receive for their professional services, their labor, or the selling price of their commodities.

The farmers are the only unorganized group.

The farmer is the only man standing out in the rain without an umbrella over his head.

I recommend, as a measure of relief to the farmer, that the credit of the State be loaned to the struggling farmers' co-operatives, under proper safeguard, to the end that warehouses, and line and terminal elevators may be built, to the end that their wheat, cotton and other products may be stored therein, and not be thrown on the market at the close of the harvest, but sold orderly at a price to protect the producer.

I further recommend that all such warehouses and line and terminal elevators be built of cement, and that the cement used be manufactured and produced by a cement mill to be bought or built by the state.

The cement produced by the State owned cement plant should be used exclusively, not only in the construction of said warehouses and line and terminal elevators, but in the construction of all roads and public buildings in the State. If convict labor should be employed at said plant, the convicts should be paid the prevailing wages after deducting the expense of their keep, and the money so earned by such convicts should be transmitted to his wife and children, (if he has a wife, child or children), and if not, it should be paid to him upon his discharge.

The money for the purchase or construction of such Portland cement plant should be acquired by the State by a tax of one per cent per gallon on all oil or gas sold by retailers throughout the State, and from a license to be issued to all retailers, at \$5.00 per year.

If the money so acquired is insufficient to pay for the construction and equipment of said plant, then the products of said plant should not be sold at cost, but enough profit should be added to pay for said plant within a reasonable time.

All other Portland cement sold in the State should be subject to inspection, and each and every sack or container should be tagged by an inspector at a cost of ten cents per hundred pounds so that the people of the State might be protected from adulterated or inferior cement.

The board of directors or commissioners given power to purchase or construct said plant should be selected as follows: Any non-political farmer's organization having a bona fide dues paying membership of 25,000, may list with the Governor three names and the Governor shall select one from such list, and for each additional 25,000 actual dues paying members such organization shall have one representative to be selected as stated. The State Federation of Labor may furnish to the Governor a list of five names, and the Governor shall select two from such list.

The chambers of commerce of the State may furnish a list of ten names to the Governor and he shall select two names from such list.

The highway commissioner and the state engineer shall, ex-officio, be members of such board of commissioners.

When said warehouses are erected, warehouse receipts should be issued, and upon such receipts the producing farmer should be loaned public money, when available, and at a rate of interest not exceeding three per cent per annum; and all private moneys loaned to farmers on such warehouse receipts at a rate of interest not exceeding four and one-half cent per annum, should be exempt from taxation.

THE TENANT FARMER

I am in entire accord with the Democratic platform on this momentous question. I, as Governor, and you as the Legislature of this State, have received a mandate from the people of this State to carry the provisions of that platform into effect.

In my judgment it is one of the wisest, if not the wisest provisions ever written into a political platform, and I am proud to say that I belong to the political party that gave it birth.

The greatest menace to a representative form of government is the homeless man, and the tenant farmer is a homeless man.

I know that you have the courage, ability and foresight to formulate and enact a law, which, when put into effect, will reduce farm tenantry in this State to a minimum; and if you do this you will be known for all time as an historic assemblage.

LABOR

Believing that the first duty of industry is to provide a living wage and safe and sanitary conditions for the workmen engaged in such industry, I recommend that the Legislature make a comprehensive study of our laws relating to labor.

One of the most striking defects at this time is the fact that death in industry is not covered by the workmen's compensation law.

This is due to a provision of our present Constitution, which prohibits the abrogation of the right of action or any limitation on the amount recoverable in such cases.

This constitutional provision does not operate for the protection of labor, but in some instances has prevented those surviving the death of the wage earner, from recovering anything, because of receiverships or bankruptcy of the employer.

I recommend that the proper resolution be passed submitting a constitutional amendment that will permit proper legislation including death in industry in the compensation law.

It is recommended that the needs of the Department of Labor and the State Industrial Commission, (these departments being charged with the duty of administering the laws relating to labor), be given careful study and consideration, and in general the most advanced legislation of other states, such as Ohio, should be carefully analyzed, and whatever is suitable to our conditions should be incorporated in our various labor laws.

THE FORMER SERVICE MEN

I caused to be drafted and brought to a vote of the people of the State, Question No. 116, Initiative Petition No. 76, known as the Soldier Bonus Bill.

