

10-14-1960

City Club of Portland Bulletin vol. 41, no. 20 (1960-10-14)

City Club of Portland (Portland, Or.)

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PORTLAND
City Club
BULLETIN

Mayfair Ballroom • Benson Hotel
Friday . . . 12:10 P. M.

PORTLAND, OREGON - Vol. 41, No. 20 - Oct. 14, 1960

(Meeting will begin promptly at 12:30. Please be seated by noon if possible.)

PRINTED IN THIS ISSUE OF THE *BULLETIN* FOR PRESENTATION,
DISCUSSION AND ACTION ON
FRIDAY, OCTOBER 14, 1960.

REPORTS ON

**WAR VETERANS' BONDING AND
LOAN AMENDMENT**

(State Measure No. 13)

The Committee: RALPH APPLEMAN, JOHN P. BLEDSOE, ROBERT E. DODGE,
FRANK H. EISEMAN, and RICHARD A. WELCH, *Chairman*.

BILLBOARD CONTROL MEASURE

(State Measure No. 15)

The Committee: ANDREW J. BRUGGER, W. T. LEMMAN, ABE OYAMADA, M.D.,
CHARLES SCHULER, and DOUGLAS POLIVKA, *Chairman*.

**CONTINUITY OF GOVERNMENT
IN ENEMY ATTACK**

(Ballot Measure No. 12)

The Committee: DR. JUDAH BIERMAN, R. A. BRAMAN, CAMPBELL RICHARDSON,
VANCE L. TERRALL, M.D., and THOMAS E. WITHEYCOMBE, *Chairman*.

*"To inform its members and the community in public matters and to
arouse in them a realization of the obligations of citizenship."*



**REPORT
ON
WAR VETERANS' BONDING AND
LOAN AMENDMENT
(State Measure No. 13)**

Purpose: To increase from 4% of the assessed valuation to 3% of the true cash value of all property in the state as a maximum limitation on the amount of state bonds that may be issued to raise funds to make farm and home loans to World War II and Korean War Veterans.

TO THE BOARD OF GOVERNORS,
THE CITY CLUB OF PORTLAND

This Committee was given the assignment of studying and reporting on the proposed constitutional amendment referred to the electorate by the 1959 session of the State Legislature which will, if adopted, increase the amount of indebtedness the state may incur for the purpose of making loans to certain war veterans. The amendment, if adopted, would raise the limit of such indebtedness from 4% of the assessed valuation to 3% of the true cash value of all the property in the state and would extend the period for determining the eligibility of World War II Veterans from September 2, 1945 to December 31, 1946.

Additionally, it would set a termination date of January 31, 1980 for the making of loans to World War II Veterans and a termination date of January 31, 1988 for the making of loans to Korean War Veterans. Also it would establish the terminal date of December 31, 1960 for the period in which a Korean War Veteran, who was a non-resident of Oregon at the time he started his military service, might qualify for such loan privileges by residing in Oregon for at least two years after his separation from military service.

SCOPE OF RESEARCH

Your Committee interviewed H. C. Saalfeld, Director, and Ernest J. Smith, Manager of Farm & Home Loans, of the Oregon Department of Veterans Affairs; Fred Paulus, recently retired Deputy State Treasurer; Ward Cook, State Senator, realtor and President of the Oregon Pioneer Savings and Loan Association; Karl L. Wagner, Chairman of the Oregon Joint Veterans' Legislative Committee, and Louise Humphreys of Oregon Tax Research. Individual members of the Committee interviewed Everett Mitchell, Secretary of the Committee To Protect Oregon's Credit, and H. E. Wilson, Assistant Loan Guarantee Officer of the Loan Guarantee Division of the Veterans' Administration of the United States government. Your Committee also studied the arguments put forward by "Committee Thirteen, United Citizens Serving Oregon's Economic Progress," representing Oregon Association of Real Estate Boards, Oregon State Grange, Oregon State AFL-CIO, and United Veterans for Measure 13.

Your Committee also reviewed the annual reports of the Oregon Department of Veterans' Affairs for the years ending June 30, 1959 and June 30, 1960, certain mortgage figures for the States of Oregon and Washington supplied by the Federal Home Loan Bank Board, the State Treasurer's statement of outstanding bonds of the State of Oregon as of May 1, 1960, and the City Club committee report of October 31, 1958 on a similar proposed constitutional amendment referred to the electorate by the 1957 session of the Oregon Legislature. The attorney member of the Committee reviewed the Oregon law relating to this measure.

LEGISLATIVE HISTORY

The practice of permitting the State to make direct loans to veterans from a fund created by the issuance of bonds was first introduced to Oregon by the adoption of Article XI-C of the Oregon Constitution at a special election held June 7, 1921. This article combined a cash bonus program with a loan program for veterans of World War I; by later amendment, eligibility was extended to include veterans of the Spanish-American War. Article XI-C was repealed by the electorate on November 4, 1952.

The present veterans' loan program had its origin in new Article XI-A of the Ore-

gon Constitution, created in 1943 by House Joint Resolution No. 7 and adopted by vote of the people on November 7, 1944. This article covered veterans of World War II and limited the amount of indebtedness which could be incurred for creation of the loan fund to 3% of the assessed valuation of all property in the state. The termination of eligibility was described as the end of hostilities with the axis powers.

A constitutional amendment adopted by the electorate on November 7, 1950 modified the service and residence requirements for eligibility for loans, and increased the limit of indebtedness from 3% to 4% of assessed valuation. A further constitutional amendment adopted by the people on November 4, 1952, extended the eligibility to veterans of the Korean conflict.

During the 1957 Legislative Assembly ORS 407.040 was amended to increase the maximum amounts which could be loaned to qualified veterans from \$9,000 to \$13,500 on homes, and from \$15,000 to \$30,000 on farms. Senate Joint Resolution No. 35 adopted by the 1957 Legislature proposed a constitutional amendment to provide additional funds to carry out the expanded program under these higher loan limits and to make the date of termination of service for determining eligibility for veterans' loans uniform with that of other veterans' benefits. This measure was submitted to the electorate at the November 4, 1958 general election and defeated.

Senate Joint Resolution No. 14, adopted by the 1959 Legislature, now refers to the voters at the November 8, 1960 election a proposed amendment to Article XI-A of the Oregon Constitution which, as stated earlier in this report, would increase constitutional bonding limits for war veterans' loans from 4% of assessed valuation to 3% of the true cash value of all property in the State. The amendment also provides that no loan shall be made to veterans of World War II after January 31, 1980, or to veterans of the Korean War after January 31, 1988.

