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Address by Arthur B. Langlie, Governor of the State of Washington

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ADDRESS BY ARTHUR B. LANGLIE

Governor of the State of Washington

Today I hope to take a little of your time, rather than try to extend some complimentary greeting of some kind or another, I would like to take this opportunity to talk a little bit about our government, our state government, some of its problems, primarily its tax problems, because some of you may have noted already that while the law has not become effective as yet, that there is going to be a slight tap on your personal income in the way of an increase in the business and occupational tax, and I want to talk to you about it because, in these days of increasing costs in all areas of activity, I think it is necessary to understand that government has some of the same problems during the period of inflation that the private citizen has. While we strive in government to reduce costs where we can, there are some limitations upon our ability to do so, and I think it is necessary for the people generally to have an appreciation of what the government is up against.

First let me say that 90 per cent of the general fund costs of the state go into three main categories of activity: common schools and your higher institutions of learning, welfare, and the management and operation of some fourteen penal and charitable institutions that take care of our criminals, our insane, and our blind and our deaf, and juvenile delinquents, and others. Now, when you think that 90 per cent of your state costs go into that area, and that the balance, 10 per cent, pays for all the other general fund activities of the state, our courts, our legislative operations, many of our administrative departments that serve the public, you realize that the opportunities for reducing the cost of state government without touching those three big categories, are rather limited. The net result is that when we, for the first time since 1932, reduce the general fund cost of government in this state, we are moving in a direction which we hope will eventually make it possible to balance expenditures with income without maintaining some of these taxes that recently have been imposed.

Some would say, "Well, why didn't you cut the budget down to what you have coming in now rather than impose additional taxes at a time like this when so much more is required by the federal government?" Many who have tried to think in terms of reducing costs have finally come to the conclusion that they do not want to recom-

mend specific reductions beyond those which were already made, but would rather say, "Let's make a blanket reduction of two and a half or 5 per cent, or whatever is necessary, right across the board in all activities of the state government and that will balance the expenditures with what is coming in." Well, of course, anyone who makes any kind of a study of the situation realizes in the first place it is impossible to do that, and, in the second place, a very impractical method of trying to meet your financial difficulties. For instance, some of those who wanted to cut the costs to meet income at the general session of the Legislature recommended that the costs be cut 40 per cent among other reductions; that would put the state budget in balance. I can say to you very honestly and very frankly, if such a reduction had been made with the summer we have just passed through, it would have cost the state nothing less than four to five million dollars to save thirty or forty thousand dollars. That same thing runs through your many activities of state government. We knew that with some ten or fifteen more men on the state patrol that the extent of accidents resulting in death and serious damage could be reduced substantially in the state, and, while we have extended that activity some, we have not been able to promote additional men in the service to do that job because we feel the people are taxed to the point where they would not stand for it. That is true in many areas. The school, of course, is an area in which some people think reduction should be made. We know, however, that the cost per individual student is lower in the state of Washington than it is in Oregon or California. We think maybe our state employees are paid a little more than they should be or we have too many, and again we make comparisons, and we find out that our pay level for the state employee is below that in the city of Seattle, the city of Tacoma, the state of Oregon, and the state of California for the large number of classifications in our state. We talked about reducing them on the pay roll. We find now that we have about the same pay roll, a few less than we did have in 1948, and yet has been added to the state's responsibility almost twice as much in the way of highway work.

Initiative 172 put some 40 per cent more people on the welfare rolls to service. Liquor by the drink involved additional regulations and services for public use. Compulsory insurance requires additional people to take care of that in the License Department. In area after area, through legislative act, new positions have been set up, and our

institutions in a state that is growing at the rate of one hundred thousand people a year, we are constantly having an extending population that must be cared for. So, in all these things, when we hold the number of employees below what they have been before, and recognizing the problems of adequate compensation to retain our employees, we know in cutting the request of the transportation department from five hundred and nine million dollars down to four hundred and twenty million dollars, that we are squeezing this thing just about all that it will stand.

