DEVELOPMENT OF STATE HINDERED

Land Grant Has Worked Harm to Oregon, According to Townsend's Report.

MONOPOLY WAS CREATED

Terms of Grant Gave Oregon and California Nearly Half Western Oregon Lands—All Competition Was Kept Out.

OREGONIAN NEWS BUREAU, Washington, Feb. 18.—The full text of the report of B. D. Townsend to the Attorney-General on the Oregon and California land grant is as follows:

Senate resolution adopted February 3, 1908, recites that "At divers times various railroad and other corporations" have received Congressional land grants, containing provisions restricting the sale of the lands to actual settlers in limited quantities and at a limited price; that "it is currently reported and widely believed that the Department of Justice has information to the effect" that, as to certain grants affecting lands in States on the Pacific Slope, the provision restricting sales as above mentioned has been flagrantly violated and evaded. It is then

Resolved, That the President be requested, if not incompatible with the public interest, to inform the Senate what information, if any, has been received, and what action, if any, has been taken by the Department of Justice with respect to the matters and things in the preamble to this resolution set forth.

In the month of March, 1907, the attention of the Department of Justice was directed to certain charges that the terms and conditions of the Congressional land grants of the Oregon and California Railroad Company had been flagrantly violated. So far as known, the subject was never before brought to the attention of any department or officer of the Government.

The grants in question involve a large amount of land situated in the western part of the State of Oregon.

After a preliminary consideration, a representative of the Department of Justice was sent to Oregon to prosecute a complete investigation of the subject. This work has been pursued without interruption until the present time, and the Department is now preparing to institute proceedings to enforce and protect the rights of the Government in the premises.

The Senate resolution is general in its terms, but it is assumed that it refers to the land grants above mentioned and the work of the Department relating thereto.

Terms of the Grants.

By the act of July 25, 1866, as amended by the acts of June 25, 1868, and April 10, 1869, public lands, in alternate odd sections, to the extent of twenty sections per mile, were granted to aid in the construction of a railroad in Oregon, from Portland southerly through the Willamette, Umpqua, and Rogue River Valleys, to the boundary line between the States of Oregon and California. A similar grant was made to aid in the construction of a railroad in the State of California to connect therewith, and extending to a point on the Central Pacific Railroad in California, a separate grant being made in each of said States.

By the act of May 4, 1870, public lands, in alternate odd sections, to the extent of twenty sections per mile, were granted to aid in the construction of a railroad from the city of Portland, extending westerly for a distance of 20 miles and thence southerly a distance of 27 miles. The act also extended aid for the construction of a further line to Astoria, but the latter line was never constructed, and that part of the grant was forfeited by the act of January 31, 1885.

The first grant above mentioned contemplated a total of approximately 3,800,000 acres, computed by mileage at the rate of twenty sections per mile. The grant last described, deducting that part subsequently forfeited, embraced approximately 130,000 acres, the area of the latter grant being largely reduced by the overlapping of the former grant.

Both of the grants named became vested in the Oregon and California Railroad Company, a corporation under the laws of the State of Oregon. The company last named became vested with the grant first described in April, 1870, at which time only 20 miles of the railroad had been constructed. The latter grant was held by a separate corporation for about ten years, until October 8, 1880, when it likewise was transferred to the Oregon and California Railroad Company. In the meantime the capital stock of both companies had been owned and controlled by the same parties.

The Oregon and California Railroad Company became recognized as the lawful successor to both of the grants, and all patents on account of either grant have been executed to the Oregon and California Railroad Company, and that company has received and administered both of the grants.

Act of July 25, 1866—The grant of July 25, 1866, as amended by the act of April 10, 1869, contained the following provision:

Provided, further, That the lands granted by the act aforesaid shall be sold to actual settlers only, in quantities not greater than one quarter section to one purchaser, and for a price not exceeding two dollars and fifty cents per acre.

Act of May 4, 1870—The act of May 4, 1870, contained the following provision:

Sec. 4. And be it further enacted, That the said alternate sections of land granted by this act, excepting only such as are necessary for the company to reserve as depot, stations, side tracks, wood yards, standing ground, and other needful uses in operating the road, shall be sold by the company only to actual settlers in quantities not exceeding one hundred and sixty acres, or a quarter section, to any one settler, and at a price not exceeding two dollars and fifty cents per acre.

A brief financial history of the Oregon and California Railroad Company will assist in presenting this subject.

Shortly after its organization in April, 1870, a construction loan was negotiated in Germany. The bonds were secured by mortgage upon the projected railroad and by trust deed covering the land grant. Construction was prosecuted with considerable vigor until January, 1873, when the funds became exhausted and construction was suspended at Roseburg, a distance of 197 miles from Portland and a little more than one-half the entire road.