FINANCIAL EFFECT OF PRESENT MEASURE

The true cash value of all Oregon property on January 1, 1960, as determined by the State Tax Commission, amounted to \$9,526,782,027.00. Thus the new bonding limit would be \$285,803,460.00. As the state now has \$150,000,000 face value of veterans' loan bonds outstanding, the adoption of this measure by the electorate would mean a present additional borrowing limit of approximately \$135,000,000.

It is estimated by reliable authorities that the "true cash value" of Oregon property will continue to increase approximately \$500,000,000 each year. Consequently the adoption of the proposed measure will mean an increase in the borrowing limit of around \$15,000,000 each year, or a total of approximately \$420,000,000 between now and January 31, 1988, the termination date for making loans to Korean War Veterans.

As the assessed value of property in Oregon on January 1, 1960 amounted to \$2,662,054,587 the present borrowing limit is \$106,482,000. (The \$150,000,000 of bonds now outstanding is of course in excess of this limit. This resulted from Multnomah County's action in 1958 of increasing its assessment ratio to 100%, which later was reduced to 45%.) Thus it will be seen that while the proposed measure, if adopted, would authorize the issuance of \$135,000,000 of additional bonds, it would actually increase the present bonding limit in the amount of \$179,000,000, or 168%.

When it is remembered that in 1958 the voters rejected a request for a 50% increase (from 4% to 6% of assessed value) it seems to your committee to be most unfortunate that the issue has been confused by changing the basis from assessed value to true cash value. While there may have been no intent to confuse, it seems obvious that many voters will not understand the relationship of assessed value to true cash value, nor the magnitude of the percentage of increase in the bonding limit.

REVIEW OF LOAN PROGRAM

From October 1, 1945 through May 1, 1959 the Department of Veterans' Affairs issued \$162,000,000.00 "Oregon Veterans' Welfare Bonds" of which presently \$150,000,000.00 are outstanding. The effective interest rate on these bonds presently outstanding ranges from 1.4494% to 3.6543% per year. The average effective interest cost is 2.868% on these bonds.

The total loans made up to July 1, 1960 aggregated \$224,113,274 of which \$207,749,384 were on homes and \$16,363,890 on farms. The repayments on principal of mortgages

were \$70,956,365. This leaves a balance of receivables as of July 1, 1960 of \$153,156,909. These loans are composed of the following:

<i>Interest Rate</i>	<i>Number</i>	<i>Balance at 6-30-60</i>
4%	18294	\$144,311,641
5%	2048	8,845,268
Total	20342	\$153,156,909

(The 5% interest rate pertains to loans on properties the ownership of which has been transferred to anyone other than a qualified veteran or members of the original borrower's immediate family.)

The total number of loans made to July 1, 1960 was 30,753, of which 4,345 were made in the fiscal year ended June 30, 1960, for a total amount of \$44,783,150. The net operating revenue during the same fiscal year was \$1,228,281.54, while the net operating revenue for the total program to June 30, 1960, was \$6,488,493.48.

It has been noted that the report of the Department of Veterans' Affairs as of June 30, 1959, showed a net profit to that date of \$6,237,958.70. This would indicate a net profit of only \$250,534.78 for the year ending June 30, 1960, rather than the \$1,228,281.54 shown above. We have been advised by Mr. Saalfeld, Director of the Department of Veterans' Affairs, that the apparent discrepancy was caused by the report of June 30, 1960, being prepared on the accrual basis, while the report of June 30, 1959, was prepared on the cash basis.

It also has been noted that a publication by Committee Thirteen, which apparently was formed to promote the constitutional amendment, contains a statement to the effect that the veterans' loan program has made "a gain to the State of nearly \$11 millions". Your committee has been unable to reconcile this figure with the statement submitted by the Department of Veterans' Affairs.

ARGUMENTS FOR THE MEASURE

1. Veterans should be assisted in the process of rehabilitating themselves into civilian life.
2. Veterans should be compensated for their wartime service by making available to them the benefits of the state veterans' loan program at an interest rate lower than those charged by banks, savings and loan associations and other commercial financing companies.
3. Only 15½% of eligible veterans have obtained state loans and it would be discriminatory to deny the same loan privileges to the remaining eligible veterans.
4. If the measure fails, it is estimated that state veterans' loans will fall 78% below last year's total.
5. The economy of the state is improved by the residential and agricultural improvements made possible by the loan program. Additions to the tax rolls soon follow.
6. The loan program has been profitable. As of June 30, 1960 the Veterans' Department showed net operating revenue of \$6,488,493. Net operating revenue for the fiscal year ending June 30, 1960 was \$1,228,281 after payment of operating expenses, interest on bonds and expenses of the Department's Veterans' Service Division.
7. In some areas of Oregon the state veterans' loan program provides the only mortgage money available.
8. The sale of Oregon veterans' loan bonds brings needed mortgage money into Oregon from eastern financial centers.
9. It helps the Portland Metropolitan area which needs additional mortgage money.
10. The state veterans' loan program releases funds of private lending agencies for other types of loans.
11. Farm projects are increased as the program provides one of the few sources of farm purchase loan money in Oregon.

12. In addition, the program will benefit builders and construction individuals, realty firms, title companies, appraisers, attorneys and insurance companies, so that significant business activity results from a continuation of the loan program.

13. The proposed amendment provides for a partial termination of the loan program on January 31, 1980 and its complete termination on January 31, 1988.

ARGUMENTS AGAINST THE MEASURE

1. The need to assist veterans in becoming integrated and useful members of society no longer exists, but the measure proposes to extend the loan program for World War II and Korean War Veterans 19 years and 27 years respectively.

2. It is discriminatory in aid given to one segment of our population but not to all, and to some ex-members of our armed forces but not to all.

3. If the program is one of benefit to compensate for wartime services to our country it should reward all veterans and not just those who need loans for homes and farms.

4. Defeat of the measure will not mean that the loan program will be discontinued, as repayments on outstanding loans will provide approximately \$12,000,000.00 per annum for new loans.

5. The argument that the loan program is needed for the supplying of mortgage money in our state is fallacious, as ample funds are available for all properly secured loans.

6. The program will become costly to the state as it will produce an over supply of state bonds which will make it necessary for the state to pay higher interest rates on all of its bonds.

7. Such a loan program is unfair competition to financing organizations who must charge rates in reasonable relation to the interest they must pay in order to obtain the funds they loan.

8. The program is an unwarranted expansion of state social services.

9. The State of Oregon will lose income taxes it would have collected if the loans to veterans had been made by private lending agencies.

10. As interest rates on all bonds have risen during recent years the state is now unable to borrow money at a rate sufficiently low to keep it from losing money on the making of mortgage loans at an interest rate of 4%.

