

Blames Republicans for all Oregon's Political Ills

Dr. J. W. Morrow, Democratic National Committeeman, Thinks State's Only Salvation is to Elect Democrats to Office.

PORTLAND, May 13—Editor Observer:—Replying to your invitation to contribute to your special political issue, I am glad to embrace the opportunity to discuss the political situation in our state.

At this time the question demanding the most attention is that of taxation. That this is the paramount question is due to the heavy taxes being levied upon the people and the distressing economic condition which since the Presidential election of 1920, has broken the farmers' and stockraisers and turned those in business, more than seven-million of the producing wage earners of the nation. I take it, however, that your symposium is intended for the discussion of Oregon political affairs, and that only in the sense that the national political calamity affects the situation here should the intrusion of national questions be appropriate.

You might have started this discussion by propounding to your contributors the question: What is the matter with Oregon politically? Blames Republicans.

My answer is, too much Republican party. What is needed to give to Oregon a better balanced political system, is the election of more Democrats to office, both the Legislative and Executive. In the present legislature there are just two representatives in the House out of sixty, and one member of the Senate out of thirty who are Democrats. I want you to know that were the Democratic party dominant to this extent I would say as I do of our present situation, that it is not for

the best interest of good government.

I also firmly believe that it would be a splendid thing if the people would send a considerable number of our representative women to the legislature. Our present legislature and generally unsatisfactory State Government is due to the many devices created by the legislature with the consent of a complacent Governor all in the one party's interest through which multitudinous commissions and boards and official places have been made for the benefit of the politicians and at the expense of the taxpayers.

Expenses Mount High.

This has been growing with each year since 1914, when the last Democratic Governor left office. The remedy is to elect a Democratic Governor, who will recommend a tax reduction policy by putting out the overlapping commissions and duplicating officials and get the government back on a business basis. Also elect more Democrats and more women to the legislature and hold your lawmakers to a strict accountability. With a fearless governor, who will not be afraid of the party lash and who will be courageous enough to go to the people with the denunciation of their representatives, you may hope for improvement. Generally exhort the voters to use more care and discrimination in voting bond issues and to remember that just as sure as the sun rises and that night follows day, they must and will have to pay in the form of taxes, every single dollar of every bond issue, and that with interest added.

Respectfully Yours,
DR. J. W. MORROW.

Hoff's Record

(Paid Adv. by Ryan-for-Treasurer Club, Hal E. Ross, Secy-Treas. Oregon City, Oregon. (Editorial in Salem Capital Journal)

The candidates election pamphlet contains the following statement in behalf of State Treasurer O. P. Hoff, who is a candidate for re-election, as to why he should be nominated and re-elected: "His oath of office is his only pledge. His record is your guarantee. His experience is your protection." It is therefore incumbent upon the voter to scan the record that is your guarantee, and the experience that is your protection.

The last report of the Industrial Accident Commission shows that \$100,000 has been marked off from the value of securities in the Industrial Accident fund for depreciation—as a result of investments made with the funds by State Treasurer Hoff. These investments in questionable securities of money reserved for widows and orphans resulted in a grand jury investigation of the state treasurer's office two years ago, exposing as great a scandal as ever broke under the dome of the capitol, showing that the state investments were practically turned over to a corrupt bond house, which was given a virtual monopoly of investing state funds by the state treasurer.

The grand jury, of which Gideon Stultz of Salem was foreman, found that the state treasurer often paid for bonds long before their issuance or delivery, and that the bond brokers were permitted to make extortionate profits at the expense of the state. The jury reported: "State Treasurer Hoff purchased from Mr. Etheridge of Morris Bros. Inc. from January 5, 1915, to March 15, 1920, bonds of the par value of \$1,108,629.99 at a cost to the State of Oregon of \$1,172,223.12, which bonds cost Morris Bros \$1,088,147.92, giving the enormous profit to Morris Bros. Inc. of \$84,075.99. The records further reveal that bonds which were not in existence had been sold by Mr. Etheridge to State Treasurer Hoff at an exorbitant profit, and payments in full made thereon by the State Treasurer."

