

## EDITORIAL CORRESPONDENCE

### INVESTORS FEAR OREGON SYSTEM.

Portland, Oregon, Aug. 31.

A few weeks after the voters of Oregon approved a Constitutional amendment permitting county home rule in taxation, another providing for a verdict by three-fourths of the jury in civil cases, and one of the best employers' liability laws in existence, the Portland Oregonian published an article asserting that Mr. James J. Hill was much displeased; that the new tax amendment would retard railroad building, and that it was the intention of the interests to go slow. All of which was pure buncombe, intended to throw a scare into the people of Oregon.

It published another bit of buncombe of the same kind last July the 18th. This was an interview with "L. A. Trowbridge, a Chicago bond buyer," in which Mr. Trowbridge generously offered another scare to Oregon voters—a scare that shows evidence of careful preparation, if we admit that one may use care without much thought.

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It is worth while to examine Mr. Trowbridge's scare. "Because of the ease with which your laws and State Constitution can be changed," said Mr. Trowbridge, "there is a disposition on the part of Eastern financiers to proceed cautiously in the matter of placing investments in Oregon, or otherwise operating financially in your State." But do not investors "proceed cautiously" in placing investments in any State? Do not men who handle millions of dollars proceed cautiously in any case? Are they more inclined to be careless and happy-go-lucky in Illinois or Pennsylvania than in Oregon.

Mr. Trowbridge continued: "In this respect the Initiative and Referendum are retarding the physical growth and development of your State and at the same time discouraging extensive investments by the moneyed interests of the country."

Let us see if that is true.

If it be true of Oregon, then it must be true of Portland, the principal city of Oregon. But Portland's greatest development up to this time was reached in 1910, eight years after the adoption of the Initiative and Referendum in Oregon. Surely, if the possession of the Initiative and Referendum powers by the voters be a red lantern swung across the track of investors, careful and timid financiers should have seen the signal in eight years.

Of course, I admit that the direct primary law and the corrupt practices act have materially reduced "investments" in certain lines—seats in the United States Senate, for example, and party conventions. No "Mr. Hines" has opened a Lorimer "jackpot" in Oregon since the people of this State enacted the direct primary law in 1904; and no Senator Stephenson has taken liberties with our corrupt practices act.

Business men want figures, because business men measure prosperity and adversity, safety and danger, by figures. Especially do they feed on bank clearings, bank deposits and railroad construction; and other figures are received with gratitude.

Well, in railroad construction work and betterments the Harriman system spent \$14,977,600 in 1910 and planned expenditures amounting to \$12,500,000 in 1911; the Hill system spent \$14,000,000 in 1910 and planned for the expenditure of \$14,000,000 in 1911; the Portland Railway, Light & Power Company spent \$5,000,000 in 1910 and planned for the expenditure of \$5,000,000 in 1911; \$1,000,000 was spent by the Mount Hood Railway & Power Company in 1910, and \$1,000,000 is the budget for 1911; \$1,000,000 spent by the Pacific Power & Light Company in 1910, and \$1,500,000 is being spent in 1911; the Portland Gas & Coke Company spent \$350,000 in 1910 and is spending \$500,000 this year. Besides, the O-W. R. & N. is getting ready to double-track 206 miles of its lines in Oregon. There are some moneyed men and large financial interests connected with those corporations, and it doesn't look as if they were preparing to flee from Oregon.

Now let's take some other figures and compare Portland in 1900—two years before the Initiative and Referendum began to ravage the State—and Portland in 1910, eight years after the ravaging was begun:

	1900.	1910.
Assessed valuation .....	\$ 29,554,200	\$274,295,650
Bank clearings .....	106,918,027	517,171,867
Vessels entered, tons .....	282,373	981,272
Vessels cleared, tons .....	350,613	751,022
Building permits, number .....	392	6,522
Building permits, value .....	944,985	20,866,202
Real estate transfers, value .....	3,532,985	20,095,060
Postoffice receipts, 1903 .....	416,052	925,164
Telephones in use, 1902 .....	9,179	26,712

I don't say that those figures prove prosperity, but they are figures used by the Portland Chamber of Commerce to show "business men" what's what. The Chamber of Commerce is composed in part of men who don't like the Initiative and Referendum.

One of its officers said to me when I called his attention to Mr. Trowbridge's interview: "There isn't a word of truth in it. I am opposed to the Initiative and Referendum, and have always opposed it. I predicted that it would keep capital out of the State, but I'll have to eat crow on that prediction." Then I went to see a banker and called his attention to "S. O. S." call of Mr. Trowbridge, and he said: "The man's talking nonsense. The hot wave in the East must have added his head." Then I happened to meet a Chicago man who knows Mr. Trowbridge, and when I told him of the interview he—smiled.

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"Under the Initiative and Referendum it is possible for you in a few weeks or months to change established statutes or your Constitution, the organic law of the State," says Mr. Trowbridge. Well, it is hardly true that we make the changes in "a few weeks." Any proposed change must be filed with the Secretary of State not less than four months before the general election at which it is to be voted on; so the voters have ample time to consider the change.