11. There is financial risk involved in any loan program of this kind and in a period of recession in real estate values, with resulting defaults in loans made by the Veterans' Department, the state's finances could be jeopardized.

DISCUSSION OF ARGUMENTS FOR AND AGAINST

A review of the arguments for the measure will point up that although they are numerous they may be divided into three categories. First, that certain World War II and Korean War Veterans are entitled to the benefits of this loan program and that many veterans will not receive such benefits unless additional funds are now made available; second, (although some of the measure's proponents seem to place it first in importance) the continuation and enlargement of the loan program is vital to the economy of our state; and, third, the program has produced a profit for the state.

Although the passage of time has somewhat obscured the purpose of the legislature and the electorate in adopting the present veterans' loan program, it seems probable that it was conceived as a means of assisting returning veterans to rehabilitate themselves, also to reward them in some measure for the time spent serving their country in a period of war.

No one should deny the propriety of governmental assistance in the rehabilitation of war veterans, where rehabilitation is necessary because of physical, emotional or financial handicaps brought about by wartime service. There should also be no quarrel with reasonable financial rewards for wartime service, at least where such wartime services were performed at some risk or loss to the veteran.

Your committee doubts that anyone is seriously contending that the granting of state loans fifteen years after the end of World War II and seven years after the end of the Korean War has any relation to the rehabilitation of the veterans of those wars.

It is true that many eligible veterans will not receive the benefits of this loan program unless a substantial amount of additional funds is supplied by state borrowing. The borrowing and loaning program to date (with \$150,000,000 of bonds outstanding as of June 30, 1960) has provided loans to an estimated 15½% of eligible veterans. It has been estimated that approximately 60% of eligible veterans would eventually obtain state loans if sufficient funds were made available.

It seems obvious that in order to make sufficient funds available for 60% of the eligible veterans it would require not only the \$135,000,000 that would be supplied by the measure we are reviewing but additional borrowings that would bring the total up to somewhere between \$500,000,000 and \$600,000,000. This raises the question of whether our state should expend that amount of its borrowing potential in order to provide equal loan privileges for all eligible veterans, and, if not, where and when the program should end.

If we elect to stop short of the approximately \$600,000,000 of borrowing there will, of necessity, be discrimination, of a sort, with respect to the veterans who for some reason did not make loan applications while funds were available. But discrimination of one kind or another seems to be inherent in a program of this kind. Your committee notes that any veteran who served for ninety days or more during either World War II or the Korean War is entitled to loan privileges, assuming the required Oregon residence. It is immaterial whether he spent his service period in a non-hazardous location and occupation, possibly drawing more pay than he would have earned in civilian life, or was a part of the smaller percentage who were required to endure the hazards and suffering of actual combat.

Thus it would seem that the reward is for time spent in the armed forces and the resulting disruption in civilian activities rather than exposure to the risks of war. This being true, is it not discrimination to refrain from giving the same loan privileges to young men who have been required to serve in our armed forces since the end of the Korean War, or who served in the period between World War II and the Korean War? It seems probable they were subjected to as much personal risk and discomfort as many "veterans" of the war periods, and no doubt their educational or vocational pursuits suffered to some extent.

As has been noted earlier in this report, many of the arguments advanced in support of this measure have to do with the economic benefits flowing from the veterans' loan program. Obviously such arguments must be grounded on the premise that a considerable number of the loans, if not made by the state, would not or could not be made by other lenders. If this is a sound premise then it seems to your committee that such a result would have to arise from one or more of the following circumstances: (1) the Department of Veterans' Affairs makes loans where the risk element is so high they would not be attractive to private capital, (2) the relatively low interest rate encourages and expands mortgage borrowing by veterans who otherwise would not do so, or (3) the funds available in Oregon for mortgage loans are insufficient to supply the demand.

Your committee has noted that the Department of Veterans' Affairs is authorized to make loans up to 85% of the appraised value of the mortgaged property. This is a more liberal loan policy than those established and followed by private lending agencies, with the exception of loans guaranteed by the Federal government under its veterans' loan or Federal Housing Administration programs. Because of this liberality, and because the program has been designed to assist veterans rather than establish a prudent loan program, it seems quite likely that a higher risk element exists in the loan portfolio of the Department of Veterans' Affairs than in those of private lending agencies. But it should not be assumed from this possibility that the state veterans' loan program supplies funds that could not be obtained from other sources.

The Federal veterans' loan guarantees are available to all veterans who would be eligible for a state loan, and the Federal Housing Administration loans are available to any borrower with a reasonable degree of financial responsibility. It is true, however, that in the recent past interest rates on all borrowings have risen sharply and the supply of mortgage money has been somewhat less plentiful than in former years, due to the

Federal Reserve Board's attempt to curb inflation by lessening the flow of credit. In such a situation, and with an adequate supply of mortgage applications, it is to be expected that lenders should pick the best loans offered. For this reason it seems probable that in the past year some people desiring loans of the more speculative kind have not been able to obtain them.

Whether this seems good or bad depends, probably, on whether a person's primary interest is in seeing inflation curbed or in finding mortgage money readily available even for the most speculative variety of loans. To those concerned about a sound economy there will occur the question of whether the efforts of the Federal Reserve Board to lessen the flow of credit should be made less effective in Oregon by the state's supplying of ready credit to a chosen few for a chosen purpose.

This leaves the question of whether under normal circumstances the supply of mortgage money in Oregon is adequate. Your committee was unable to find any evidence that the economy of our state was handicapped by a lack of such credit. As one authority in the real estate and mortgage fields put it, "Mortgage money is always available, at a price." The price, or rate of interest, will depend, of course, upon the current rates of interest available on United States obligations and other conservative investment media, all of which compete for the lenders' dollars. This is not peculiar to Oregon nor is it peculiar to mortgage borrowers.

In view of the fact that some of the proponents made much of the argument that the veterans' loan program was so vital to the economy of the State of Oregon, your committee inquired about similar programs in other states. We were informed that only the State of California has a somewhat similar program for the making of mortgage loans to veterans. It then seemed that it would be pertinent to compare mortgage loan figures in the States of Oregon and Washington over the past ten years, and relate them to the population figures of the two states, in order to ascertain if the veterans' loan program in our state seemed to have added materially to the volume of such loans.

It was found that the 1960 census (preliminary) gave a total population for the State of Washington of 2,824,144, while the Oregon population stood at 1,741,245. Thus Oregon has a little over 60% of the population of our sister state. The Federal Home Loan Bank Board supplied the following figures with respect to the dollar volume of non-farm mortgages of \$20,000 or less recorded by all types of lenders during the past ten years.