It was submitted as a constitutional amendment.

It received a majority of some 25,000 votes of those who voted on the proposition, and yet it was defeated by some 4,000 votes because it failed to receive a majority of all the votes cast at the election.

One million two hundred thousand American soldiers fought at the Meuse-Argonne, the greatest battle of all time.

The American casualties were 120,000.

The battle lasted six times as long as the Battle of the Wilderness, and they used ten times as many guns, and fired about 100 times as many rounds of artillery ammunition.

The actual weight of the ammunition fired was more than that used by the Union forces during the entire Civil War.

We should not forget these men.

They fought not only for the American flag and American institutions, but for American soil, – for every section of land in Oklahoma.

There are sections of land in Oklahoma that have produced fifty millions of dollars.

I am in favor of giving these soldiers the wealth produced by one section of our land, and I recommend that the bonus bill be again submitted to the people at a special election, which it is in your power to do by joint resolution.

The only change in the bill that I would recommend, is to eliminate oil refineries from taxation for this purpose, as it might cause them to move their plants across the State line.

ROAD CONSTRUCTION

The State of Oklahoma in building its roads is largely dependent upon the ability of the various counties throughout the State to vote bonds to build the principal roads in such counties.

Notwithstanding the fact that many of the counties throughout the State are in dire need of the improvement of their roads, yet without large bond issues, and state and federal aid, improvements cannot be carried on, and even in the counties where the principal highways have been improved, no provision now exists for the construction of extensions and laterals to such main highways.

We all agree that roads should be permanently improved, repaired and maintained, and in order to accomplish this result, the owners of lands adjacent to and abutting upon such roads should be granted the privilege of constructing such permanent roads whenever the same may be feasible or desirable, at their own expense, and with such assistance as may be rendered by the county, the State, and the United States government.

I very earnestly recommend legislation by which a system of road construction may be authorized under the direction of the Department of Highways of the State, whereby owners of lands might petition for and cause the construction of permanently improved highways to be paid for by such abutting owners, upon the theory of special assessments as and for benefits derived from such construction.

By the enactment of such a law, a vast amount of improved public roads could be secured, and the same would result in direct benefit to the owners of the land who pay the cost of the same.

This form of public improvement would particularly give to the farmer the same benefits arising from road construction as is enjoyed at present by those who live in the cities and towns, and enable the farmers located distantly from the main roads to obtain the benefit of road improvements.

The increased value of his farm lands, as well as the ready accessibility to the cities and towns, would more than recompense him for the cost of an improvement of this nature scattered over a period of years.

I would suggest the creation of road improvement districts, and the selection of boards of road commissioners to carry on the work of the improvement, that the district might issue negotiable bonds therefore, payable from assessments levied against the lands benefited, with suitable provision for the enforcement of such assessments.

I would recommend, however, that the majority in area of land, or of land owners be permitted at all times to control the question of the necessity, and desire for such improvements, all of which could be embodied in proper and suitable legislation to cover such subject.

I suggest to prevent possible graft in road construction that by means of the State cement plants every county and district should be able to procure this most expensive item at actual cost of production, plus a possible small profit to the State; that the State should further develop the rock crusher plants which it now owns, and if necessary change locations to save freight rates and thereby, the second most expensive item could be had at actual cost.

Sand and gravel can be had in our streams plus cost of transportation, and labor is plentiful at prevailing prices, and without any opportunity for monopoly.

I also suggest, the State Highway Commissioner and county authorities be authorized and empowered to employ all labor and construct roads without the intervention of contractors, and thereby local labor would be found.

If built at all, roads must be built cheaply, and with a view to permanency.

MARKETING

By means of a bureau or agency, under the Board of Agriculture, provision should be made for the regulation of prices charged by stockyards companies in connection with packing plants, in the sale of hay and grain for live stock; licensing of livestock commission firms; regulation of rates charged as commissions; protecting commission firms and others from loss by strays and otherwise within such yards; regulating yardage charges and dockage on defective animals, and providing inspection for all of the same.

Almost fabulous prices are being charged by stockyards companies for hay and grain on such markets, and other abuses are being carried on, all to the detriment of the livestock industry, and the disadvantage of the livestock producer.

I especially urge the enactment of a law covering the grading and marketing of farm products for the protection of the farmer and consumer, including an anti-discrimination law in both buying and selling.

