FRIDAY, OCTOBER 29

Final Meeting Before Election

SPEAKER
C. C. COLT

SUBJECT
“Progress of Waste Elimination”

ELECTION MEASURES

SPEAKERS
Dr. Charles H. Rogers
Albert L. Gordon
J. Hunt Hendrickson
Hall S. Lusk
W. K. Royal
John W. Shuler
Albert L. Gordon

SUBJECTS
Majority Report on Eastern Oregon Tuberculosis Hospital.
Minority Report on Tuberculosis Hospital.
Bus and Truck Bills.
Bonds for Fire Department.
Bonds for Police Department.
Changes in City Charter.
Refunding County Warrants.
Grange Fish Bill.
Negro Voting Clause.
Elections to Fill Vacancies Amendment.
The Recall Amendment.
The Hydro Electric Bill.

As this is the last meeting of the City Club before election, it is necessary that final action be taken upon all of the reports concerning election measures which are presented. The meeting will therefore start promptly at 12:15 and continue until all the reports are considered. At 1:30 an opportunity will be given to all those who must leave to do so.

PLEASE BE PROMPT

SPECIAL ANNOUNCEMENT

Annual Dinner Meeting

GUEST AND SPEAKER
DR. ARNOLD BENNETT HALL
President of the University of Oregon

SUBJECT
“The University and Progress”

LADIES INVITED
MUSIC
INFORMAL
PORTLAND CITY CLUB BULLETIN

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OF PORTLAND

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annually on May 1st, and November 1st. There is no
initiation fee.

CITY CLUB PURPOSE

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

CITY CLUB BOARD OF GOVERNORS

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FINLEY TO LECTURE

William L. Finley, whose courtesies to the
City Club have given him a warm place in our
affections, will give a public address at the
Auditorium under the auspices of the Girl
Scouts. Unfortunately his address is scheduled
for the evening of November 5th, the same
evening on which J. P. Newell, chairman of the
committee on the Longview question, declared that
Portland should join with Longview in its pro-
ject, bear part of the expense and regard this as
insurance against detriment to the port. The
meeting decided to instruct the committee to
"carry the report to the committee on port
development of the Chamber of Commerce for
a conference upon the idea therein suggested as
a new basis for Portland's stand on the Longview
question."

A report by Dr. Charles H. Rogers and Clyde
C. Foley opposing the proposed 200 bed tuber-
culosis hospital in Eastern Oregon although end-
orsing a 100 bed hospital there was referred
back to the committee to ascertain if there is
any possibility of the legislature changing the
provisions of the act so as to build only a 100
bed hospital. The committee have worked
diligently since that time to learn the sentiment
of the members of the legislature toward such a
change. This report will again be presented at
Friday's meeting.

L. K. Hodges, chairman of the Port Develop-
ment and Public Utilities section, read the con-
clusions of his committee's study of Portland's
shipping. The report was adopted.

The report by the general park committee,
which was printed in last week's Bulletin,
was approved without a dissenting voice. This report
approved the $600,000 bond issue for parks.

APPLICATIONS FOR MEMBERSHIP

The following applications for member-
ship in the City Club have been received
and will be voted upon at the regular
Friday luncheon, November 26th:

GRAVES F. CROWLEY
Cost Accountant
City of Portland

H. ASHLEY ELY
Porter Building
Attorney
First National Bank Building

Proposed for membership by C. C.
Ludwig, C. C. Chapman, and Charles R.
Spackman, Jr.
To the Board of Governors:

Abstract of the Measure

This measure, a proposed amendment to the constitution of the state of Oregon, initiated by the Housewives' Council, Inc., of Portland, is designed, in the language of Sec. 1, "to conserve, develop and control the waters of the state of Oregon for the use and benefit of the people by publicly owned and operated utilities."

The measure then proceeds to create the "Oregon Water and Power Board," naming the first five members of that board; to define the powers of the board; to provide for the issuance and sale of different classes of bonds; and to enumerate other powers, rights and duties of the board to enable it to carry out the purposes of the measure.

Scope of the Committee's Investigation

According to a statement of one of the proponents, this measure is designed to put the state in the public utility business for the purpose of lowering electric rates in Oregon and thus bringing to the people of the state a number of alleged advantages. Chief of these advantages, as was stated by the proponents, were that industries would be attracted to the state, and that the farms of the state should be served more completely than they now are. After hearing both sides of the question from interested persons, your committee came to the conclusion that there were a number of different angles from which a study of the subject could be approached. One angle, for instance, was to approach the subject by analyzing the general question of state ownership. Another was to analyze the general question of the operation of the public utility business as now constituted in private hands under public regulation.

These are broad economic and political subjects, full of controversial questions such as: Is state ownership feasible or desirable? Are the water powers of the state adequately protected by the present federal and state laws? Is there a so-called "Power Trust," and if so, is it gouging the people? Are electric rates unduly high? Could electric rates be reduced by state operation without raising taxes? If so, would such a reduction have the effect of attracting industries to the state? Could state operation of public utilities serve the farms of the state any more adequately than the farms are now being served and will be served in the future under so-called private operation? Would the entry of the state into the public utility business jeopardize the investments of thousands of citizens of the state in the securities of existing utility companies? All of these questions, and more, are immediately raised in any discussion of this proposed legislation, and it will be recognized that the answers to most of them will be individual answers, born of opinion based on individual interpretation of conflicting facts.