Instead of purchasing bonds on the open market or buying directly from municipalities and saving the state excessive commissions Treasurer Hoff made practically all of his purchases through one bond house, permitting them to make excessive profits. About this, the grand jury said:

"The most flagrant example of excessive profits is the sale of \$100,000.00 water bonds of Reedport to the State Treasurer at the enormous profit to Morris Bros. of \$16,010.00. On June 15, 1915, Reedport was incorporated; August 25th same year Morris Bros. Co. entered into contract with its city officials to take \$100,000.00 of its bonds when issued for \$92,220.00. Mr. Etheridge sold them on October 28, same year, to State Treasurer Hoff for \$108,230.50, and Hoff paid him that day that amount. 15 days later the city voted to issue the said bonds and forty-four days later did issue and deliver them to Morris Bros."

The grand jury severely criticised the "right apparently given by State Treasurer Hoff whereby Morris Bros. Inc., were authorized to withdraw securities sold to the state, some of which were offered for sale by Morris Bros., while they were yet held by the state treasurer. The bond house has authority to sell any first class security held by the state and substitute other security for it, leading the grand jury to remark, "there should be no strings upon any of the bonds purchased by the state of Oregon." Further, the grand jury reported:

"We condemn the policy of State Treasurer Hoff in investment of such large sums in one investment, also condemn his practice of buying bonds that pay a high rate of interest regardless of the property that must redeem the principal. Safety first should apply to investment of public funds. Why should not the State of Oregon use as much intelligence in the investment of its funds as it does in buying supplies."

Attached to this grand jury's report and made a part of it, was the auditor's report of the investigation made of the books of treasurer and bond house, which revealed the fact that during the first month of Mr. Hoff's administration, L. G. Hulin, who filled the office of deputy state treasurer as appointee of Mr. Hoff, was paid a commission by Morris Bros. Inc., for bonds purchased by the state. To quote this report:

"On January 21, 1919, a payment \$242.50 was made by the state to Morris Bros. Inc. from the bank by means of a check made out to the order of Morris Bros. Inc. The stub of this check contains the following information: 'To pay for 2000 of state land bonds, authorized by the state and government of \$25,000.00. A commission of 1% on the amount of \$250.00.'"

was a commission paid, to Mr. L. G. Hulin, at that time Deputy State Treasurer, on a sale of those bonds to the State January 24, 1919. This amount was charged to the commission account on the books of Morris Bros. Inc.

In the same account we find that amounts totaling \$215.33 were charged as commission paid to L. G. Hulin February 5, 1919, by means of check made to the order of L. G. Hulin which plus the commission of \$242.50 on the Astoria bonds, Mr. Hulin received a total commission of \$457.83, for sale of bonds from Morris Bros. to the State of Oregon."

After the adjournment of the legislature, Representative J. G. Richardson succeeded Mr. Hulin as deputy treasurer and practically all of the state treasurer's bond business was turned over to John L. Etheridge of Morris Bros. Inc., who invested the state funds in whatever security at whatever price he desired and reaped a fabulous profit, the state treasurer apparently not caring about the security as long as the interest was at a high rate.

As a result of the expose, the grand jury recommended the taking away from the state treasurer the right of investing state moneys and the placing of it with the state board of control—a recommendation enacted into law at the next session of the legislature. Mr. Hoff was not and is not accused of dishonesty but his competency was challenged. The conduct of his office has demonstrated his lack of business acumen.

In the argument for his re-election, Mr. Hoff praises himself for increasing interest earnings of the funds in his charge. For this, of course, he is to be commended, but the saving thereby resultant does not begin to offset the loss to the state due to depreciation of poor investments.

Mr. Hoff has handled more money than his predecessor, due to increased revenues from taxation, from highway and bonus bond sales, but this entailed relatively little more work. On the other hand part of the work formerly done by the treasurer, the state land loans, have been taken away from his department altogether, despite which he has spent over double the amount of money that his predecessor spent. The last legislature appropriated \$50,000 for the state treasurer for two years. During the first year he spent \$26,227.44 in addition to \$14,643 out of the inheritance tax fund. So that his total cost per year is over \$40,000, as against \$19,550 for the last year of his predecessor.

Neither as investor, nor as guardian of public funds, nor as economist nor as administrator has Mr. Hoff earned re-election. His opponent, Thomas F. Ryan of Oregon City, was for eight years assistant state treasurer and his qualifications for the office seem superior to those of Mr. Hoff's—at least they could not be poorer. Mr. Hoff's record is certainly no guarantee and his experience no protection to the people.

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