Interest payments were defaulted; the German bondholders formed a bondholders' committee composed of bankers of Frankfort on the Main, and the latter sent Henry Villard to Oregon as their representative. In July, 1874, Villard secured control of the funds and finances of the company and foreclosure proceedings were postponed. In February, 1876, the bondholders' committee acquired all of the capital of the railroad. The stock was held by trustees, who elected officers and conducted the affairs of the railroad company for the benefit of the bondholders.

In 1881 Mr. Villard reorganized the company; the old capital stock was canceled, the former bonds were surrendered and new capital stock accepted in lieu thereof, preferred stock to the amount of $12,000,000 representing the principal and common stock to the amount of $7,000,000 representing the deferred interest. A new construction loan was negotiated. At the time of the surrender of the former bonds and the acceptance of preferred stock therefor, it was agreed that the preferred stock should have a preferred interest in the land grant in case of a liquidation of the company, and this agreement was secured by a trust deed.

Mr. Villard resumed construction work and, with the aid of a second loan secured by mortgage upon the railroad, conducted the work until December, 1883, the railroad being extended to Ashland, about 30 miles from the State line.

The construction fund again became exhausted. The road was placed in the hands of a receiver in January, 1885, because of non-payment of interest. The receivership was continued until the Southern Pacific system concluded negotiations to take over the road, which they did in the year 1887. The general features of the acquisition of the road by the Southern Pacific were as follows:

First. All of the capital stock of the Oregon and California Railroad Company was turned over to the Pacific Improvement Company, which was a development company used by the Southern Pacific syndicate composed of Huntington, Stanford, Crocker and Hopkins.

Second. New bonds were issued and guaranteed by the Southern Pacific Company, to an amount sufficient to pay off all of the outstanding indebtedness.

Third. The railroad was then leased to the Southern Pacific Company, which in effect acquired all of its capital stock and then leased the road itself.

Fourth. The Pacific Improvement Company completed the construction of the railroad to the State line in December, 1887, connecting with the California and Oregon Railroad, which at about the same time was completed from the south.

Through railroad transportation was then established between Portland and San Francisco, and the Oregon & California Railroad has since been operated as a part of the Southern Pacific system until taken over by the Harriman lines in 1901.

In the meantime the Southern Pacific interests had already, as early as 1871, acquired the California & Oregon Railroad Company, together with its land grant in the State of California, provided for by this same act of July 25, 1866.

In October, 1901, the control of the Southern Pacific Company was secured by E. H. Harriman and the Union Pacific interests, and at that time the capital stock of the Oregon & California Railroad Company was transferred direct to the Southern Pacific Company, and this condition still continues. In October, 1901, Mr. Harriman was elected president of the Oregon & California Railroad Company, which position he still occupies, and the railroad has been operated as a part of the Harriman lines.

The general history of the company may be summarized by saying that until 1887 it was always crippled in its operation, including the handling of the land grant, by its lack of financial backing, and was never made a profitable enterprise. Since 1887 its condition in this respect has been completely reversed; it has become a very prosperous and profitable enterprise, its financial backing has been almost unlimited, and it has become an indispensable factor of the powerful organization by which it has been absorbed. Prior to its acquisition by the Southern Pacific Company it was a local enterprise, conducted with reference to local commercial and industrial conditions; since that time it has been used by some of the masters of the Nation's finance as a mere instrumentality to further the development of a monopoly of transportation affecting a very substantial part of the commerce of the Nation. This fact is of vital importance in following the history of the land grants.

When acquired by the Southern Pacific Company, not only did the Oregon & California Railroad become a part of that already formidable system, but its land grants were joined to the still larger land grants of the Southern Pacific system, all of which were handled by a single department, with a common policy, which was quite foreign, and in some respects opposed, to local commercial conditions, to promote which the grant was originally created. The subsequent acquisition of the Southern Pacific by the Union Pacific interests intensified this condition.

Construction of Railroads.

Under the act of May 4, 1870, the railroad was constructed westwardly from Portland to Forest Grove, and thence in a southerly direction to the terminus named in the act—a total of about 47 miles—during the years 1871 and 1872, within the time required by the act. The line to Astoria was never constructed and that part of the grant was forfeited, as above stated.

Under the act of July 25, 1866, as amended, during the years 1870, 1871 and 1872 the railroad was constructed from East Portland to Roseburg, a distance of about 197 miles. Work of construction was then suspended until 1881. The balance of the line, a distance of approximately 175 miles, was constructed during the years 1881, 1882, 1883 and 1887. The act, as amended, required the completion of the road on or before July 1, 1880, but Congress failed to assert forfeiture on account thereof and the default was waived.

Selections and Patents.

Through a misunderstanding of the law by the Interior Department, upon the filing of maps of location in 1870 to 1873, all lands within the grants were withdrawn from the public domain, including those situated within the indemnity limits. In 1885 the Supreme Court of the United States rendered an opinion correcting this construction of the law, and the order referred to was finally revoked in 1887.

Under the grant of July 25, 1866, selections for the northern part of the grant were filed as rapidly as the road was constructed, and patents therefor were issued from 1871 to 1877. During those years there was selected by and patented to the railroad company on account of the grant of July 25, 1866, 323,184.68 acres.