Your committee felt that it would be well nigh impossible to set up an exhaustive analysis of all the facts bearing upon the general subject without spending far more time, money and energy than, we believe, was contemplated in the original measure proposed on it. Beyond expressing its opinion that state ownership and operation of private business, in general, is undesirable, your committee will not attempt to go into these larger considerations. Furthermore, it believes that such an approach is unnecessary for the purpose of the occasion, which is to make a recommendation as to how the voters of the state should vote on this proposed measure. It finds that the measure itself, as written, is dangerous, and presents to you the following analysis of some of the worst features, in support of the conclusion that it should be defeated.

Reasons Why the Act Should Be Defeated

1. The measure is too sweeping to be written into the constitution of the state. Extremely wide powers, without adequate checks and controls, are given to a board of five persons, themselves named in the measure. If any portion of the act should be found unworkable, if it were found necessary to change a single provision of its context, another constitutional amendment would have to be passed by a vote of the people.

Were it deemed advisable to permit the state to go into the water and power business, the constitutional amendment permitting this should be in the nature of a general enabling act, on which could be based legislation, enacted in the usual manner, which would provide the machinery and details of administration, and which would be subject to whatever revision the ever-changing economic conditions might dictate as desirable and necessary, without having to resort to the necessarily slow and cumbersome process of amending the supreme law of the state.

2. The powers granted to the board are too great. There are so many checks and controls on the acts of the board that the door is opened to flagrant abuse of power to the detriment of the people. Should the act be administered by unscrupulous politicians. For instance:

The only check placed upon the expenditure of money by the board for developing and distributing electric energy or water is that it may not buy an existing plant for more than a half million dollars without a vote of the people. It could spend five, ten, twenty or fifty million dollars on the development of a new project without anyone being able to stop it. (Sec. 3.)

The board could go into such other business of producing raw or finished materials, as it chose to go into, if in its discretion such action was necessary or convenient to the accomplishment of the purposes of the act. (Sec. 3b.) This might lead the board into operations not specifically enumerated in the act, and not contemplated by the people, who, believing in state operation of public utilities, might object to state operation of mines, quarries, lumber mills, cement plants and other industries which might reasonably be construed as "necessary or convenient" to the construction of hydro-electric projects.

Among the enumerated operations permitted in the act, beside that of generating and distributing electric energy, is the supplying of water to municipalities for domestic use, or to individuals or districts for irrigation of arid lands. (Sec. 3c.) Further, under Sec. 3d and e, the board could withdraw from appropriation or sale any waters or lands owned by the state, or materials on or in such lands, so that the public use of a particular water supply by a municipality, or the private use by an irrigator or public utility company would be subject to the discretion of the board. Bear in mind that under the present proposal the only way this board could be restrained from doing things that
in the discretion of others were not necessary and convenient, or be forced to do things that might be of great benefit to some private citizen, which in turn might benefit the people at large, would be by constitutional amendment.

The board could contract with the United States, with other states, or with political subdivisions thereof, concerning the conservation and use of interstate and other waters, thus supplementing the state legislature in this important phase of the legislature's delegated powers. (Sec. 1.)

It is given the power of eminent domain over any property deemed by the board necessary for the purposes of the act. (Sec. 3.)

It could hire whatever expert or ordinary employee it chose without limit as to number, or without limit as to amount of any individual's compensation. (Sec. 3.) This would be an extremely valuable political advantage to give to any group of public servants. It is easy to see that this power could be grossly abused if vested in unprincipled persons.

Moreover, this enactment gives the board power to exercise all powers needful for the accomplishment of the purposes of the act, and such additional powers as may be granted by the legislature. (Sec. 2.) That is to say, the legislature may grant the board more power but may take none of its power away. The only way to take any power away from the board is by constitutional amendment.

3. The bonding provisions in the act are particularly sweeping. Permitting the issuance of general obligation bonds, for which the full faith and credit of the state is pledged, up to five per cent of the assessed valuation of the state, means that such bonds could be issued in the amount of approximately $53,000,000—to the highest bidder, or $1,058,880,736, the assessed valuation of all the property in the state last year. There is provision that the coupon rate on these bonds be fixed at six per cent maximum, but there is also provision that the expenses of selling the bonds shall be a legitimate expense of the board, so that through this outlet of bond discount the actual interest rate is not under control by anyone. There is no provision that the bonds shall be advertised for sale, or that they shall be sold to the highest bidder, but on the other hand very liberal discretionary powers are granted to the board covering to whom and at what price the bonds shall be sold. (Sec. 4 and 5.)

These general obligation bonds may be issued not only for the purchase or construction of plants and projects deemed necessary or convenient by the board, but also to pay for operation and maintenance of such projects. That is, if a project did not happen to earn its own operating and maintenance charges, the board could issue general obligation bonds to meet such deficit. Moreover, not only may such bonds be used for the above purposes but also they may be issued to pay the interest and principal of bonds formerly issued. (Sec. 6.) That is, if a project were successful in earning its own operating expenses, but could not produce any surplus over such expenses to take care of the interest on the bonds issued for its original purchase or construction, more general obligation bonds could be issued to meet such expected bond default. In fact, there is practically no limit nor any check on the amount of such bonds the board may issue, except the general limit of $53,000,000, nor any limit or check on what such bonds shall be used for. If the board is not successful in its enterprises, does one dare to wonder what could happen to the faith and credit of the state of Oregon?

While the amount of general obligation bonds is limited to $53,000,000, under the present assessed valuation of the state, there is a further bonding provision provided which is not limited by anything except the credit and confidence of the investing public. This provision (Sec. 7) permits the board to mortgage the properties acquired by issuing "public utility certificates." Again there is no provision for advertising such issues, nor any restriction that they shall be sold to the highest bidder. The board simply has discretionary power in this respect, and the measure asks the people of Oregon to show sufficient faith in a small group, entrenched behind almost unlimited constitutional power, to pass this act with the hope that it will be properly administered. The looseness with which are drawn those portions of the act pertaining to bond issues is an invitation to extravagance and waste, and the voters of Oregon would be taking too much chance if they voted away their right to review and control the acts of such a board by passing this measure.