	Oregon	Washington	Percent of Oregon to Washington
1950	\$200,681,000	\$413,255,000	48.56%
1951	190,829,000	372,280,000	51.26
1952	193,327,000	397,744,000	48.61
1953	196,800,000	402,621,000	48.88
1954	235,504,000	573,153,000	41.09
1955	284,155,000	671,448,000	42.32
1956	246,614,000	514,849,000	47.90
1957	212,506,000	436,583,000	48.68
1958	274,057,000	586,085,000	46.76
1959	321,941,000	635,450,000	50.66

The above figures no doubt include a small percentage of loans of \$20,000 or less on business properties so do not give an entirely accurate comparison of home loan financing in the two states. But with Oregon's loan volume averaging less than 50% of Washington's it would seem to be indicated that our veterans' loan program has not added anything to the economy of this state. Rather, it is indicated that at least the great majority of the loans made by the Department of Veterans' Affairs would have been made by private lending agencies if it had not been for the state program.

But if we did grant that the state veterans' loan program added something to the economy of our state would it be proper to bring this about by legislation favoring a relatively small segment of our population?

As the membership of the City Club may be interested in the source of mortgage funds in our state we submit the following figures supplied by the Federal Home Loan Bank Board with respect to non-farm mortgages of \$20,000 or less.

	Dec. 1958 to	
	Nov. 1959	March 1960
Savings and Loan Associations	32%	39%
Commercial Banks	18%	10%
Individuals	17%	22%
Insurance Companies	4%	4%
Department of Veterans' Affairs	15%	7%
Others	14%	18%

Another argument advanced by the proponents of this measure is that the loan program benefits the sparsely settled areas of our state where private lending agencies are not interested in making loans. The contention has been made that the state program is the only present method of servicing those areas.

We find this contention to be somewhat less than accurate as the Federal veterans' administration operates a direct loan program which is available throughout the state with the exception of Portland and its tri-county area, the Willamette Valley and Klamath Falls. The program is made available to all veterans serving between September 16, 1940 and July 25, 1947, also between June 27, 1950 and February 1, 1955, for a minimum period of ninety days of honorable service. It provides loans up to 100% of the appraised value of the mortgaged property, with a limit of \$13,500, for repayment periods up to thirty years, at an interest rate of 5¼%. Since 1950, 1,910 loans have been made in the average amount of \$9,000. There are 366 applications now on the waiting list, with an estimated six to seven months waiting period. The Regional Office is presently closing an average of 28 to 30 loans per month.

Last, (but not least in the eyes of some of the proponents of this measure) is the argument that the veterans' loan program has been a profitable one for the state. The report of the Oregon Department of Veterans' Affairs for the year ending June 30, 1960 showed net operating revenue of \$6,488,493.48 for the operation of the loan program down to that date, but without any reserve for possible loan losses.

It should be noted at this point that your committee's review of the veterans' loan program has indicated that it has been handled by the present director, H. C. Saalfeld, and his assistants, in an efficient and business-like manner. Although we have not been able to conduct the investigation that would be necessary to give you complete assurance that all the expenses of the loan program are reflected in the annual reports by the Department of Veterans' Affairs, we have been assured by Mr. Saalfeld that all expenses incident to the program, indirect as well as direct, are charged to his department and are reflected accurately and completely in the annual reports. Nothing that has been brought to our attention would indicate otherwise.

With respect to the profit that has accumulated in the conducting of the loan program it should be borne in mind that the present law does not contemplate the transfer of any part of this surplus into the state's general fund. Apparently the accumulation is to be retained by the Department of Veterans' Affairs and, as might be said, "plowed back into the business." What will eventually be transferred into the general fund, at the end of the loan program, will of course depend upon future events.

This accumulation of profit has occurred because the state has been able to borrow money at an average rate of 2.768% since the program was started. Loans to veterans are made at 4%, the cost of the loan service is said to be approximately .8 of 1%, so of course there is a resulting profit.

It should be pointed out, however, that a \$15,000,000 issue of bonds in 1957 was at an effective interest rate of 3.654%, another \$6,000,000 issue in 1957 was at a rate of 3.332% and that the last issue of \$33,000,000 in 1959 was at a rate of 3.394%. Obviously the funds from these issues, totaling \$54,000,000, were loaned at a loss to the state in view of the fact there was not sufficient spread between the effective interest rate on the bonds and the 4% loan rate to cover the cost of making and servicing the loans. If higher interest rates continue to prevail it seems probable that this lack of expense coverage will persist and that the state will lose money on a continuing of the loan program unless the

legislature takes the necessary action to raise the mortgage interest rate to the maximum of 5% allowed by the constitutional amendment.

But a more important factor, in the eyes of your committee, is the probability that an additional \$135,000,000 of veterans' welfare bonds, together with other bond issues necessary to the state's well being, will bring about a situation where the supply of such bonds exceeds the ready demand, with resulting higher interest rates for all state issues. A report of the State Treasurer as of May 1, 1960 showed the bonded indebtedness of the State of Oregon to be as follows:

Oregon State Highway bonds	\$ 65,100,000
World War II Veterans' Compensation bonds	35,500,000
Oregon Forest Rehabilitation and Reforestation bonds	6,650,000
Higher Education Refunding and Building bonds	23,858,000
Oregon Veterans' Welfare bonds	150,000,000
	<hr/>
	\$281,108,000
	<hr/>

In addition to these outstanding bonds the voters are being asked to approve at the next election two constitutional amendments for the issuance of state bonds to raise approximately \$87,600,000 for higher education facilities and state buildings. And it seems probable that additional bonds will have to be issued for the state highway program.

Responsible authorities in the investment field tell us that if the present measure is adopted by the electorate and the approximately \$135,000,000 of veterans' welfare bonds are put on the market over the next two or three years, the effective interest rate paid by the state would no doubt be raised in the neighborhood of $\frac{1}{4}$ of 1%. If we apply this $\frac{1}{4}$ of 1% to say an additional \$100,000,000 of state bonds we find that the annual additional interest cost would be \$250,000, or \$3,000,000 over what might be the average maturity of the obligations. Thus it will be seen that all is not on the profit side in the veterans' loan program.

It should be remembered, too, that \$135,000,000 of additional veterans' loan bonds issued within the next few years could have a depressing effect on other state bond issues, and bring about higher interest charges, for many years in the future. The additional interest charges paid by the state could wipe out any direct profit in the operation of the veterans' loan program.

Another factor that concerns your Committee is that the making of mortgage loans involves the assumption of investment risk, particularly when the loan program involves the granting of mortgage loans up to 85% of the appraised value of the mortgaged real estate. If in the future there is some decline in real estate values, and consequently a greater than normal amount of mortgage defaults and foreclosures, the State of Oregon could easily find itself in financial straits. It is conceivable that in such a situation the flow of mortgage repayments would be insufficient to meet the maturities of veterans' loan bonds and that the state would have to look for other sources of funds to meet its obligations. This would, of course, further impair the credit standing of the state and make its borrowings more difficult and expensive.

