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"Harmony in
Diversity"

PORTLAND CITY CLUB BULLETIN

"Active
Citizenship"

VOLUME XIII

PORTLAND, OREGON, FEBRUARY 10, 1933

NUMBER 41

FRIDAY, FEBRUARY 10

HOTEL BENSON; 12:10

LADIES ARE INVITED

SPEAKER

ORRIN DENNY

*World Traveler, Photographer, Lecturer
Head, Smithsonian Universal Expedition to Africa*

SUBJECT

"African Trails"

Illustrated

By means of an unusual collection of slides, Mr. Denny will take his audience away from even the beaten paths of African tourist travel to the trails and by-ways of the "dark continent" that offer the unique, the thrilling and the new. This presentation of adventure, life and customs of Africa promises something different.

As a motion picture explorer Mr. Denny has led expeditions to the East Indies and Africa and is recognized not only as the most able man in his line but also as an educator and lecturer.

AND ALSO

AN OPEN FORUM

TO DISCUSS

STATE WATER POWER AND HYDRO-ELECTRIC DEVELOPMENT

The report of the committee is printed in this week's *Bulletin*.

COMING

The Program Committee is happy to announce that invitations to speak at the City Club meetings during the next two months have been accepted by the following men:

- GEORGE E. GRIFFITH "Forest Economy"
United States Forest Service.
- DR. H. J. WHITACRE "Report of the Committee on the Cost of Medical Care"
Of Tacoma, Washington.
- DR. JOSEPH P. HARRIS "Proportional Representation"
Professor of Political Science, University of Washington.
- C. C. CHAPMAN "The 1933 Legislature"
Editor, Oregon Voter.

Tune in KEX at 1:45 P. M. Sunday

POSTPONE ACTION UNDER HYDRO-ELECTRIC AMENDMENT, SAYS COMMITTEE

A Report by the Port Development and Public Utilities Section

To the Board of Governors of the City Club:

This committee was appointed for the purpose of determining the intent of a provision in the State Water Power and Hydro-electric Constitutional Amendment of November 8, 1932, which reads as follows:

"The legislative assembly shall and the people may provide any legislation that may be necessary in addition to existing laws to carry out the provisions of this article."

Financial Structure Is Weak

Carrying out the intentions of this amendment involves the issuance of bonds pledging the credit of the State of Oregon. The bonded indebtedness of the State now totals about \$185,000,000 and the financial structure of the State is now threatened by this heavy bonded indebtedness and a \$2,000,000 deficit in the general fund. The sale of bonds to secure money to make even a start in this undertaking is impracticable and probably impossible at this time.

The act, while apparently mandatory, does not set a time, and therefore the committee believes that it is not mandatory for the legislature to take immediate action.

The power rates in this district, while low in comparison with other large cities, are, in the opinion of the committee, excessive, due to unwarranted overhead charges, tribute to holding companies and watered stock; but regardless of the situation, this is no time to further stretch the weakened financial structure of the State of Oregon.

Sale of Power Is Questioned

Also, there is no assurance that additional industries will be established to which the additional power could be sold. The advocates of the plan contend that the furnishing of cheap power will bring the industries to this district, and that the State should expend millions without any definite assurance that this power could be sold. The opponents of the plan contend that there should be some assurance that the power could be used, and thereafter the State could take the steps provided by the constitutional amendment.

The committee is also of the opinion that the provision of the amendment providing for the election of a commission of three members should be changed, so that these commissioners should

be appointive. The appointive feature would be more apt to result in the commission being composed of men of experience in this line of endeavor, while the elective feature is far too apt to result in the selection of less competent men.

Two Bills Are Proposed

Two bills have been introduced in the legislature to make the amendment operative. Both provide for the State entering the electric power business and have for their purpose taking over the business from privately owned concerns.

The commission has the right under both bills to acquire either by purchase or condemnation all property necessary, including privately owned and municipally owned power plants and systems. It is evident that there is thus given an opportunity to unload upon the State privately owned power systems and plants. It is not believed that the tax-payers of the State realized that when voting for the amendment they were opening the way to use tax money for such purposes.

Broad Powers Are Given

H. B. 99 provides that the hydro-electric commission shall comprise a farmer, a business man and an engineer. They shall appoint a managing engineer, who will be the active executive. All four are to visit the Province of Ontario to study their public ownership system. The commission has power to issue and sell bonds up to sixty-five million dollars which will become a direct obligation of the State of Oregon.