If any considerable operations were undertaken under the provisions of this measure, there seems little doubt that it would have an adverse effect on Oregon credit. It could make a success of its operations without acquiring some of the properties of existing utility companies, which are now subject to taxation. Each such property acquired by the board would be removed from the tax rolls and the taxes formerly paid by it would have to be made up by the remaining taxable property, or from other sources of taxation. Furthermore, if the board's operations were not successful—and there is no surety that they will be—and if, then, bonds were issued to pay interest and principal on former bonds, as is provided for, an endless chain of bond issues would be the result, and the people of the state would have to dig into their pockets through taxation to preserve the state's faith and credit.

4. The measure is experimental. In no state in the Union is there now or has there ever been a similar proposal put into operation. Thus the proponents of the measure cannot point to any similar plan in the United States successfully operated. Without entering into a controversy as to the success or non-success of the municipal power projects of Seattle, Tacoma and Los Angeles, to which the proponents of the measure point as examples, it is necessary only to say that these are municipal, not state, projects, and are comparable in no way to the proposal for state ownership under the measure that we are considering. In this connection it is significant to note that the people of California have twice defeated an act similar to this one, in 1922 and 1924, and that the state of Washington, in 1924, rejected the so-called Bone Bill, which was less inclusive and less sweeping than the Oregon proposal under consideration, threatened to put that state into the power business on a large scale. Your committee feels that it is not advisable that the state of Oregon embark upon what would be distinctly an experiment—at least under the proposed constitutional amendment with its many dangers pointed out above.

Summary of Conclusions

There are a number of lesser evils among the provisions of the act. As has been stated, your committee deemed it necessary to point out only a few of the more apparent ones, believing that these form a sufficient ground on which to base a firm recommendation that the act be defeated;
and it so recommends for reasons presented which may be summarized as follows:

1. Instead of conferring only enabling powers, the usual form of constitutional grant, the enactment contains sweeping administrative provisions, which thus made a part of the organic law cannot be altered, revised or improved as circumstances may require except by a vote of the people of the entire state.

2. The powers granted to the board are too great, and are not subject to sufficient check and control.

3. The bonding provisions are too liberal, and the people’s interests in this respect are not sufficiently safeguarded.

4. The enactment proposes a departure in state activities without precedent, which may prove to be a costly experiment.

A. L. Gordon, Chairman
Berkeley Snow
L. A. Liljeqvist

(Editors’ Note.—The above is an abbreviation of a rather lengthy statement.)

SUPPLEMENTARY REPORT ON BUS AND TRUCK BILLS
REAFFIRMS ORIGINAL STAND

To the Board of Governors:
Portland City Club.

Gentlemen:

Pursuant to the action taken by the City Club on October 15th, your Committee on the above measures, which we have designated as the referred bill (No. 324) and the operators’ bill (No. 330) have personally interviewed representatives of the Public Service Commission, the Attorney General, the State Engineer’s Department, the Bureau of Public Roads, the attorneys representing the interests of the railroads, the attorneys who argued the Purple Truck case, the Oregon Motor State Association and the State Highway Commission. We have been extended every courtesy by these parties and wish especially to acknowledge the full and frank statements furnished by the Oregon Motor State Association.

CORRECTIONS.—We desire to make one correction to the statistical statements contained in our original report. In that report appears the statement,—It has also been estimated that this heavy traffic constituting only 1/4% of the total traffic causes 90% of the damage done to our highways. To the sentence would be added the words, “by traffic.” The statement as originally given was copied verbatim from widely circulated advertisements purporting to come from the State Highway Department, but we are now told by the Engineer that more than half of the damage has been caused by weather conditions traceable in large measure to the fact that in the early construction of our highways, when the emphasis was laid upon their early completion, sufficient care was not taken to provide a sufficient base to withstand the effect of water. There are doubtless other statements in this report which will be challenged by opposing groups. Naturally some of them are in the nature of estimates, but their source has been stated and they seem to be the best estimates obtainable.

THE PROBLEM STATED.—In presenting our first report we suggested that the question was one of the relative merits of the two measures. We find that no active campaign is being carried on to secure the passage of the operators’ bill, and without support from any group it will probably not carry. It then becomes a question as to whether it is preferable to pass the referred act which will be effective at once and modify its defects, if such exist, by subsequent legislation, or continue for seven months longer under the present insufficient law with the possibility or rather chance of satisfactory legislation in 1927. An examination of the referred act includes three features,—(a) its regulatory provisions, (b) its overhead and the difficulty of complete enforcement and (c) whether or not it would be confiscatory.

CHARACTERISTICS OF REFERRED ACT.—There seems to be more hostility in this state toward commercial motor transportation than appears in most of the other states. This is unfortunate as this type of transportation is a fixture and is necessary and desirable to the building up of our state. This act was originally drafted by railroad attorneys without regard to whether or not it would be confiscatory. We believe that future legislation should be formulated by a more impartial source. The final draft was prepared by the attorney representing the state highway commission. The result, however, attests the ability of those who drafted the measure. It is very carefully drawn and great pains were taken during its course through the legislature to keep out of the act any reference to contract carriers. The Purple Truck decision of July 13th which in the main was affirmed on rehearing under date of October 19th, makes unconstitutional any act which forces private contract carriers into the class of common carriers. This decision also gives a clean bill of health to the referred act, at least in this particular. Under the Purple Truck decision the Public Service Commission will lose jurisdiction over approximately one-half of the buses and five-sixths of the trucks over which they have been exercising supervision. The referred act, then, will apply only to common carriers in the accepted sense.