CONCLUSIONS

1. While there may have been some merit in the constitutional amendment of 1944 and the original veterans' loan program, because of the emergency that was posed by the return of a great many veterans to civilian life, that emergency need has passed and there is no need to continue a veterans' welfare program of this kind.

2. Private credit channels, together with the guaranteed loans available through Federal agencies, are sufficient to supply the necessary mortgage money for the welfare of this state, and no segment of our population should be preferred with respect to such financing.

3. The continuation and enlargement of the veterans' loan program would undoubtedly cost the State of Oregon substantial sums, probably running into the millions of dollars, in connection with the issuance of other state bonds.

4. The granting of mortgage loans is an investment risk operation which under normal conditions is not a proper or advisable function of our state government.

5. Disregarding the preceding conclusions and considering principle alone as applied to the activities of a democratic government, the program is unfair and discriminatory in providing financial benefits for a relatively few persons able or willing to purchase or build a house. Such a program in existence should be abolished instead of expanded. We also feel that no recipient of such a benefit is made a better, more responsible citizen by this program.

RECOMMENDATION

We therefore recommend that the City Club go on record as being opposed to this measure.

Respectively submitted,

Ralph Appleman

John P. Bledsoe

Robert E. Dodge

Frank H. Eiseman

Richard A. Welch, *Chairman*.

Approved October 6, 1960, by the Research Board for transmittal to the Board of Governors.

Received by the Board of Governors October 10, 1960, and ordered printed and submitted to the membership for discussion and action.

**REPORT
ON
BILLBOARD CONTROL MEASURE
(State Measure No. 15)**

Purpose: Prohibiting certain advertising signs within 660 feet of interstate highways and throughways. Regulates permissible on-premise and business signs. Existing signs allowable for 5 years.

TO THE BOARD OF GOVERNORS,
THE CITY CLUB OF PORTLAND

INTRODUCTION

Your Committee was instructed to study, investigate and report on the Initiative Billboard Control Measure, proposed by the Highway Protection Committee,* which will be referred to the people of Oregon for their approval or rejection at the coming November election. This measure applies (1) to the National Interstate Highways (Secs. 3-11) and (2) in a much smaller degree to Throughways, other than the Interstate system, (Secs. 12-15).

(1) National Interstate Highways. On these Freeways, US-30 east of Portland and US-99, signs would not be permitted for a distance of 660 feet on each side, *except* on-premise signs, i.e., those "that advertise the name of the owner of, the sale or lease of, or activities being conducted upon, the property upon which the signs are located," as well as official signs, public utility, railroad crossing signs, etc.

Informational Sites. The Highway Commission is empowered to operate information sites at safety rest areas or elsewhere for displaying signs that "present information in the specific interest of the travelling public or that advertise activities being conducted within 12 air miles of the informational site."

Exclusion of Cities. The bill does not apply to industrial or commercial areas in cities that are zoned (which is practically all the cities touched by the Interstate System) or in urban areas where the highway is an old right-of-way.

"Bonus". If the terms of this bill meet the approval of the U.S. Secretary of Commerce, Oregon will receive from Uncle Sam a bonus of one-half per cent of the construction cost of any segment of the highway on new right-of-way.

Existing Signs. They may remain for five years.

(2) Throughways. These are major state highways designated by the Highway Commission as such. However, portions of these highways that have ten businesses per mile cannot be "throughways."

This Billboard Control Measure, in Sections 12-5, makes a single change in the licensing and spacing act passed in 1955 and revised in 1959. This change bans Class D signs for 660 feet on each side of throughways, although existing Class D signs may remain for five years. At present they are allowed at a 1000-foot spacing. Class D signs are those that have no relation to the premises or roadside services within five miles. This measure makes no change in the provisions for Class A signs, those advertising roadside services within five miles, or in Class B signs, those in business districts, or in Class C on-premise signs which are those advertising farm products, services, sale of property, etc.

SCOPE OF RESEARCH

Your Committee met and discussed the proposed measure with State Senator Alfred Corbett and Thornton T. Munger of the Highway Protection Committee, representing proponents of the measure, and with Jack Schnaidt of Foster and Kleiser and John Godfleisch of Casey and Stone, representing the Oregon Council of Outdoor Advertising, as

* The Highway Protection Committee is an organization composed of the Oregon Roadside Council, the Oregon State Grange, the Oregon State Motor Association (AAA), the Oregon chapter of the American Institute of Architects, the Oregon Federation of Women's Clubs, the Oregon Society of Landscape Architects, the Oregon Association of Nurserymen, the State Federation of Garden Clubs, and the Izaak Walton League.

well as the Council on Highway Regulation*, opponents of the measure. Members of the Committee also discussed the measure with J. Baird French, Regional Engineer of the U.S. Bureau of Public Roads, and B. J. McClarty, his assistant.

Committee members read and discussed a considerable amount of literature pertaining to the proposed measure, a list of which is contained in the Bibliography, Appendix A.

BACKGROUND

The proponents say the purposes of this measure are "to promote the safety, convenience, and enjoyment of public travel; to protect the public investment in state highways; to attract visitors to Oregon by conserving the natural beauty of our roadsides; to comply with the request of Congress that advertising along the Interstate System be controlled, and to take advantage of the bonus offered by the Federal Aid Highway Act of 1958 for compliance with National Standards."

Proponents say the reason the measure has been proposed by initiative petition instead of a bill in the Legislature is that efforts to pass adequate roadside protection bills of this nature for the last half-dozen sessions have failed.

In 1954, total advertising volume in the United States was eight billion dollars, of which advertisers spent 2.3 per cent on billboards. Twice as much was spent on national advertisements for brand names as was spent on local advertisements.

The total national volume of advertising dollars spent on billboards in 1958 was \$113 millions as compared with \$121 millions spent in 1957. This represents a decline of eight million dollars in one year. In 1954, one hundred of the top national users of billboard space, selling coffee, cigarettes, beer, and liquor accounted for 71 per cent of the billboard rental volume in America, and by 1958 this had increased to 80 per cent.

Of the top hundred national users of billboards, 36 represent beer, wine and liquor. Other products include coffee and cigarettes. More than 50 per cent of the products advertised by national users of billboards are basically non-essential to the traveling public.

Local advertisers — motels, hotels, gasoline stations and restaurants — spent \$15 millions in 1954, while national advertisers spent \$111 millions of dollars. In 1958 local advertisers spent \$16 million and national advertisers, \$113 millions.