The commission also has power to borrow money and issue evidences of indebtedness based upon the property owned by the commission. In case the revenues from the sale of power shall be found inadequate to meet the obligations of the commission it has power under this bill to levy and collect taxes for the purpose of paying operation expenses and other obligations.

Other Enterprises Are Included

Whenever any works owned by the commission for the purpose of supplying power or energy are not in use, it may utilize them for such revenue producing purposes as it deems proper. Thus the State might find itself in manufacturing and other business. This bill savors of "Townleyism", and the experience of North Dakota should be sufficient to deter any

member of the legislature from supporting it.

Vote On Bond Issues Required

S. B. 85 known as the "Grange Bill" provides that the members of the commission shall be elected on a non-partisan ballot similar to judicial officers. The commission is required to submit all bond issues to the vote of the people at a general or special election and all bonds must be sold at not less than par and to draw not more than six per cent interest.

It provides that the commission shall have exclusive jurisdiction in all matters over which it is given authority and that no court shall grant an injunction or restraining order concerning the construction, operation or maintenance of any plant. This restriction on the judicial power of the courts is undoubtedly unconstitutional. If the commission acts illegally, the persons affected have the right to call upon the courts for preservation of their rights. The authority of the courts to act is based upon the illegality of the action of the commission in question.

Commission's Property To Be Exempt

This bill exempts property of the commission from taxation. Taxes are generally considered a legitimate expense to be considered in determining rates for public owned utilities. The privately owned utilities in Oregon now pay forty per cent of the taxes. If the electric power utilities are taken over by the State the taxes formerly paid by this property will be eliminated and will be distributed to other property. H. B. 99 provides for taxing the property of the commission for municipal and school purposes.

This bill also provides that whenever any plant owned by the commission is not productive the commission may utilize the plant for such other producing purposes as it may deem proper.

RECOMMENDATIONS AND
CONCLUSION

In conclusion the committee submits that it does not undertake to offer any substitute for these two bills but believes the legislature should take no action now but should endeavor to increase the regulatory powers of the public service commissioner. The public service commissioner should submit an act for the consideration of the next legislature.

Respectfully submitted,

ORRIN E. STANLEY,

GUNTHER F. KRAUSE,

J. V. B. COX,

WILLIAM SHEEHY,

JOHN A. BECKWITH, *Chairman.*

Approved by George W. Friede, chairman of the Port Development and Public Utilities Section.

Accepted by the Board of Governors and ordered printed and submitted to the membership for consideration and action on February 10, 1933.

STRIVE FOR SOLUTION,
URGES SPEAKER

We should search for an intelligent remedy for present conditions now, when we are still able to think sanely, urged Ray E. Koon at last Friday's meeting. The speaker giving an appraisal of technocracy pointed out that while the technocrats were open to much criticism, we should not disregard the need for a readjustment of the relative values of man and the machine.

Democracy Is Challenged

Democracy is seriously challenged, claimed the speaker, and America is not ready for a dictatorship by the technocrats or any other people but we must submit to some form of dictatorship if the present profit system is to continue. "In the 1920's no one would have given serious attention to this challenge to our economic system, but at the present time we have practically abandoned the thought that this is an ordinary depression and we should devote our energies to discovering a cure that the technocrats have failed to provide."

Present Conditions Are Different

The speaker gave two reasons why the present depression was different from the others. First, the close of the American frontier which can no longer assimilate those who have been displaced by the machine, and second, the falling off of population increase in the United States and the necessity for providing for a static population. The speaker illustrated the population trend in the United States from 1800 to 1980 and pointed out that by considering variable factors, including birth and death rates and immigration and emigration trends, the population of the United States was due to become static in 1945.

Can Opener Needed

"The technocrats have loaded our raft with canned food for thought but failed to provide any can opener," said the speaker, who not only criticized the development because of its lack of a constructive program but because of the high pressure salesmanship, the confusing terminology, and the lack of engineering methods of the technocrats.

Mr. Koon was introduced by President Richard W. Montague.

There are several hundred Portland citizens who would appreciate an invitation to join the City Club. Active participation in civic affairs is the opportunity of Club membership. Do your bit for the membership committee by suggesting the names of a few friends whose civic interests would attract them to the Club.