(a) Its Regulatory Features.—We understand that the Public Service Commission at the present time has the power to put in force every regulation prescribed in the referred act. The particular provision objected to by the operators was Section 12 which requires the Commission to arrange schedules with regard to the best interests and service of the public, and to pre-
vent destruction or unfair competition between competing carriers. Under the present law the Commission in at least one instance, i.e., in regard to the Oregon Electric Railway, has regulated bus schedules for the protection of this railway. There is a desirability in elasticity of regulation, and the Commission would prefer to prescribe its own methods of regulation. It is likely, however, that under the referred act, a closer check will be made on the important item of operating expenses, and that some additional data will be collected of value in drafting further legislation.

(b) Its Overhead and Enforcement.—It has been insisted that the overhead of administering the referred act will make it uneconomical. At present the motor carriers contribute about $45,000 a year for administration purposes, while under the referred act they would contribute a maximum of $60,000. This is not a great increase. However, it is further urged that this sum will not enable the Commission to check up on mileage, which is one of the distinguishing features of the referred act. To this contention several answers may be given:

(1) Under the Purple Truck decision most of the trucks and buses which would be difficult to check are placed outside the scope of the act. There are lines having fixed termini present no difficulties.

(2) The Commission feels that the operators as a whole will make honest returns,—at least, as honest as they would under a gross revenue tax, which the operators advocate.

(3) Such lines as might be inclined to dishonesty would be checked up by their competitors, and the act prescribes a heavy penalty for its violation.

(c) Will the Act Be Confiscatory?—With a view of determining whether or not this act would prove confiscatory we have obtained a statement from the Oregon Motor Stage Association based upon Exhibit No. 131 submitted by the Public Service Commission to the Interstate Commerce Commission at the hearing in Portland in August. Using the figures in this report for the year ending December 31, 1925, with special reference to 27 typical passenger line carriers operating on the average 165 cars, the operators estimate their present tax, exclusive of gas tax on these cars at $29,559.00, the tax under the initiated bill at $62,124.00, and under the referred act at $142,052.00, or an excess over the present tax of $112,493.00. This report further states that the net operating income of the carriers considered for the year 1925 was $80,195.59, from which figures the conclusion is drawn that the referred act would create a deficit.

In commenting upon this conclusion we feel that the following items should be considered:

(1) This committee has no means of determining whether the sum of $1,789,712.98 charged in the report to "operating expenses" is all properly so charged. A few thousand dollars one way or the other in this item would easily affect the above result. In regard to some public utilities, net operating income has sometimes been spoken of as "refined distillate." In reaching the total tax an arbitrary figure of 20 seats per vehicle has been taken, which is only an estimate. Under the referred act the buses are charged on the basis of one passenger for every 20 square inches of seating capacity, while in favor of the buses seat one person for every 16 inches. No deductions have been made as allowed under Section 15 of the Act which permits a deduction of $4.00 per passenger seat and for mileage on unimproved roads as defined by the Act.

(2) The operators admit that for the past two years at least they have not paid their proper share toward the maintenance of the highways. Using the figures based upon the initiated bill it would seem that they have at the present time for the two year period accumulated profits of $65,130 which might be applied toward the payment of this tax.

(3) The members of the Highway Commission are willing to go on record that if this measure proves to be confiscatory they will be the first to request its reduction to a proper figure.

(4) It is our understanding that when this measure was being considered in the 1925 legislature the operators expressed a willingness to support it provided it carried with it the requirement of a certificate of public necessity. If the act would not be confiscatory with such certificate, would it be so without it?

(5) As a basis for present rates. Truck lines furnish special pick-up and delivery service not granted by the railroads. The people who receive this service should be willing to pay for it, and to meet this additional charge a higher rate could be put into effect.

We doubt, however, whether the rate could greatly increase their rates, as many people ride in them largely for an occasional variation in travel.

(6) These figures are based upon passenger carriers. In the same report the net income of the passenger carriers is figured at 5.69% and that of truck carriers at 12.28%. It would seem that the new rate would not seriously affect the truck operators.

FUTURE LEGISLATION.—It is apparent that under the referred act the truck operators will not pay their proportionate share, in view of the damage which they cause the roads. One reason for this is that in the 1925 legislature the Governor threatened to veto the bill if a higher charge were imposed upon the truck men, on the ground that the existence of their business was necessary to the proper development of the state. Legislation is now badly needed to reach the private contract carriers who frequently operate trucks as heavy as those of the common carriers. There is impending Federal legislation. In the notice sent out by the National Association of Railroad and Utilities Commissioners for the National Meeting on November 9th, we find the statement: "When you come, be prepared to talk about buses and trucks, for the regulation of interstate motor vehicle carriers will be one of the leading topics of the conversation. In view of the importance and nationwide interest in this subject the Executive Committee assigned to it the whole morning session of the third day of the convention." Considerable research has been done by the Bureau of Public Roads, and the material collected is at the disposal of any committee interested in drafting a new law. We feel that any new legislation should not be prepared by any group avowedly representing public utilities, but that the drafting committee should include representatives from the State Highway Commission, the Public Service Commission, the Railroads, the Bureau of Public Roads, the particular utility to be taxed and regulated, and the general public. The committee has suggested a tax of 4% on gross revenues, similar to the California law, which tax they figure would
The state will be subject to apportionment to various tax levying bodies within which grant lands are located, such as school districts, etc. Opinion seems to be divided as to whether or not the state of Oregon will get a portion from each County.