More than 90 per cent of billboards in America are located within municipal and zoned commercial and industrial areas.

Opponents of the proposed measure did not have figures available on the number of billboards in Oregon, national and local, or the gross amounts of money spent in the state on billboard advertising. They were invited by the Committee to submit these figures, but they said the figures were confidential.

ARGUMENTS AGAINST THE MEASURE

The billboard industry maintains that:

1. advertising builds business
2. big manufacturers foot the billboard advertising bill, which helps the retailer without cost to the latter
3. billboards are the one effective way to reach the tourist
4. colorful billboard advertising has an impact on holding the tourist a bit longer

* The Oregon Council of Outdoor Advertising is the business organization of the billboard industry, and the Council on Highway Regulation is the state-wide citizens committee in opposition to Measure No. 15, sponsored by the following groups: Oregon AFL-CIO; Multnomah County Labor Council AFL-CIO; Oregon State Construction Trades Conference; Oregon State Painters Conference; Oregon State Hotel Association; Oregon Restaurant and Beverage Association; Tillamook County Chamber of Commerce; Lebanon Chamber of Commerce; Sweet Home Chamber of Commerce; Portland Retail Trade Bureau; Oregon Motor Court Association; Oregon Coast Association; Oregon Advertising Club; Advertising Association of the West; Portland Womens Advertising Club; Oregon Printing Industry; Joint Teamsters Council; Oregon Oil Jobbers; Oregon Bottlers of Carbonated Beverages; and Josephine County Farm Bureau Federation.

in Oregon, instead of allowing Oregon to be merely a freeway-in-transit, with tourist spending occurring in a neighboring state. (The industry's literature in opposition to this measure states, "Remember . . . Every additional day that we can keep these tourists in Oregon means \$40,000,000 income in our economy."*)

5. the measure is not specifically designed to protect scenic highways
6. it can put the state in the billboard business
7. it will jeopardize the success of thousands of Oregon's businesses and families
8. the billboard industry has a right to free enterprise and the measure is a discriminatory regulation. What threatens outdoor advertising threatens all advertising.

ARGUMENTS FOR THE MEASURE

Proponents of the billboard control measure maintain that:

1. billboard advertising is a business which should be confined to business areas where such information is needed. Billboards on the open highway are an invasion of one's field of vision, particularly in rapid highway driving. Billboards cannot be controlled by the individuals as can the radio, the television, or a newspaper.
2. it is economically unsound to invest large sums in highway construction unless the roadsides are protected against blight that destroys a major part of the roads' capacity, safety, efficiency and enjoyment. In the past, roadside business slums and unrestricted outdoor advertising have impaired the usefulness and safety of thousands of miles of U.S. highways.
3. billboards are a safety hazard.
4. when private interest or outdoor advertising is no longer compatible with public rights, then outdoor advertising should cease to exist.
5. outdoor advertising is selling a commodity it does not own — the public's field of vision — air space.
6. not all advertising is threatened because outdoor advertising is not an advertising medium.

DISCUSSION

It would appear that one of the primary reasons for the initiative billboard control measure is that voluntary policing by the billboard industry does not work because of the difficulties experienced by the industry group with non-conforming competitors. For instance, in September 1959 the Oregon Council of Outdoor Advertising announced it had adopted a Code of Standard Practice during July 1959, under which members would erect advertising displays only in those areas where business or industry exists or may be permitted a use. However, the Highway Protection Committee reports that between July 1959 and September 1960, new billboards have continued to be erected along the Baldock Freeway. On the other hand, the local billboard lobby has been most effective in aiding in the defeat of effective roadside protection measures in the Oregon legislature.

A poll of the Oregon State Motor Association, (AAA), indicates that 93.7 per cent of its members want restriction of advertising on the Intersate System.

More than 90 per cent of the billboards in America are concentrated within municipal and zoned commercial and industrial areas which would not be affected by the initiative billboard control measure.

* This quotation is evidently an interpretation of a statement issued by the Travel Information Division of the Oregon State Highway Commission, "If last year's visitors had stayed one day longer in Oregon, the additional expenditure would have been more than \$40,000,000." The Division informed your Committee that this was meant to mean the total number of visitors for the year, and that the total income to the state from visitors travelling in cars during the Centennial year was estimated to be \$153,000,000.

To replace the billboards eventually banned in the rural areas along the Interstate System the measure provides that advertising panels at "Informational Sites" may be placed at safety rest areas or elsewhere. The posters may advertise any roadside service or activity within 12 miles to provide information in the specific interest of the traveling public. The State Highway Department is planning rest areas five miles apart although it is possible no new rest areas may be built and the existing ones expanded somewhat.

Representatives of the billboard industry cited motels as one business which would suffer badly if this measure is approved by the people of Oregon. They cited one large and expensive new Willamette Valley motel which is supposedly almost entirely dependent on billboards for its patronage. Yet this motel hires an advertising agency, uses various other means of advertising extensively, and advance reservations are usually required to obtain accommodations.

The Florida Motel Association, located in a highly tourist-conscious state, conducted a billboard survey in 1958. The association received 273 replies to their questionnaire, with 177 motel operators favoring a ban or strict regulation of billboards. Nine opposed ban or regulation and 87 favored directional signs and other regulations. The association reported the motel operators spent \$2,000,000 a year on billboards while the state spent only \$800,000 on travel advertising. Many said they felt too little money was spent on getting tourists to come to Florida, and too much, often wastefully, on the tourists once they were there.

The Union Oil Company four years ago dropped billboard advertising which formerly appeared in eight Western states at a cost of about one million dollars a year. Mr. Reese Taylor, Union Oil Company president, said the reasons for discontinuing billboard advertising were, first, the traffic hazard which many experts believe is increased by the billboards, and second, "an apparent and growing resentment on the part of many people and residential communities to obscuring our natural beauties with this type of advertising."

Although the proposed billboard control measure provides for a five-year grace period for the removal of existing signs in the rural areas, the General Counsel for the U.S. Bureau of Public Roads has stated this will not prevent Oregon from becoming eligible for federal benefit or bonus of one-half per cent of the cost of any segment of an Interstate Highway on new right-of-way, amounting to approximately \$400,000, but such benefits would be deferred on particular projects until outdoor advertising in areas adjacent to those projects completely complies with the National Standards.

The states of Connecticut, Maryland, North Dakota, Ohio, Wisconsin and Virginia have already passed legislation similar to the proposed measure complying with National Standards and entitling them to the Federal bonus. Some ten other states have similar legislation pending.