Taking advantage of the erroneous ruling of the Interior Department, above referred to, no further selections were made by the railroad company, and therefore no further patents were issued. One of the reasons for this conduct was unquestionably the financial condition of the railroad company. By this method taxation was avoided and the payment of the fees for the patenting of the land was postponed.

One of the first steps taken by the Southern Pacific system after acquiring control was to make selections as rapidly as possible for the entire grant.

The issuing of patents was resumed in 1893 and continued without interruption until 1906.

Beginning with the year 1893, patents have been issued on account of the grant of July 25, 1866, to the amount of 2,442,448.45 acres, making a total amount patented to date on account of that grant 2,765,597.13 acres. In addition to this the railroad company has filed selections claiming approximately 300,000 acres more.

No patents were issued on account of the grant of May 4, 1870, prior to the year 1895. Commencing with the year 1895, patents have been issued to the amount of 128,618.15 acres.

The General Land Office has suspended action upon all pending selections because of the contemplated action of the Department of Justice.

Under the two grants there have been patented 2,894,215.26 acres, of which there has been sold 813,908.82 acres, leaving still in the hands of the railroad company 2,080,306.44 acres, and in addition thereto approximately 300,000 acres to which claim has been asserted and issuance of patent has been suspended, as explained.

Sales by Railroad Company.

This subject will be first presented in a general way and then illustrated by tabulated statements.

The manner in which the granted lands have been disposed of may be summarized in a single paragraph:

The provisions of the grants restricting the manner of sales have never been respected. The lands have been sold to any person whether settler or speculator, in as large quantities as possible and at the highest price possible. In making sales the railroad company has always observed the law of supply and demand and has never obeyed the law of Congress.

While the railroad company has never restricted itself in the manner of making sales to comply with the terms of the grant, it is a fact that for many years the opportunities to violate the conditions of the grant were comparatively few. Prior to the year 1890 the principal demand for these lands was from actual settlers in small quantities, for the purpose of making homes, with incidental sales to speculators and timber men in comparatively small quantities. After the year 1890 the principal demand was from timber men and speculators in immense quantities, at increasing prices, with only a comparatively few incidental sales to actual settlers; but, while the two periods mentioned present a marked contrast in this respect, there was in fact no change in the policy of the railroad company. Its policy has always been to dispose of the land as advantageously as possible, without the slightest regard to the conditions of the grant. The only change which actually took place was an increase in the opportunities to violate the grant, accompanied by increased facilities on the part of the Southern Pacific interests to take advantage of these opportunities.

During the early history of the grants, most of the adjoining land was still a part of the public domain, subject to appropriation under the public land laws of the United States. By the terms of the granting acts, the minimum purchase price fixed by the Government upon these public lands was $2.50 per acre; so that while there remained a substantial portion of the public domain which could be obtained at that price, it was difficult for the railroad company to secure more; moreover, the existence of this vast amount of public land postponed the activity of the speculator. So that, until about the year 1890, except in a few small localities, there was practically no demand for the railroad land except by actual settlers, persons of limited means, who were able to buy only in small quantities.

It must not be understood, however, that even during this period sales were limited to actual settlers or to small quantities. On the contrary, substantial violations of the terms of the grant occurred from the very beginning. The first conveyances were made in 1872 and have been continued from that time until the present. Among the first conveyances executed in 1872 several instances occur where the land was sold at prices largely in excess of $2.50 per acre, sometimes as high as $10 per acre. In 1874 three instances are found of conveyances to a single purchaser of a quantity exceeding 1000 acres each. These violations continued throughout the history of the grant.

When the Southern Pacific system secured control of the land grants, the first thing they did was to organize an effective land department. Land examiners and timber cruisers were employed and a force set to work to ascertain and appraise the value of each specific tract of land contained in the grant; this had never been done before. The work was commenced in the Summer of 1888. About the year 1890 some of the old and experienced timbermen of Michigan, Wisconsin and Minnesota were attracted by reports as to the timber lands of Oregon. They sent representatives to examine the lands. With their superior information, they readily appreciated the value of these lands. Prior to that time there had been practically no demand, nor a present value of the timber lands. There suddenly arose a tremendous demand for the lands by wealthy timber men and speculators in the East; the market for such lands developed within the space of a year. The railroad company was quick to see its opportunity to profit by disposing of the lands contrary to the terms of the grant. It immediately began to make sales in quantities ranging from 1000 to many thousand acres.

Nor was the railroad company unconscious of its offending. It realized the responsibilities it was incurring and adopted significant measures of defense. Prior to 1890 the railroad company had always given conveyances in the so-called "grant, bargain, and sale" form of deed, with implied covenants. There was no reason why it should change so long as it restricted itself to at least a substantial observance of the law. In 1891, however, it changed all of its forms of deeds and contracts and has ever since refused to execute anything but a quitclaim form of deed, except where it had by prior contract obligated itself to do otherwise. This is a most unusual circumstance. The title of the railroad company consisted simply of a grant from the United States. What liability did it seek to avoid by this unusual precaution?