A fairly accurate estimate may be made, however, of the amounts to be received by the Counties, before apportioning the funds. The unknown figures may be estimated, with due allowance for error, and the result is still of value.

Clackamas County will receive from the Federal Government approximately $300,000. Making what are considered liberal allowances to the local tax levying bodies, it is estimated that approximately $350,000 will be available to the County general funds, and the State, if it participates. If it is determined that the State does participate, which your committee believes is questionable, it will receive approximately $113,000. This will leave in the County general funds, money which may be applied in payment of outstanding warrants, $251,150. In the argument in the voters' pamphlet, it is stated that Clackamas County's warrant indebtedness is around $300,000.

Klamath County will receive from the Federal Government approximately $150,000 and possibly more. It is estimated, that if the State participates, still the County general funds should get about $75,000. Your committee is advised that Klamath has outstanding approximately $90,000 in warrants, which it is sought to fund by this amendment.

It must also be considered that in addition to receiving the above amount in one payment, these Counties will receive about one-tenth of the stated amounts each year hereafter from the Federal Government. It appears to your committee that the funds received as aforesaid, will, in all probability be sufficient to pay all warrants it is sought to fund by Clackamas and Klamath Counties.

Your committee is advised that Curry County is in an entirely different situation. It appears that for some reason this County was never able to issue the bonds authorized by the amendment of this same constitutional provision in 1920. That amendment authorized Curry County to issue bonds up to two per cent of the assessed value of the County, to fund its warrants. The total amount Curry County will receive from the Federal Government is approximately $30,000. After allocation, the County general fund will receive little, whereas the indebtedness the County seeks to fund approximates $100,000. The amendment only authorizes the issuance of bonds, or the levying of an additional tax, after the County seeks to fund approximates $100,000. The amendment only authorizes the issuance of bonds, or the levying of an additional tax, after the County seeks to fund approximates $100,000. The amendment only authorizes the issuance of bonds, or the levying of an additional tax, after the County seeks to fund approximates $100,000.

An act was recently passed by Congress providing for the payment to Oregon Counties wherein grant lands are located, for the eleven years 1916 to 1926, of a sum of money equal to the amount of taxes the lands would have paid, had they remained privately owned and taxable. It further provides for the payment each year thereafter of a sum equal to the tax the lands would pay if taxable. Definite figures showing the amount of tax Klamath County will receive are not available. The total amount received by the County will be subject to apportionment to various tax levying bodies within which grant lands are located, such as school districts, etc. Opinion seems to be divided as to whether or not the state of Oregon will get a portion from each County.

To the Board of Governors:

There will be submitted to the voters at the November election three proposed amendments to section 10 of Article XI of the Constitution of the state of Oregon. The first, which will appear on the ballot as Nos. 300 and 301 would allow Klamath County to issue bonds in an amount equal to the amount of County warrants outstanding on January 1, 1923, together with certain claims for labor, materials, etc. furnished prior to January 1, 1923. The third, which will appear on the ballot as Nos. 318 and 319 would allow Curry County to issue bonds in an amount equal to the amount of County warrants outstanding on December 31, 1924. The third proposed amendment also includes the first, which relates to Klamath County.

This type of amendment is not new, as this particular provision of the Constitution was amended first in 1920 for the benefit of Crook and Curry Counties, and again in 1922 for the benefit of Linn and Benton Counties.

Your committee believes that as a policy this kind of legislation is unsound, in that it invites extravagance and the careless spending of public funds. While this applies generally, your committee recognizes that it is entirely possible for a limited argument be granted before action is taken by the members thereon.

Respectfully submitted,

J. Hunt Hendrickson, Chairman
Arthur D. Platt
John Shuler

REFUNDING IS STUDIED

To the Board of Governors:

An act was recently passed by Congress providing for the payment to Oregon Counties wherein grant lands are located, for the eleven years 1916 to 1926, of a sum of money equal to the amount of taxes the lands would have paid, had they remained privately owned and taxable. It further provides for the payment each year thereafter of a sum equal to the tax the lands would pay if taxable. Definite figures showing the amount of tax Klamath County will receive are not available. The total amount received by the County will be subject to apportionment to various tax levying bodies within which grant lands are located, such as school districts, etc. Opinion seems to be divided as to whether or
MINORITY FAVORS HOSPITAL

To the City Club of Portland:

That the majority of your committee appointed to report upon the Eastern Oregon Tuberculosis Hospital Act, after the preparation of such an exhaustive and complete report, should have recommended against this measure, is a matter of great regret to me, the other member of the committee. I am convinced it should be supported.

It has been clearly demonstrated that the state is very far behind in hospital facilities. While there should be a minimum of 596 beds, there are only 190 at Salem, 35 at Troutdale, and 42 in private sanitoria, half of which are now occupied by out-of-state patients; less than half the number required.

The committee is unanimous in the opinion that the patients from Eastern Oregon should be treated there as far as possible. Of 3,700 active cases in the state, about 550 are in Eastern Oregon with no hospital facilities there. The majority of the committee are in favor of the construction of a hospital of 100 beds in Eastern Oregon and reluctantly disapproves of the measure because, I think, mistakenly felt obliged to do so. The reason being that as they read the bill, which has been referred by the legislature to the vote of the people, the immediate erection of a 200-bed hospital is obligatory. The bill must be read and considered as a whole. The primary purpose is to secure the necessary authority to erect a state institution outside of Marion county, and the secondary purpose is to define the type or ultimate capacity of the institution and to supply funds to enable a start to be made.