BANKING

Without attempting details, I beg to suggest in general that the bank guaranty law be fully sustained by proper amendments; that provision be made for the immediate payment to the distressed depositors of failed banks by some system of credit based on the assets and resources of said banks and their stockholders; the warrants or whatever the form of such credit, to be made liquid; kept at par, and as stable as may be, by statutory enactment; that the present assessment for the fund be increased and (by the entire plan), adequate time be given for payment by the banks of all certificates of past indebtedness; that all assets of failed banks be speedily liquidated and applied, and summary liquidation be provided for the future; that provision be made, if possible, to enforce the liability of all banks that have left and intend to leave the system; that the fund and the banks be safeguarded from thieves within, by an increased number of examiners adequately paid, and by the most stringent penal provisions; that through comity with the Federal banking system, an examiner recommended by that department be employed by the State to cross check the State Banking Department; that the officers and administration of the law be removed from control of member banks. Many good suggestions have been made for rehabilitating this law.

I feel sure that while this is one of the great problems, the combined wisdom and devotion of your honorably body to the public good will solve the same.

While certain officials of the State designate depositories for state funds, and the commissioners of each county control the deposit of county funds, I recommend that it be provided that these funds be allocated to all solvent banks by a board created for such purpose, and particularly with the view to aid the farmers in harvest time when extended credit is required. And that every advantage of low interest rates be given to the farmer, and no monopoly be permitted on state or county funds.

FREE TEXT BOOKS

We have talked much and accomplished nothing as to this matter.

It is my judgment that this State ought to furnish the school text books free to all pupils of the State, and trust your wisdom will accomplish that end.

WOMEN'S RIGHTS

In line with the spirit of universal suffrage now enjoyed by the women, I recommend that the proper resolution for amending our State Constitution be passed, so that women may be eligible to hold any state or other office.

INDEPENDENT OIL, LEAD, AND ZINC PRODUCERS

It is well known that a struggle exists between the independent lead, zinc, and oil producers and refiners of the State and world corporations engaged in the same business. I am in favor of any legislation that will assist the independent lead, zinc, and oil producers and refiners in this State, providing that such legislation will work no hardship to the mass of the people.

It is with great pride and appreciation we note the fact that at this time tremendous oil and gas industry of the State, through the gross production tax, is paying all the expenses of the state government. We should generously endeavor to safeguard and foster the great industry with every proper protection of law.

Perhaps you may find the necessity for the establishment of a bureau of statistics for the oil and gas industry.

Market conditions are at times extremely uncertain, and possibly artificially made.

The State being concerned (both as royalty owner, and because of the fact that its principal source of revenue is the gross production tax on oil, the amount of such tax determined by the market price), and advisability of the creation of such a bureau is clearly apparent.

The benefit to be derived by the independent producers from the operation of such a bureau is an additional reason for its creation.

COOPERATIVES

I especially recommend amendments to the cooperative laws, authorizing cooperative corporations for agricultural, dairy, live stock, banking, and the like.

I further recommend laws for the inspection and sale of commercial fertilizers, condimental, patented, or proprietary, and a law creating a department of cotton gin utilities in the Corporation Commission, and providing for the proper functioning of the same, also a law amending Section 8227, Chapter 79, Article 1, Revised Laws of Oklahoma 1910, relating to trusts and pools, and making said law more effective.

PUBLIC UTILITIES

I have no desire to do an injustice to the public utilities of this State. However, it has come to my attention that certain public utilities are receiving a return for public services on a valuation about four times as great as the value at which they have rendered their property for advalorem taxation.

It is recommended that some provision be made whereby such property shall pay advalorem taxes on the same basis as that on which they receive rates fixed by the Corporation Commission.

Recently, many of our public schools were on the verge of closing, by reason of actions brought in the federal court to enjoin the collection of taxes from certain railroad corporations.

It is therefore suggested that the powers of the State Board of Equalization, in the matter of assessing these corporations, and allocating the taxes to the various counties, be enlarged, and that such corporations be required to pay the undisputed amounts, and the

litigation comprehend only the disputed portion, and that a penalty of eighteen per centum be imposed upon them for such delays.

Your wisdom will suggest other amendments to the laws covering this subject.