Thus we find at about the year 1890 an unexpected and substantial demand for land, which gave the railroad company an opportunity to make wholesale violations of the terms of the grants, with great profit. It immediately determined to take advantage of that opportunity, wholly ignoring the conditions of the grants and sought protection against responsibility for these violations of the law by the adoption of the quitclaim form of conveyance. This policy was pursued by the company without restriction until 1902, during which period approximately 400,000 acres of land were sold to timber men and speculators, in quantities exceeding 1000 acres to each purchaser.

Late in the year 1902 the railroad company adopted a new policy and permanently withdrew all of its lands from sale. There then remained in its hands approximately 2,000,000 acres of the grant, besides approximately 300,000 acres claimed but not patented. After having disposed of approximately 800,000 acres, most of it in violation of the terms of the grants, it resolved upon the plan of asserting an absolute, unqualified, and permanent estate in the balance of the grants in its own favor. Various excuses for this step have been given from time to time, the apparent purpose of which was to influence public sentiment on the subject. For a time applicants to purchase were informed that by reason of a confusion of the records of the company it was necessary to make a complete check of its titles to ascertain what land remained for sale. The San Francisco fire was used as an excuse for some time, it being explained that the records of the company had been destroyed and with them its information concerning its holdings. By these various excuses public sentiment was restrained until comparatively a short time ago, when the aggravated industrial and commercial conditions resulting from the policy of the railroad company brought forth vigorous protests, which were called to the attention of the Department of Justice in March, 1907. In a public speech at Oakland, Cal., during September, 1907, Mr. Harriman, the president of the company, admitted that this policy was intended to be permanent.

Tabulated statements.—As a part of the work heretofore prosecuted by the Department of Justice, a complete statement has been obtained from the public records, the records of the railroad company and other sources, showing all sales made by the railroad company. The work in Oregon was completed November 1, 1907. Records made since that time are therefore not included in the statements tabulated. These statements include all conveyances executed by the railroad company, together with all contracts now pending. As to the former, the exact purchase price was ascertained in each instance; as to the latter, this was impossible; but sufficient information was obtained to justify the estimate of $7 per acre as the average purchase price of the pending contracts, and this estimate is used so far as contracts are concerned in making up the following statements. In these compilations no attempt has been made to distinguish sales to actual settlers from sales to speculators. It may be safely stated, however, that none of the large sales are to actual settlers, and that even a large proportion of the smaller sales were made to speculators. Total sales:

CONVEYANCES.

Deeds.	No.	Acres.	Purchase Price.
Act July 25, 1866..	4,159	588,078.62	$2,901,954.68
Act May 4, 1870...	246	22,136.78	86,450.30
Total deeds	4,405	610,215.40	$2,988,404.98
PENDING CONTRACTS.			
Act July 25, 1866..	883	154,335.16	$1,080,346.12
Act May 4, 1870....	35	49,358.26	345,507.82
Total contracts .	918	203,693.42	$1,425,853.94
Total sales	5,323	813,908.82	4,414,258.92

Average purchase price per acre, approximately, $5.42.

The following statement has been prepared to demonstrate the extent to which the conditions of the grant have been violated in the disposition of the lands. The sales are classified according to the number of acres conveyed and the purchase price. Conveyances for 160 or less are classified to indicate those wherein the purchase price exceeded $2.50 per acre. As to conveyances for more than 160 acres, this distinction is not observed, because the excessive quantity of land conveyed rendered such conveyances violations of the conditions of the grant. It may be stated, however, that with two or three unimportant exceptions all of the conveyances of large quantities are also at a price in excess of $2.50 per acre. Both grants are included in the following statements. Conveyances are treated separately from pending contracts.

Deeds conveying.	No.	Acres.	Purchase. Price.
160 acres or less, at $2.50 per acre or less	1,947	127,418.57	$ 282,091.33
160 acres or less, at a price exceeding $250 per acre	2,148	120,205.05	493,098.30
Exceeding 160 acs., but less than 640 acres	233	75,023.41	250,885.52
Exceeding 640 acs., but less than 2000 acres	46	51,102.02	335,555.91
2000 acres or more	31	236,466.35	1,626,773.92
Total deeds	4,405	610,215.40	$2,988,404.98

The following statement contains the same information concerning pending contracts, except that no distinction is made as to purchase price for the reason that all of the pending contracts are for a price in excess of $2.50 per acre:

Contracts to convey—	Number.	Acres.	Pur. price
160 acres or less	857	50,356.58	$332,496.06
Exceeding 160 acres, but less than 640 acres	46	16,876.63	118,136.41
Exceeding 640 acres, but less than 2000 acres	7	6,700.36	46,902.52
Exceeding 2000 acres	8	129,759.85	908,318.95
Total contracts	918	203,693.42	1,425,853.94