There are certain fundamental requirements in starting a hospital. These have been the subject of close study by the National Tuberculosis Association, and are stated to be:

(a) An administration and general building;
(b) Patients’ quarters, a fire-proof building for advanced or infirmary cases, pavilions for semi-ambulant and ambulant cases;
(c) Service building, dining room, kitchen, bakery, etc.;
(d) Ice plant and refrigeration;
(e) Laundry and sterilizing plant;
(f) Central heating plant;
(g) Garage and repair shop;
(h) Quarters for staff and employees;
(i) Assembly hall for recreation, religious exercises and occupational therapy;
(j) A children’s unit.

It is assumed that light, water and sewage disposal will be available without the cost of individual installation.

Can the above be supplied out of a fund of $100,000.00? Our fellow member, Mr. W. G. Holford, who is recognized as having special experience in hospital architecture, says it will provide the fundamentals and accommodation for about fifty beds only, without any deduction for the purchase of a site.

It is recognized as a guiding principle of great economic force that the fundamentals will serve an institution with a minimum of 200 beds most economically. The reasons seem obvious. Is it not unreasonable to expect the board of control with only $100,000.00 to buy a site and to construct a 200-bed hospital with the funds now voted, it is unreasonable to expect such action by the Board of Control. There is a direct mandate to the Board to plan for a hospital of 200 beds as a minimum “according to modern advanced and practical methods.” This is to be fully accomplished when the money is supplied, which will be when the Legislature recognizes the need. About 330 are in Eastern Oregon with no hospital facilities.

The majority of the committee is loathe to disapprove any measure which would help to fill the present grave need for additional hospitalization, and only because the immediate supplying of 200 beds in Eastern Oregon would be disproportionate to the needs of Western Oregon, does it report against this measure. I think that this fear is not well founded for the reasons stated.

In conclusion, the State Tuberculosis Association is vitally interested in the passing of this measure. The lives of many sufferers hang upon it, their hands are stretched forth for the opportunity to receive treatment. No technical legal obstacle is preventing, therefore let us support the measure.

Respectfully submitted,

A. L. GORDON.

NEGRO CLAUSE OPPOSED

To the Board of Governors:

Section 35 of Article I of the Oregon constitution adopted in 1859 when the state was admitted into the Union and when the slavery issue was predominant prohibited any free negro or mulatto who was not a resident of the state at that time from coming into, residing or being within the state or holding any real estate therein or making any contract or maintaining any suit therein.

Upon the adoption of the 14th Amendment to the Constitution of the United States was passed. Shortly after slavery and involuntary servitude had been abolished and forbidden by the Thirteenth Amendment.

The negro and mulatto provisions of the Oregon constitution were nullified and ever since have been dead wood in the Oregon constitution. These provisions are relics of slavery days, are invalid and should be removed by repeal from the statute books. All persons should vote yes.

A. L. GORDON, Chairman
BERKELEY SNOW
L. A. LILJEQVIST
FISH BILL UNSOUND

To the Board of Governors:

This bill, among other things, proposes to make unlawful after May 1st, 1927, the use of fish wheels in the Columbia River and the use of fish traps and seines east of Cascade Locks.

For many years the use of fish wheels and fish traps and seines during certain designated fishing seasons has been lawful in both the states of Oregon and Washington. In 1915 the legislatures of both states made a compact or agreement to the effect that:

"All laws and regulations now existing, or which may be necessary for regulating, protecting or preserving fish in the waters of the Columbia River, over which the states of Oregon and Washington have concurrent jurisdiction, or any other waters within either of said states, which would affect said concurrent jurisdiction, shall be made, changed, altered, and amended in whole or in part, only with the mutual consent and approbation of both states."

By act of April 8th, 1918, pursuant to the provisions of the Federal constitution this compact was ratified by the Congress of the United States. In the case of Olin vs. Kitzmiller, R. C. Clanton, Carl Shoemaker, Ben W. Olcott, and the fish commission, Judge Bean of the District Court of the United States for the District of Oregon, the Circuit Court of Appeals for the 9th Circuit and the United States Supreme Court, assumed without specifically deciding the question, that this compact was valid. There is a difference among attorneys as to the legal construction of the compact. Does it mean that the laws existing in 1915 in reference to fish wheels, traps and seines when the compact was made can be changed, altered and amended, in whole or in part only by the mutual consent of both states, or is it only such laws then in existence which would affect said concurrent jurisdiction, that require such mutual consent? If the former, then assuming the compact to be constitutional the present bill is invalid, if the latter, then there is the legal question whether the taking of fish by the fish wheel or a trap or seine attached to the soil on the Oregon side of the boundary affects such concurrent jurisdiction; it appears that before this compact was ratified it was held that a set net or fixed appliance within the limits of either state did not come within the concurrent jurisdiction. The whole question is an intricate legal question and can only be settled by the decision of the United States Supreme Court.

We have heard the claims of both sides on this question. Each claim presented by one side is sharply controverted by the other. This committee is not in position to ascertain all the facts. That can be accomplished only by a legislative committee armed with power to make an exhaustive investigation.

Aside from the legal question as to the power of Oregon since the compact was adopted, it is strongly urged that it is not fair to Oregon fishermen and property owners to prohibit the use of these wheels, traps and seines on the Oregon side when the same is permitted on the Washington side, and this is a further reason why it is desirable that the state of Washington be consulted in the matter.

As the 1927 session of the Oregon legislature meets within two months from election day it is our opinion that this measure should be defeated at the polls and then presented to the legislature for its consideration. It would seem that body is better equipped in the present situation to ascertain the facts and make a proper decision than the people. If legislation is required for the preservation and propagation of the fish in the Columbia river which seems evident the respective fish commissions of the two states are in position to initiate proper steps and inform the respective legislatures of the needed legislation.