Proponents claim it is ironic that the very thing which made possible outdoor advertising's greatest prosperity — the automobile — also contains the germ of its certain doom. No one familiar with the 60 or 70 mile speed limits permitted on modern highways, the proponents claim, can believe that these signs and billboards, which are useless unless they attract the attention of car drivers, can be anything but a menace to safety. Outdoor advertising is designed to *attract* attention, thus it is obvious that it may *distract* the attention of the driver to accomplish its purpose! Witnesses before your Committee asked, "How many feet do you travel with your eyes *off the road* while reading a billboard?" They stated that at 60 miles an hour, it takes 272 feet in which to stop a car.

To support their contention that billboards are not an advertising medium, proponents defined an advertising medium as something the primary function of which is to provide something such as news or entertainment. They claim that the difference in seeing an advertisement on a billboard and reading one in a magazine is permission — freedom of choice. Through a sequence of voluntary acts a reader has given the magazine permission to be seen by him. He has purchased it, opened it at his pleasure, flipped the pages, etc., and no such choice exists with respect to outdoor advertising.

CONCLUSIONS

Your Committee, after weighing the arguments both pro and con, concludes that the billboard control measure is in the best interests of the people of Oregon, that it is a conservation and safety regulation and not an advertising regulation, that, while there

would be some revenue loss to the billboard industry, the loss of employment for sign painters and sign posters would be negligible, and that the measure most certainly would be conducive to protecting the natural beauty of our roadsides and greater safety on Oregon's state highways.

RECOMMENDATION

Your Committee recommends that the City Club go on record as favoring the passage of this measure by the voters of Oregon at the coming General Election, and urges a vote of No. 15 "Yes".

Respectfully submitted,

Andrew J. Brugger

W. T. Lemman

Abe Oyamada, M.D.

Charles Schuler

Douglas Polivka, *Chairman*.

Approved October 6, 1960, by the Research Board for transmittal to the Board of Governors.

Received by the Board of Governors October 10, 1960, and ordered printed and submitted to the membership for discussion and action.

APPENDIX A

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**REPORT
ON
CONTINUITY OF GOVERNMENT
IN ENEMY ATTACK
(Ballot Measure No. 12)**

Purpose: To amend Constitution to authorize Legislature to set up machinery to continue local and state government in the event of enemy attack.

TO THE BOARD OF GOVERNORS,
THE CITY CLUB OF PORTLAND

ASSIGNMENT

Your Committee was asked to study House Joint Resolution 9 of the Fiftieth Legislative Assembly, which provides for submission to the people of the State of Oregon of a constitutional amendment designed to enable state and local governments to continue to operate in the event of enemy attack. The proposed amendment, which is Measure No. 12 on the state ballot in the November 8th general election, reads as follows:

That the Constitution of the State of Oregon be amended by creating a new section to be added to and made a part of Article X and to read as follows:

Section 6. (1) The Legislative Assembly, in order to insure continuity of state and local governmental operations in periods of disaster resulting from enemy attack, shall provide for prompt and temporary succession to the powers and duties of elected public offices, and may provide for temporary succession to the powers and duties of appointed public offices, the incumbents of which may become unavailable to exercise the powers and discharge the duties of such offices. Such provisions shall not be required to comply with any of the following provisions in this Constitution: Section 10, Article II; Section 1, Article III; Sections 3 and 11, Article IV; Sections 3, 4, 8, 16 and 17, Article V; and Section 10, Article VI.

(2) The Legislative Assembly, in order to insure continuity of state and local governmental operations in periods of disaster resulting from enemy attack, or the imminence thereof, shall provide for a temporary location or locations for the seat of government and the functions of state government and for the government of political subdivisions and shall adopt such other provisions as may be necessary and proper for insuring the continuity of governmental operations. Such provisions shall not be required to comply with any of the following provisions in this Constitution: Section 10, Article IV; Section 12, Article V; Section 8, Article VI; Section 1, Article XIV; and Section 3, Article XIV.

SOURCES OF INFORMATION

The Committee approached this task by first reviewing in detail the contents and language of the proposed constitutional amendment. It then studied the purpose and history of the proposal and attempted to find any opposition to the resolution. No opposition whatsoever was found. The Committee met with persons interested in the passage of the resolution. Among these were: Colonel L. C. Berry of the Oregon Civil Defense Agency; Mr. Jack Lowe, Director of Disaster Relief and Civil Defense, City of Portland, and the Honorable George H. Layman, chairman of the House Judiciary Committee. The Committee also corresponded with the Institute of Judicial Administration of the New York University School of Law; Colonel Arthur M. Sheets, Director of the Oregon Civil Defense Agency, and Dr. Charles Fairman, Professor of Law, Harvard Law School.

BACKGROUND OF THE PROPOSED CONSTITUTIONAL AMENDMENT

The proposed constitutional amendment was sponsored in the Oregon Legislature by the Oregon Civil Defense Agency. The resolution was drafted by the agency and was introduced as House Joint Resolution 9 by the House Committee on Judiciary. The resolution was approved by both the House and Senate unanimously. The amendment is a part of a larger, national plan to assure that government at all levels may continue to operate and remain in control before, during and after an enemy attack. This overall plan has been formulated by the Office of Civil and Defense Mobilization (OCDM) in the Executive Office of the President of the United States. OCDM, with the aid of the Council of State Governments and the Governors' Conference, has suggested sample state legislation to assure continuity of State and local governments. The first and key step in the suggested legislative program is a constitutional amendment of the type presented by Measure No. 12 to empower the Legislature to enact legislation sufficient to enable state and local governments to continue to govern under law in the event of an enemy attack. The legislatures of sixteen other states have, as of December, 1959, approved similar amendments to their respective constitutions.

NEED FOR A CONSTITUTIONAL AMENDMENT

The Oregon Constitution, in its present form, does not contain any provision relating to continuity of government in the event of enemy attack. Attached to this report as Schedule A is a schedule of the present constitutional provisions specifically designated as affected by the proposed constitutional amendment. Your Committee believes that these present provisions of the Constitution would prove to be impracticable and unworkable subsequent to a nuclear attack.

Indeed, the question arises whether, after such a disaster, civil government could function at all. In the concluding moments of the 1956 Operation Alert, the President of the United States declared a hypothetical martial law to take over the functions of civil government, presumably at all levels. It was from this test that the need for legislative and constitutional changes was realized. A myriad of questions arose: What is martial law? How does it work? Who implements it? Will our military forces be able to carry out such a mission?