Combining conveyances with pending contracts, we have the following:

	Number.	Acres.	Pur. price
Sales within limitations both as to quantity and purchase price	1,947	127,418.57	$ 282,091.33
Sales within limitations as to quantity, but at a price exceeding $2.50 per acre	3,005	170,561.63	845,594.36
Sales in quantities exceeding 160 acres	371	515,928.62	3,286,573.23
Total sales	5,323	813,908.82	4,414,258.92

To illustrate the point that the large substantial violations have occurred recently, the following statement has been prepared. The sales are compiled by two periods, the first one from 1872 to 1897, inclusive, and the second one from 1898 to 1907, inclusive:

	1872 to 1897.		1898 to 1907.	
	Acres.	Pur. price	Acres.	Pur. price
160 acres or less, at $2.50 per acre or less..	100,458.16	$215,879.47	26,960.41	$ 66,211.86
160 acres or less, at a price exceeding $2.50 per acre	55,240.39	206,140.32	115,321.24	639,454.04
Exceeding 160 acres, but less than 640 acres	34,223.59	80,388.75	57,676.45	288,633.18
Exceeding 640 acres, but less than 2000 acres	11,698.54	42,117.21	46,103.84	340,341.22
Exceeding 2000 acres	2,234.70	4,579.40	363,991.50	2,530,513.47
Total	203,855.38	549,105.15	610,053.44	3,865,153.77

The following table contains comparative totals of sales in quantities exceeding 160 acres, compiled for the same periods:

Period.	Acres.	Pur. price
1872 to 1897....	48,156.83	$ 127,085.36
1898 to 1907	467,771.79	3,159,487.87

Again, taking the sales in quantities exceeding 2000 acres, the contrast is even more marked, as appears in the following table:

Period.	Sales	Acres.	Pur. price
1872 to 1897...	1	2,234.70	$ 4,579.40
1898 to 1907...	39	363,991.50	2,530,513.47

The one instance during the period 1872 to 1897 occurred in the year 1893.

Thus it appears that of 813,908.82 acres sold by the railroad company, only 127,418.57 acres were sold within the limitations of quantity and purchase price prescribed by the grant; and 515,928.62 acres were sold in quantities exceeding 160 acres, of which 363,991.50 acres were conveyed or sold to 38 purchasers in quantities exceeding 2000 acres to each purchaser, since the year 1897.

The foregoing tabulations appear inconsistent with the former statement that the large sales to timber men and speculators commenced about 1890. A word of explanation is necessary. With but one exception, all of the large sales were made by contract, providing for the payment of the purchase price in from seven to ten annual installments. Therefore, the large sales contracted in 1890 and succeeding years did not appear of record until the deeds were executed, commencing in December, 1897. The foregoing tabulations are based upon the date of the deeds, except as to pending contracts. The one exception referred to was the one instance of the large sale in 1893, which was a sale for cash instead of by contract. It should be added that many of the deeds were not recorded until long after they were executed, and several of the larger deeds have never been recorded.

In the foregoing tabulations no account has been taken of instances where more than one deed was given to a single purchaser. By combining the deeds executed by the railroad company to each purchaser, the extent of the violations will appear considerably greater than shown by the statement. Several purchasers received from ten to 30 deeds each, and in some of these instances each of the deeds was for 160 acres or less, and therefore appear in the compilations as non-violations.

Commercial and Industrial Effects.

It is difficult to define but not to appreciate the necessary effects of the policy which has been pursued in the administration of these land grants.

The grants placed in the hands of a single proprietor nearly one-half of the lands of Western Oregon, subject to conditions, however, intended to insure the distribution of the land in small quantities among the producing class. Notwithstanding these conditions, the greater portion of the land still remains in the hands of a single proprietor, which refuses to sell it, develop it, or improve it; simply holding it to share the benefits which shall result from the labor of others. The greater part of the land sold went into the hands of proprietors of the same class. In several instances every alternate section in one, two, and even three townships were conveyed to and are still held by a single purchaser, so that the development of the entire country is restricted by the conditions naturally incident to the ownership of one-half of the land by proprietors of this character. The effect of these conditions upon commercial development does not require demonstration.

It is a notorious fact that Western Oregon has been developed to the extent of only a small portion of its natural resources.

A large part of the land which has in this manner been placed beyond the reach of the American settler is considered by those most familiar with its character to be well adapted to make attractive homes for thousands of our citizens, with abundant opportunity for profitable industry.

That the present railroad interests are deliberately using the land grant for the purpose of retarding the development of Western Oregon can not be asserted as a fact; but it is certain that its policy has this direct effect, and it is not difficult to understand that a selfish purpose may be subserved thereby. In this connection it is proper to consider that the Oregon & California Railroad Company is now a part of a well-organized transportation system, which controls the commerce of approximately one-third of the United States. So far as Western Oregon is concerned, this railroad system not only holds an absolute monopoly of transportation, but, through the manipulation of the land grant, it practically controls production.