We recommend that the proposed measure be defeated with the recommendation that the proponents thereof submit facts showing the necessity or desirability of this particular legislation to the legislature at its forthcoming session.

A. L. Gordon, Chairman
Berkeley Snow
L. A. Liljeqvist

RECALL SYSTEM NEEDS CHANGE

To the Board of Governors:

This amendment is offered for the purpose of submitting but one question at a recall election, namely "Shall the officer be recalled?" This question is to be decided by a majority of the votes cast on the question. At present other candidates may be voted on at the same election, including the officer against whom the recall is invoked. The officer who receives a plurality is elected in the event the recall is adopted by the majority. For instance a state officer whom we will designate as D may be the subject of a recall. At the election three other candidates, A, B, and C run against D. At the election 25,000 votes are cast in favor of the recall and 20,000 against the recall, and it is therefore declared that D is recalled. At this election A receives 17,000 votes, B receives 5,000 votes and C receives 8,000, and 17,000, being many of those who voted against the recall of D, cast a vote for him. If this happens it is apparent that D has been recalled by a majority of 5,000, but yet he has received 2,000 more votes than the next highest of his three opponents, and is elected to fill the vacancy resulting from the recall—an anomalous situation.

It is furthermore the intention of this proposed constitutional amendment to keep the question of recall on its merits, free from the personal popularity or political ambitions of candidates who run against the recalled officers so that the sole question facing the voter shall be, whether the officer should be recalled; in case of recall, the office is to be filled by appointment as in case of other vacancies.

Insofar as the measure seems to make the recall a single issue it is an improvement over the present procedure. Its defect is the fact that the people do not name a successor, and it has been suggested by the joint committee of
the Senate and House of the identical legislature which is responsible for this proposed measure, that it should be defeated and a new amendment submitted, allowing only persons other than the officer against whom the recall is instituted to be candidates at said election. There are reasons which may be urged against this also, for here likewise the recall will be complicated by the question of the personal popularity of political ambitions and activities of the candidates who are attempting to be elected to office at the recall election.

It seems clear that the proposed amendment is an improvement over the present enactment, even though it requires the vacated office to be filled by appointment. That will be understood at the time of the recall election, and it will probably permit the appointment of men, who are reluctant to run at a recall election. Our election laws, even though they are in the constitution are not immutable, and if any further alteration of this amendment is desirable, it can be submitted to the voter for his approval or rejection in the future, in the event the present proposed improvement does not come up to the full measure of what is expected of it in remedying defects in our present recall amendment. We feel the present amendments may properly be approved.

A. L. Gordon, Chairman
Berkeley Snow
L. A. Liljeqvist

BONDS FOR POLICE AND FIRE WORK NEEDED

To the City Club of Portland:

Your committee appointed to investigate and report on two charter amendments submitted to the voters by the City Council at the general municipal election November 2, 1926, namely, an amendment to authorize a bond issue in an amount not exceeding $735,000 for construction of new buildings for fire stations, etc., and an amendment authorizing a bond issue in an amount not exceeding $100,000 for the installation of street traffic signals and a police signal and communication system, report as follows:

1. Fire Boat and Fire Stations, and General Fire Bureau Equipment Bonds

This proposed charter amendment provides that these bonds may be issued serially, and may be issued at one time, or any portion thereof may be issued from time to time. The rate of interest shall not exceed 5 per cent per annum, and the date of redemption shall not be less than 3 years, nor more than 10 years. A portion of the bonds, not to exceed 20 per cent of the authorized amount shall be redeemed each year beginning with the third year from the date thereof. It provides that the amount of said bonds shall not be counted in calculating the limited indebtedness fixed by the Charter or the Constitution of Oregon.

The amendment further provides that the proceeds shall be expended in the payment of the cost of constructing and equipping three new fire boats and in providing a berth for same; in the acquisition of land for and the establishment thereof of a building for a central fire alarm station, and the cost of the establishment and equipment of a new fire alarm system, and the general extension of the present fire alarm system; the purchase and installation of 500 fire alarm boxes; the acquisition of land and the construction thereof of 8 buildings for fire stations and the cost of equipping and furnishing said fire stations, and the purchase of additional fire equipment, and in the payment of expenses incurred in connection with the purchase, condemnation or development of such real property.

It is the intention of the City to expend $300,000.00 in constructing three new fire boats; one to replace the "Williams" at the present location at the foot of East Washington street, another to replace the "Campbell" at the present location at Albina Avenue, and the third to be stationed in the lower harbor between the Port of Portland dry dock and the S. P. & S. bridge. It cost about $113,000.00 to operate the two fire boats last year. The speed of the "Williams" is 10 miles, and of the "Campbell" 14 miles an hour. The speed of the new boats will be 20 miles an hour. The total pumping capacity of both boats at 200 pounds pressure does not exceed 12,000 gallons per minute. The new boats will have a pumping capacity of 8,500 gallons per minute each or 25,500 gallons combined. The "Williams" and "Campbell" are steam boats using fuel oil and it is necessary to keep up steam at all times at a cost of from $12,000 to $15,000 a year although during the last three years the actual time of operation for fires has averaged about 3 hours per month each. The new boats will be gasoline boats, and for the same amount of fire service per boat, the fuel charge would be not to exceed $1,000, or an estimated saving of between $10,000 and $14,000 a year in fuel charges. The present boats have 24 men each, and the new boats will require only 12 men each, or a saving of 12 men. It is estimated that this saving in personal service and in fuel charges could retire the entire bond issue serially in 10 years. The "Campbell" was built in 1911 with the proceeds of a bond issue of $125,000 authorized by the voters in 1907. These are 4% bonds issued in 1911 and run for 25 years and mature in 1936. $150,000 of the amount is to be used for extension of the fire alarm system. Five hundred additional fire alarm boxes are to be installed. There are at present about 512 fire alarm boxes in the city. The central fire alarm station now in the City Hall is to be moved to a separate building to be constructed outside of the conflagration district. The plan is to locate the building within some city park property if
possible. It is claimed that fire alarm boxes in the business district should not be more than 500 feet apart, and in the residential districts not more than 1,000 feet apart. In many of the residential districts there are large areas not thus served. One of the factors affecting fire insurance rates is the proximity of the property to fire alarm boxes. About one-third of the fire alarms come in on fire alarm boxes. The Supervising and Conservation Commission has been allowing the department to include the cost of 25 fire boxes in its budget each year.