In promulgating the national plan for continuity of government in the event of enemy attack, the President and the Office of Civil and Defense Mobilization have recognized that state and local governments must be empowered to continue to govern under law after an enemy nuclear attack. These governments are, in fact, the only governments available to act. The Army is not prepared, nor does it desire to carry on the functions of civil government in such a situation. General Maxwell Taylor, when Chief of Staff of the United States Army, before a subcommittee of the Committee on Government Operations, House of Representatives, Eighty-fourth Congress, testified as follows:

"I sincerely hope that this committee and the country are not depending upon the Army under this kind of thing. We are not prepared for it, we are not big enough for it and then it conflicts with our primary role of combat . . . I am not responsible for civil defense, I don't want to be responsible for civil defense. You cannot depend upon the Army to perform civil defense of the United States. It is neither organized, trained nor equipped, nor directed to do that sort of thing. We are here to supplement the civilian defense."

In addition to the fact that local and state governments will be the only available governments in such a situation, the Committee is of the opinion that they are also the best institutions through which government may then function. Dr. Charles Fairman, Professor at Harvard Law School, in his paper, "Government under Law in Time of Crisis," presented at the conference held at Harvard Law School on the occasion of the bicentennial of John Marshall, presented the following thoughts with which the Committee is in complete agreement:

"For an ordeal of blood, sweat and tears, a nation must draw upon its deepest spiritual roots. Army rule is not the sort of leadership that evokes an all-consuming popular effort . . . quite the contrary. The 'unspoken' premise that the army must 'take over' is dangerous on spiritual as well as administrative grounds.

" . . . The imperative demands would be to keep the government in operation, to supply social services to the survivors, to sustain morale, to restore economic functions, and to resume production in essential industry. These are tasks for political leaders and public administrators, for social workers, for business men and industrial managers and labor leaders. Each in the field of his special competence would face demands almost impossible for his very highest skill. Our great need today is so to organize and concert our preparations that, if an attack came, the country would hold firm and carry on. The maintenance of effective civil government is at the heart of the problem. That is the objective toward which we should now bend our efforts."

The Committee also wishes to adopt the language of Justice Perry of the Oregon Supreme Court who, speaking before a conference of Oregon City and County Civil Defense Directors, urged the approval of the proposed constitutional amendment and eloquently described the need for the same as follows:

"By taking such action to establish the basic framework of civil government in advance of attack, state and local governments can give support and aid to disaster areas within their own boundaries, provide food, shelter, clothing and medical supplies to their own citizens, succor the areas of sister states that may be less fortunate than they, and, above all, retain the privileges we as individuals now enjoy under constitutional government and retain it for the benefit of our children. This is, through us, the state's obligation. The provisions of our state Constitution are not at present sufficiently broad to permit legislative action to accomplish this purpose. We therefore, through our democratic processes must provide by constitutional means, the machinery by which this shall be done.

" . . . I personally feel that its adoption is a necessary precaution; that it must be taken to insure in these uncertain times the welfare of our state and nation. I see no danger in its adoption to our normal form of government. Under normal conditions which exist in times of peace, it would have no application, but would apply only under direct attack. The Legislature is authorized to pass no legislation that can affect the substantial rights of the individual."

DISCUSSION OF FORM OF AMENDMENT

From the foregoing, your Committee is convinced that the need for a constitutional amendment of the type proposed is urgent. The Committee has found no threat to civil liberties by the suspension of the constitutional provisions affected by the amendment. The Committee assumes that the Legislature will exercise due caution in avoiding such problems in the enactment of the enabling legislation.

However, a review of the form of the amendment reveals an ambiguity relating to the home rule powers of cities. The Committee considers this a serious problem. Large cities assume a great importance in time of nuclear attack, because:

- 1) They are the most likely targets
- 2) They furnish needed services, including fire fighting, police, water, sewerage, and health services.

Naturally, such cities have been aware for some time of the need for civil defense preparations. The City of Portland, for example, already has provision for the succession of its public officers and continuity of government in event of enemy attack (Section 2-116(5), Charter of the City of Portland).

Subsection (1) of the proposed amendment to the state Constitution provides in part:

"(1) The Legislative Assembly . . . *shall* provide for prompt and temporary succession to the powers and duties of elected public offices . . ."

and subsection (2) provides in part:

"(2) The Legislative Assembly . . . *shall* provide . . . for the government of political subdivisions . . ." (emphasis added).

The ambiguity arises when the above language is contrasted with that of the present Section 2, Article XI of the Oregon Constitution (which is not among those constitutional provisions expressly affected by the proposed amendment). Section 2, Article XI reads in part:

"The Legislative Assembly shall not enact, amend or repeal any charter or act of incorporation for any municipality, city or town."

Does the above-quoted language of the proposed amendment, by placing a mandatory duty upon the Legislature to provide for success of offices, and for government of political subdivisions, in effect pre-empt the field so as to prevent the cities from legislating on these subjects themselves?

Your Committee does not attempt to answer this question, but believes the Legislature, when enacting enabling legislation, should be aware of the problem. In addition, when such enabling legislation is considered, the Committee believes that terms used in the proposed amendment, such as "enemy attack", "imminence", "political subdivision", and "temporary" should be defined.

CONCLUSION

Your Committee has concluded that the need for the constitutional amendment presented to the people as Ballot Measure No. 12, is vital. Although an ambiguity exists as to its effect insofar as home rule cities are concerned, this objection is completely overshadowed by the importance of the proposed amendment in permitting Oregon to assume its place in the nationwide Continuity of Government Program.

RECOMMENDATION

Your Committee unanimously recommends that the City Club go on record as approving the passage of the proposed amendment to the Oregon Constitution providing for continuity of local government in the event of enemy attack, and urges a vote of No. 12, "Yes".

Respectfully submitted,

Dr. Judah Bierman
R. A. Braman
Campbell Richardson
Vance L. Terrall, M.D.
Thomas E. Withycombe, *Chairman*.

Approved October 6, 1960, by the Research Board for transmittal to the Board of Governors.

Received by the Board of Governors October 10, 1960, and ordered printed and submitted to the membership for discussion and action.

SCHEDULE A.

Section 10, Article II	Lucrative offices, holding other office forbidden.
Section 1, Article III	Separation of Powers.
Section 3, Article IV	How Senators and Representatives chosen; filling vacancies.
Section 10, Article IV	Sessions of the Legislative Assembly.
Section 11, Article IV	Legislative officers; rules of proceedings, adjustments.
Section 3, Article V	Office of Governor, who not eligible.
Section 4, Article V	Election of Governor.
Section 8, Article V	Vacancy in Office of Governor.
Section 12, Article V	Governor may convene Legislature.
Section 16, Article V	Governor to fill Vacancies by Appointment.
Section 17, Article V	Governor to issue writs of election to fill Vacancies in Legislature.
Section 8, Article VI	County Officers' qualifications; location of offices of County, Township, Precinct and City officers, duties of such officers.
Section 10, Article VI	County home rule under County Charter.
Section 1, Article XIV	Seat of government.
Section 3, Article XIV	Location and use of state institutions.