The following facts are significant: The present transportation facilities of Western Oregon are taxed to their full capacity in handling the products of the country. If the railroad company should abandon its present policy and dispose of its land grant to those who would develop it and subject it to productive industry, it is certain that the increased production of the country would be so greatly in excess of the present transportation facilities that competing transportation lines would be attracted to that state. It is equally certain that, with the Southern Pacific interests controlling substantially one-half of the land, no other transportation company, however formidable, is likely to venture into that territory to engage in competition with a system which virtually controls not only transportation, but also production. More than four-fifths of the land grant now held by the railroad company is situated in Southern Oregon. At the time the railroad company withdrew its lands from sale, in 1902, Southern Oregon was developing rapidly. It was largely this development which taxed the capacity of the existing transportation facilities. The sale of land was stopped and the development of Southern Oregon was checked.

Taxes.

It may possibly be urged that the railroad company has for many years paid taxes in large amounts, and is therefore entitled to equitable consideration. It will be stated that including the year 1907 the railroad company has paid approximately $1,600,000 in taxes. An examination of this question, however, disposes of all apparent equities in favor of the railroad company.

Prior to the year 1891 very little of the land had ever been assessed or listed for taxation. But a small portion of the land grant had been patented; the railroad company had postponed the procuring of patents to avoid taxation. The total taxes paid by the railroad company down to that time did not exceed $75,000. Surely this did not palliate the violations of law which occurred at that time. Several large sales were made in the years 1891, 1892 and 1893, in each of which the excess price charged and received by the railroad company was greater than the total amount of taxes which it had paid to that time.

Since 1891 the greater part of the lands have been listed for taxation; but, until the year 1902, when the railroad company for the first time asserted an absolute, unqualified ownership of the lands, with no obligation as to the disposition of the same, and permanently withdrew its lands from sale, the assessed valuation of the land was based upon the assumption that the interest of the railroad company was limited to $2.50 per acre, and therefore the lands were assessed at a nominal valuation averaging approximately 50 cents per acre. So that, down to the year 1902, the amount of taxes paid by the railroad company was still a comparatively small item. After the company adopted its present policy, the county officers of each county instituted the practice of assessing the railroad lands the same as the lands of other proprietors. The various counties have had the lands cruised and their value estimated and assessments made accordingly. The total assessed valuation of the land grant for the year 1907 was approximately $18,000,000, whereas prior to the year 1902 the assessed valuation had never exceeded $2,000,000.

Of the total taxes paid by the railroad company on account of its land grant, from 1870 to the present time, more than one-half has been paid since the year 1902.

In other words, the greater portion of the taxes paid by the railroad company down to the present time have been incurred by it as a direct result of its own violation of the law. It is difficult to see how any equities can be predicated upon these facts. Even as it is, the total taxes paid by the railroad company does not average to exceed 40 cents per acre, and but for the increased taxation brought about in the manner heretofore stated would have been but about 15 to 20 cnts per acre for the whole 37 years since it acquired the grant.

Conclusion.

If the conditions of the grant had been observed, under no circumstances could the railroad company have enjoyed a bounty exceeding approximately $8,000,000 from the disposition of the lands, which it has received. It has already realized approximately $4,500,000, and now asserts absolute ownership to property the assessed valuation of which is $18,000,000.

The grants contained restrictions designed to make the general public welfare superior to any interest which the railroad company should ever possess with respect to the lands granted. Those provisions have been repeatedly violated in the disposition of a large portion of the grants, and because thereof the legal right to permanently ignore them and convert the remainder of the grant into an absolute and unqualified single ownership is now boldly asserted.

That at the expiration of 40 years after the enactment of the grants 2,000,000 acres of the lands granted should be vested in a single proprietor, with no public obligation, and virtually controlling the commercial destiny of a large portion of the State of Oregon, is the very evil which the provisions of the grant were designed to avert. Yet that condition now exists, with the assertion of a legal right to make it permanent.

It is confidently believed that substantial remedies exist in favor of the Government. It is the purpose of the Departmnt of Justice to enforce those remedies. It is respectfully suggested, however, that discussion of their form be deferred for presentation before the court to which the cause shall be addressed.

MORE JURORS ARE NEEDED

District Court Adjourned in Klamath to Summon Veniremen.

KLAMATH FALLS, Or., Feb. 23.—(Special.)—District Court will convene again tomorrow, after a recess of three days, following the necessity of calling a special venire to provide jurors for the trial of Peter Petersteiner, charged with the murder of James M. Johnson. Johnson died as the result of injuries received last Christmas eve in a saloon altercation, and Petersteiner and Frank Corpron were charged with having inflicted the wound that caused his death, a severe injury to the eye, presumably caused by a portion of a billiard cue penetrating it. Corpron was placed on trial first, and was acquitted last Thursday night. A number of cases have been disposed of at the portion of the special term that has closed, but it was found that a new jury could not be made up from the veniremen remaining of the original panel.

Boston High Art.

Boston Herald.