HOSPITALS

Every deformed child or other person in our State, in need of a major surgical operation, or medical treatment by experts, who is unable financially to procure the same, should be permitted to come to the State University Hospital for treatment.

With the services of the staff of that institution costing the State practically nothing, the persons so treated will entail an expense of approximately \$15.00 per week, and this sum should be automatically chargeable back to the county from whence such persons came.

I have reference to the many persons and cases in which the local doctor is not prepared to render his service.

Let the blind, the lame and the halt of our State be thus made whole.

I will not attempt to argue the duty which the state owes to itself for the sake of its future citizenship, as well as to humanity generally, to made this provision, which will require an additional outlay for buildings, etc., for the University Hospital, which institution has already accomplished considerable in this behalf.

Liquor and drug addicts should be treated more as patients than as criminals. These drug addicts are found in our jails and other penal institutions, and at large. They constitute a much more numerous class than is generally supposed, and the horrors and misery suffered by drug addicts is more than can be described.

I do not know that more stringent laws against the sale of narcotics can be enacted, but certainly those laws cannot be too stringently enforced.

I urge the establishment of a farm for the rehabilitation of these most depraved and unfortunate human beings, and that such State farm be made to include liquor addicts.

I merely suggest that this farm be under the auspices of the University Hospital for reasons of economy in management, and the advantage of the staff of that institution, and could so be made self-supporting for itself and for that hospital.

I am advised that New York and other states are very successfully conducting such farms in line with the most progressive thought.

The subjects of revenue and taxation, education, public health, libel and slander laws, corporations, judicial reform and legal reform, providing for relief for our congested appellate courts, exemptions from taxation and other important subjects will each be submitted for your consideration in subsequent messages.

Because of the things I recommend in this message I hope that no reasonable man will say that I am the enemy of capital.

I am ready and willing to do anything within my power to protect the capital within the State and cause foreign capital to come within our borders to develop our natural resources.

ECONOMY IN PUBLIC AFFAIRS

Because of the recent contraction of the currency, which has wrought widespread distress and brought almost to bankruptcy many of our business and industrial interests as well as our farming and labor classes, it is especially necessary that the strictest economy be practiced in all public affairs, and that the State procure as near as may be a dollar of

value for every dollar expended, and that “efficiency” be the watchword of our public service.

In conclusion permit me to say, I am conscious of the frailties (such as partisan prejudice, factionalism, jealousy of power, selfishness, and the like), to which we are all heir; that these things tend to divide us and thus militate against our best efforts for the public good.

May I not, within my prerogatives, as chief executive, and you, within your prerogatives, as contemplated by our form of government, cordially cooperate? Let us, relying upon the “Divinity that shapes our ends,” enact into law, the mandates to us given, by our service to the masters who called us here – the sovereign people of Oklahoma.” (Applause.)

About Digitizing the Governors' State of the State Addresses

Section 9, Article 6 of the Constitution of Oklahoma provides as follows:

“At every session of the Legislature, and immediately upon its organization, the Governor shall communicate by message, delivered to joint session of the two houses, upon the condition of the State; and shall recommend such matters to the Legislature as he shall judge expedient.”

From statehood in 1907 to present, the state of the state addresses of Oklahoma's Governors have been recorded in pamphlets, booklets, and Senate Journals. One could not foresee the toll that time would take on the earliest of these documents. When these items first arrived at the Oklahoma State Archives, the leather bindings had dried considerably, cracking the spines significantly. Due to the acidity in the paper, many pages have darkened with age. Some of the more brittle pamphlets crumble at the slightest touch.

Thus when we decided to digitize these materials, we faced two challenges: the safety of the original documents and ease of viewing/reading for patrons. Our primary objective was that the unique and historic qualities of the documents should be reflected in the website. However, older fonts would not digitize clearly when scanned and even using a flatbed scanner could cause the bindings to worsen. An image of each page would increase download time considerably and any hand-written remarks or crooked pages could be lost. We decided to retype each document with every period, comma, and misspelled word to maintain the integrity of the document while placing some unique images of the documents online. Patrons can download the addresses quicker and view them clearer as well as save, print, and zoom with the Adobe Acrobat Reader. We have learned much from our efforts and we hope that our patrons are better served in their research on the state of the state addresses of Oklahoma's Governors.