Now, it is still true that we have a lot of people on welfare—I say a lot—I mean quite a few who should not be there. I want to tell you again, as you as lawyers should know, ferreting out the information to take some 3 per cent that we know are on the rolls off who are ineligible, cutting down some 16 per cent who are getting perhaps more than they should and raising some two and a half per cent who are getting a little less than they should, that that is a job of investigation, or departmental work which cannot be done overnight; and then when it comes to adopting other legislation which place cuts and place curbs on the welfare program, we meet up with legislative problems and public attitude which has to be dealt with in an educational way in order to do the best job in that particular field.

It should be borne in mind that the welfare costs in the state have been reduced this biennium under what they were in the past biennium by approximately forty million dollars. You cannot move that program much faster than that.

Well, then, we are up against the business of writing a budget which looks like a minimum budget to give essential service to the people of the state and not enough income to take care of it without operating on a deficit basis; so we knew we had to have additional revenue. I must say that this time that the third try at it, the legislature came back and seriously got down to cases. They faced this problem very realistically. They met together and cooperated together. I don't believe the state legislature has had as many factions in it at any time in its history as this particular legislature has. I think we can count seven different factions in the legislature with different ideas about what should be done and they fight one another very vigorously for their ideas, but at this second special session they came together and realizing that something needed to be done, shared responsibilities with the administrative branch of government, adopted a type

of optimistic viewpoint as to the volume of business that would be done in the state for the last year and a half of the biennium, and raised some fifteen to eighteen million dollars of additional revenue to meet the responsibilities of at least the budget, on the theory that the already imposed taxes would bring in sufficient revenue, over and above the estimate, to balance the budget with some fifteen to eighteen million dollars of new revenue.

I think there is reason to believe that that optimistic view can be fulfilled, with about nine million dollars of it from taxes on liquor, and about nine million dollars of it from business and occupational tax increases, and sales taxes, so to speak, on hotel rooms of 3 per cent, and with some charges on brokers who handle wheat for farmers—there is the source of revenue that is anticipated.

Now I would like to tell you about this business of governmental cost, because I think it is quite important to realize that in 1931, the property taxes of the state returned to local government and state government \$80,000,000. Nineteen years ago that much was collected in taxes. In 1950, property taxes returned \$87,000,000. With a great increase in population building a diversion of the dollars, \$7,000,000 more originated from property taxes. At that time, in 1931, the income, the personal income of the people of this state totalled \$800,000,000. So, remember 10 cents out of every dollar that the people earned in those days went for taxes on property. At that time the state taxes were \$20,000,000, so that 2 cents out of every dollar went for state services, and the support of your schools and welfare, and many of the minor functions of the government that are now carried on by state moneys were then carried by local money out of the property taxes. Today, instead of the state taxes being \$20,000,000, they are \$211,000,000, and the total of these taxes measured against the total of the income of the people which is \$3,900,000,000, makes this kind of a picture: Property taxes today are 2¢ on the dollar, the earned dollar of the people of the state. State taxes are 5½¢ of the earned dollar; as compared to 1931 with 10 cents property taxes, 2 cents state taxes or a reduction related to the dollars earned from 12 to 7½ per cent.

Now, you say, "Well, that cannot be right; I am paying more taxes today; I feel squeezed more; I am really getting hurt by taxes today." You are, it is true, but there is a reason for that. Federal taxes in 1931 out of the state of Washington was \$15,000,000. In 1950, it is over

\$500,000,000. Less than 2 per cent federal taxes in 1931. Today in excess of 14 cents out of every dollar goes to federal taxes, and with the increases that are now being planned to be put into effect, it will be about 21 cents.

Now, we cannot starve these services of state and local government. The people want the same service. It is so easy to turn from a lower echelon of government to a higher one and say, "Won't you give us this service?" If the government can finance it by borrowing it or otherwise, then they will do it because it is the popular thing to do. We shake the whole structure of our government when, as citizens, we do not recognize that when we want government service we must pay for and be willing to pay for it, so let's not ask for it, and the closer we keep this government to the people, the less costly it is. We know on the state level of many services that could be rendered at a lower cost if the county and city government would take the responsibility of giving that service. We have been trying for two years to get the county and city government to take them on, even trying to work with them to allocate some state funds or some taxes, some tax source that the state now occupies to them, so that they might handle it, and I am sure that once we realize we cannot put off indefinitely paying for those things, building up a huge national debt, and running the state government into debt, and not being willing to pay taxes for those things that we want and insist upon, and most of which renders a valuable service, sure we are going to find we are going to defeat the purpose of saving ourselves money by being unwilling to pay at the local level.