Two Western delegates to the convention of Collegiate alumnae visited the public library. They tried faithfully to understand Chavanne's mural work, they read all about the story of Sir Galahad as portrayed by Abbey and they tired their necks gazing up at Sargent's interpretation of the world's religions. Then they visited the children's room. But even there art material greeted them. Planks were placed along the floor, weighted with pieces of marble, plaster and stone.

"See," said one enthusiastically, "isn't that a concrete example of Boston culture? Those must be specimens of rare marble and granite put where the children may become familiar with them."

With conscious pride because of her insight, she walked up to the attendant.

"Pardon me, but are these specimens of Italian marble for the benefit of the children?" she said.

The attendant looked embarrassed as she answered: "No, not exactly. The rubber matting has been pasted to the floor, and they are used to weight the boards along the seams."

Glass Ash Trays.

New ash trays are shown of glass, bound with wickerwork of silver. These are not only pretty, but easily emptied and kept clean. The shapes vary, as do the sizes, and they will make a charming gift for a man who smokes.

Russia Backs Down.

COPENHAGEN, Feb. 23.—It is understood in diplomatic circles that as a result of pressure from other powers Russia has abandoned her plan of fortifying the Aland Islands and that an entente will soon be arranged.

Railway Shops Shut Down.

SEDALIO, Mo., Feb. 23.—The Missouri, Kansas & Texas Railroad shops here, employing 500 men, have been closed until March 2. The shops of the whole system are to be kept idle as much as possible to reduce expenses.

AT THE HOTELS.

The Portland—H. A. McCormick, Salt Lake City; Albert Cohn, Chicago; E. H. Merrill, San Francisco; M. B. Kutze and wife, Mexico; J. N. Maginnis and brother, Seattle; O. A. Baker, Chicago; Frank S. Pierson, New York; Ralph B. Smith, Tacoma; N. C. Sharkey, J. F. Finley, New York; S. L. Mitchell, New York; Mrs. E. W. Bearzley and daughter, San Francisco; Paul A. Schuchart, Hannibal Rodrijuez, New York; A. D. Dennison, Mr. and Mrs. A. L. Lowin, A. H. Brunt, San Francisco; C. J. Millins and wife, Marshfield; B. S. Fletcher and wife, Buffalo; F. W. Kircke and wife, New York; N. W. Fleissig, Junction; B. C. Stevenson, Chicago; Norman De Vane, San Francisco; Joseph C. Huston, Los Angeles; F. S. Stetson, Seattle; H. N. Longfellow, Mrs. K. T. Greene, Mrs. C. A. Shedd, Boston; S. W. Trasel, Warren, O.; J. H. Early, Salt Lake; Mrs. E. B. Pickel, Medford; George E. Bridgott, San Francisco; O. J. Stull, Rochester, N. Y.; W. J. Donley, Kenosha; J. W. T. Volkereson, Ogden; R. V. Rosewell, Ridgefield; P. J. Casey, Seattle; G. W. Nelly, San Francisco; S. J. Bloki, Shetaggan; Mr. and Mrs. E. P. Jamison, W. H. Shin, Seattle; L. J. Klee, New York; Mr. and Mrs. C. H. Clarke, Seattle; Mr. and Mrs. Frederick Metcalf, Cleveland; W. Burns and wife, St. Paul; Mr. and Mrs. A. C. Babson, Seattle; H. P. Roach and wife, Oakland; Mr. and Mrs. John D. Mabley, Mrs. W. G. Emerick, Harold J. Mabley, Detroit; Mr. and Mrs. J. B. Price, Chicago; L. E. Reed, Ripon, Wis.; L. G. Baldwin, New York; F. W. Tremper, Cleveland; John A. Higley and wife, Kelso; G. C. Fulton, Astoria; George W. Sanborn and wife, John M. Holt, B. P. Wright, Astoria; Miss Harriet E. Nite, Boston; E. G. Joubert, New York; F. W. Peters, St. Louis; Blanche Stoddard, New York; B. F. Lillis and wife, Miss Lillis, Kansas City.