The following equipment is to be purchased:
- one 85 foot aerial truck at an approximate cost of $17,000.
- A squad wagon for the East Side to cost approximately $7,500.
- Five one-thousand gallon pumpsers at an estimated cost of $87,500.
- A tractor for aerial truck No. 1 at a cost of $7,000, and various equipment for the proposed new companies.

The following new construction is contemplated:
- New houses costing $50,000, land costing $7,500 for Engine 7 and Truck 4, now located at East Third and Pine streets.
- Replacing the Portland Heights house at a cost of $15,000.
- Replacing the house of Engine 31 at Arleta, $12,000.
- Construction of new houses for new companies at Woodstock, Peninsula, Lents, Alberta and Alameda districts at $12,000 each, and the construction of a new house for a new company at Ella and Washington streets, upon property now owned by the city, at an approximate cost of $35,000.

The balance is to be used in the purchase of small equipment.

Nearly all the items above enumerated conform to the recent report and carry out the recommendations of the National Board of Underwriters. It is difficult to get any definite or reliable information on this subject except from the Department of Public Affairs, the officers of the fire department, and from insurance sources, as it is a matter peculiarly within their knowledge. They deem the additional fire houses, fire boats, etc. provided for by this measure necessary for adequate fire protection in this city, and there can be no doubt that they would add materially to the efficiency of the fire department. We therefore recommend the adoption of the proposed charter amendment.

11. Traffic and Police Signal and Communication Systems

By this measure it is proposed to authorize the City Council to issue bonds in an amount not exceeding $100,000 for two purposes: (a) For the purchase of signal and communication systems, and (b) For the purchase and installation of a police communication system.

The bonds are to be redeemable serially in not less than three nor more than ten years from the date of issue.

(a) $25,000 of the proposed issue is to be used for the purchase of street traffic signals. This will be in addition to $30,000 for the same purpose to be raised by taxation, provided this item in the city's 1927 budget is approved by the Tax Supervising and Conservation Com-
### SUMMARY OF CITY CLUB RECOMMENDATIONS

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**City Measures**

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**County Measures**

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Note—Those measures marked thus * have been studied by City Club committees and the recommendations made as indicated. These do not become the official recommendations of the Club, however, until the reports are approved by the members.

### POLICE AND FIRE BONDS

(Continued from page 11)

Our only hesitancy in recommending a vote on this measure arises from the doubt as to whether the expenditure is a proper one to be met by a bond issue. The items, it seems to us, should more properly be included in the city's budget and the money raised by taxation. We are advised, however, that this could not have been done this year, on account of the constitutional limitation.

In view of the benefits to accrue from the use of these modern appliances, it is our judgment that the measure ought to pass.

Respectfully submitted,

John F. Cahalin
HALL S. Lusk, Chairman.

### REPORT IS CAREFULLY STUDIED

That the report of a City Club committee on the St. Johns and Interstate Avenue-Fremont bridges is receiving careful and thorough consideration by the various groups of citizens in the city is witnessed by the following clipping from the front page of the St. Johns Review for October 22nd, 1926:

**THE CITY CLUB IS THE BUNK**

"City Club Frowns on Bonds," is a new line of bunk peddled as evidence of sentiment manufactured against the two Peninsula bridges.

"But who or what is the City Club? Evidently a downtown organization that bobs into view only before election time, with opposition to any measure designed to benefit any section of the city beyond a mile or so from the Benson hotel where it met and did its frowning.

"Its name is a misnomer. It doesn't represent the city of Portland, but only a limited clique, made up largely of four-flushers and noted for its attempts to throw a bluff, in which its own importance is tremendously exaggerated.

"And what is right now to the point—the Peninsula calls its bluff.

"For the City Club, with perhaps other puppets in the west side Punch and Judy game, itself lives in a glass house. It, too, has favorite measures. The Peninsula has complacently voted for all kinds of bonds for upbuilding Portland. But the feeling here is unanimous that we should stop and study the situation a bit. In fact, the attitude of such organizations as the City Club and its cohorts toward our two Peninsula bridge measures will be made the test.

"If the bridges are knifed by these small-grained west-siders, the Peninsula will repay in kind. It is better organized than the City Club and represents a greater voting power, and when occasion arises it will be ready to demonstrate this fact. This is a fair warning.

"The City Club must remember that opposition fosters opposition, and it is destroying any future usefulness that it might have by shying stones at the Peninsula bridge measure—if it does indeed persist in so doing.

"Of course, its croak simply signifies the growing pains of Portland. Every great enterprise for the upbuilding of the city has invariably had obstacles thrown in its way by such noisy reactionaries. But the city goes ahead, because the will of the people cannot be throttled always.

The movement for the Peninsula bridges is a peoples' fight, and it is going to win."