I raised this question because I think people look to lawyers for leadership a great deal in matters of this kind. I think it is important that the facts about our government and its financial problems be familiar to the legal men of the state, that they may interpret it to the people, that they have confidence in them and understand what the basic problem is, because this idea that we can get something for nothing has built up to the point because we have, over a number of years, been getting by, but the time has now come when we have to pay the bill, and this inflationary cycle that keeps crowding in on us is here to the point where it affects everything we do in government, just as it does the individual. We cannot escape these costs and render the service.

In the coming months you will see how it affects this program that

we call, "Aid to Dependent Children." Many of you in your practices will come across cases where you can see abuse developing, and the husband finding he is much better off to get a divorce and leave his wife, and leave his children dependent on the state, and thus free himself of the responsibility of supporting them, and financing them, and there is some abuse of that program; but there are a lot of meritorious cases, far more than we realize until we start investigating the cases here and there, and keep in mind the importance of keeping the family unit together and giving them enough to live on, because the problem of supporting the family is a great problem for a woman to carry, and there is going to be some suffering in that category in the next three or four months. When you ask a woman with three or four children to do the job on \$120.00 a month, there is going to have to be some community mercy. That may be true in other areas where we are shutting down. It is a problem of cutting this program down, reducing it down to a reasonable one where the people will carry their share of the load of those things that they want taken care of by their government.

Again, as I say, these things can be handled by the county or city, your local government, many times much earlier and with less cost, and much more human understanding, much more rehabilitation of people if they were handled down there where the people know them, with the community duty and with the community interest, instead of some broad, statewide basis, where waste sometimes enters in.

Again let me say, I appreciate so much the cooperation that I have had personally from members of the Bar, and, having spent considerable time in practice, and in state and local government, I am convinced that there are no greater groups of leaders available to strengthen the fortress of democracy than the members of our Bar. We are concerned these days with the moral integrity of people in government. We are concerned a lot about the abuses that we see. That stems a lot from the fact that there has been too little interest in moral integrity, in principles in high places, on the part of leading citizens. Too many people have been concerned with what they can get out of government, with their attorney or without, and not about the principles on which that government should function, and if we want higher moral standards in our government, it behooves every lawyer today to do what he can to maintain those principles. Dishonesty in government, in our courts, in practice, in the standards of

the profession, should be frowned upon and publicly exposed just as actively by lawyers as by anyone else, and as Governor of the state, feeling that we have a future ahead of us in this state, and not only from the standpoint of professional men but the entire economy and the future of the state, I invite all of you again to take an active, a positive, a constructive interest in the business of your government.

ADDRESS BY JUDGE CHARLES R. DENNEY

President of the Superior Court Judges Association

When I asked Mr. Welts what in the world a small town trial judge could talk about to the members of the Bar, he made no suggestion of value to me, except that there was no silence after ten minutes.

I hope you will excuse me after these very brief remarks are made for it is my pleasure to escort Judge Medina to the judges' meeting, and after all, we are the only people who are here at taxpayers' expense, so we have to justify the money we receive from the taxpayers, by at least meeting occasionally.

It is a wonderful thought that a trial judge should have attained the status of a public hero, as Judge Medina has and the most astonishing fact that the people generally have appreciated the fact that it takes a remarkable man to behave with the patience and perseverance that Judge Medina has. It is reassuring that the people do realize this, and it might not be amiss for this body to give serious consideration to disciplining those who organize a conspiracy and carry it into execution so as to so try the patience of the trial judge so that he will do nothing more than what is human and blow his top. It seems to me it would be as serious as some flagrant misusing the practice of his client.

For a long time the Superior judges have met at the same time as the Bar Association, and we are grateful to all the bar associations who have been our hosts, and who have so elegantly entertained us—particularly at this time, of course, the Yakima Bar. I am reminded of a quip I read regarding a visit he made in the south where he met a gentleman of very advanced years, and Bill inquired of him the reason for his longevity, and the old man answered, "Well, I tell you, son, I have never wasted any of my energy in resisting temptation."

We do appreciate the fact that you have been our hosts, and have not expected us to use up any of our energy resisting temptation,