That is a great improvement over the system in Illinois; and I know that system, for I attended three regular sessions of the Illinois legislature, saw the wheels go 'round and saw how they go. I have seen important bills jammed through the

House without a roll call and without even a call for the "Noes." I have seen a State Senator hand a \$100 bill to the Speaker of the House in order that the Senator's bill might be put on final passage. I once heard a party floor-leader in the House offer to deliver 19 votes for \$1,900; and the offer was not made in a whisper. I was in Governor Altgeld's office when he signed the veto of the "eternal monopolies bill" which ruined him financially,—and he knew it would ruin him.

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Mr. Trowbridge says the "financiers are hopeful that the voters will place a check on legislation which is detrimental to the reputation" of Oregon. That is precisely what Oregon voters have been doing for eight years; and they are going to place a few more checks of the same kind—but not to please bond-buyers and financiers and would-be monopolists. They are making the laws under which they must live and do business to please themselves, keeping in mind the fact that a legislature often enacts laws to please others than the great mass of the people who must live and do business under them.

If Mr. Trowbridge had taken the trouble to consult Mr. William M. Ladd, head of one of the oldest and greatest private banking houses on the Pacific Coast, he might have modified his interview. "I would rather trust the people to vote on the thirty-two, or any other number of important measures, than any legislature," says Mr. Ladd; and he was once a member of the Oregon legislature.

If Mr. Trowbridge had taken the trouble to investigate, he would have found that Oregon, with her terrible Initiative and Referendum, adopted only eleven Constitutional amendments in the five elections from 1902 to 1910, inclusive, while at the same elections, without the Initiative and Referendum, California adopted 46 amendments. Are financiers four times as much afraid of California as of Oregon?

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Regarding the home rule in taxation amendment, which is now getting teeth, I want to quote here, from the Oregon Journal of July 18, the very day on which Mr. Trowbridge's wild interview appeared in the Oregonian, something significant, which it attributed to the report of R. G. Dun's trade review of about that date: "The report says that the banking situation in Portland is normal, with an active demand for money and interest firm; that there is a well defined movement among bankers to decline all loans except those for legitimate business enterprises. All applications for loans for investments in real estate for speculative purposes are being uniformly declined by the banks." Do you mind that, now—that last sentence?

W. G. EGGLESTON.

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## GOVERNOR JOHNSON OF CALIFORNIA

California, August 30.

The recent appointment of Louis R. Glavis (President Taft's conservation victim) as Secretary of the new Conservation Commission of California has given very general satisfaction among progressive people and publications. It answers a great many

questions which were being asked respecting the plans of this Commission, established by the last legislature, with \$100,000 to spend in the next two years.

In a recent letter that energetic and effective leader, ex-Governor George C. Pardee, the chairman of this Commission, says that "Matters of waters for irrigation and power have been taken up in coöperation with the Department of Agriculture and the Geological Survey, and the gauging of streams is in progress."

The law which created the Commission provides that it is "established for the purpose of investigating \* \* \* forestry, water, use of water, water power, electricity, electrical or other power, mines and mining, mineral or other lands, dredging, reclamation and irrigation, and for the purpose of revising, systematizing and reforming the laws of this State" on the above subjects. This is a large order, but Governor Johnson has placed three very strong men on this Commission—Pardee of Oakland, Cuttle of Riverside and Bull of Arcata.

Another new Californian institution, the State Board of Control, has been illustrating the fundamental principle of conservatism by saving a great deal of public money. After straightening out lesser wastes in State offices this Board compelled the State Printer to follow the law respecting bids for supplies and incidentally cancelled some \$90,000 worth of illegal and needless orders.

All of Governor Johnson's appointments have justified and strengthened the reform administration of California, but nowhere has he put better men than in those two economy groups of progressives.

C. H. S.

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## THE NEW YORK TRACTION QUESTION.

New York, August 31.

There is one point in our subway problem in New York not touched on in Mr. Lebuscher's\* instructive and interesting article, to which I would like to add a supplementary note. The point in question is the difference between the bid of the Brooklyn Rapid Transit Co. for an operating lease covering a system that would be complete in itself, and that of the Interborough which stipulated that the routes must be laid out so as to be of no practical value except in connection with their existing lines.

While in form accepting the 10-year lease to which the city officials are now restricted by law, the practical effect of any such condition would be that the new lines would be tied up to the Interborough for the remainder of the 75 years' contract that they hold on the old lines. This very marked difference is the reason why those who favor municipal operation have preferred the Brooklyn Rapid Transit alternative to the other, or at least laying out the lines and building them to meet that company's proposition with the hope that by the time the contracts for operation come to be actually let the prejudice against municipal operation among the public may have disappeared.

It is quite probable that both of the companies look to get their financial backing from the same source.

\*See current volume, page 848.