Hotel Oregon.—W. Roessner, Denver; Harry Harbut, Astoria; D. H. Buckley, Springfield Lee Templeton, Hurdley, Ill.; I. W. Cronin, Springfield; Charles H. Mass and wife, San Francisco; W. W. Pierce, Harley, Idaho; L. Henrick and wife, Mrs. C. Maull, Seaside, Or.; Ray Numbers, Akron, Ohio; G. R. Reed and wife, A. F. Elliott, San Francisco; W. R. Garrell, Winnipeg; C. R. Stone, Fargo, N. D.; Z. M. Hendleman, Tacoma; G. W. Brown, Regina, Ill.; J. D. Lamb, Walla Walla; K. L. Bernard, Mrs. W. E. Bashman, New York; John Smith and wife, Walla Walla; O. L. Jackson, Salt Lake; W. S. Gray, Seattle; Charles Applefield, Gus H. Brunn and wife, San Francisco; G. E. Hartness, Vancouver, B. C.; A. E. King, Baker City; Mrs. W. R. Cody, Keller, Wash.; L. Ringel, Sterling, Or.; J. Peterson, Newport, Or.; J. E. Straing, Spokane; Z. W. Kleet, South Bend; George Glander, Hoquaim; George Lindstrom, Astoria; Ernest Nickerson, Boston; D. Johnson, Forest Grove; E. P. Fee, San Francisco; C. B. Weatherwax, Aberdeen; William Monteen, Spokane; E. N. Howe and wife, Kalama; Lee Templeton, Huntley, Ill.; W. N. Barnett, Wasco; John A. Shaw, Albany; Dr. M. Rosendorff, city; W. B. Stevens and child, Albany; Mrs. H. G. McKinley, San Francisco; C. R. Morrison, Seattle; Miss Hazel Morrison, Seattle; B. C. Sult, Forest Grove; A. E. Green, and wife, San Francisco.

The Perkins—F. D. Lambert and wife, Detroit; J. E. Moore, St. John; G. A. Kemp'fer, Lewiston; John T. Haye, city; A. Johnson, Monmouth; C. W. Hutchinson, city; W. H. Hofaker, Ellensburg; Flora Yangart, Oregon City; W. C. Meredith, Tacoma; Charles Mills, Tacoma; O. Nelson, city; N. C. Ames, Seattle; Roy McDraper, Hillsboro; John Hill, Hillsboro; J. P. Ross, city; M. Francis Kane, Seattle; H. L. Hackett, Gaston; A. J. Meucke, G. F. Damm, Wallace; Mrs. G. R. Carlock, Merrill; B. F. Cook, Boise; Mrs. W. A. Cody, Pendleton; G. A. Brown, Tacoma; O. W. Whitman, Astoria; Mrs. B. Z. Riggs, Amity; A. N. Wheeler and wife, Aberdeen; E. E. Trueblood, Cosmopolis; Andrew Jackson, Alaska; J. M. Kellie, Readstake, B. C.; W. F. Eberhard, McMinnville; G. Carlson, Aberdeen; J. McPhail and wife, Pendleton; J. E. Johnson and wife, Catlin; Z. Mathews, Pendleton; J. M. Short, Gresham; S. A. Peas, W. Wilson, Jefferson; F. Amundsen, Wrangle; J. E. Holt, Newberg; Mrs. P. Avery, Corvallis; Charles Caldwell and wife, Walla Walla; C. W. Washburn, Junction City; B. Thompson, W. C. Schlock, G. A. Meyer, Alaska; G. Hoppe and wife, Niles, Mich.; Marie Rutard, McMinnville; William Dawson, Boise; A. L. Flynn and wife, A. J. Swofford, Monyrock; Charles Lutkens, Elbe; C. Stanley, city; U. A. Milken, city; H. M. Saling, Hood River; A. L. Bennett, The Dalles; E. J. Montague, Arlington; T. T. Solden, Astoria; H. E. Deputy, city.

The Imperial—C. W. Collum, Chicago; Ida Honkala, Red Rodge; A. Krainer, Astoria; H. Brown and wife, city; A. R. Bean, city; F. C. Hackney and child, A. Hackney and wife, John Day; E. O. Samuels and wife, Eugene; G. Schulz, Spokane; Charles Buhman, Forest Grove; W. H. Kleeb, South Bend; S. K. Kozer, Salem; Samuel Rudney, Seattle; Sam Layton and wife, Joseph Jenkens, Scappoose; Joe McKee, Albany; P. R. Radcliffe, Vancouver; H. O. Walker, Spokane; E. K. Brown, Eugene; W. O. Howard, L. L. Matlock, R. Fairchild, W. A. Warner and wife, Rhyolite, Nev.; C. H. Corey and wife, St. Paul; G. F. Price, C. D. Sissons, Ionia, Mich; Clint Draper, Colorado Springs; Mrs. Harry Miller, B. E. Kennedy, Baker City; R. E. Smith, C. F. Hall, Aberdeen, Wash.; Archie Johnson, Winlock; C. Hendrickson, South Bend; J. E. McCeanly, Chris Anderson, F. M. Kellogg, Hoquiam; J. Anderson, J. H. Coe and wife, C. W. Stipp, Shaniko; W. C. Blackmore and wife, McMinnville; Charles E. Whaples and wife, Thomas Mason, Latah; S. O. Michaux, McMinnville; W. A. Dobson, city; R. V. Roseville, Ridgefield; Ed T. Judd, Salem; Geo. T. Judd, Astoria; E. S. Hilliard, Independence; S. J. Kirshberg, Sacramento; R. E. Driscoll, Seattle; H. H. Powers, Cadellac; A. Deis and wife, Canal, Dover; H. C. Culver and wife, Sand Point; S. W. McFarland, Chicago; James Reid, Tacoma; A. M. Lorntsen, Astoria; W. L. Henninger, Seaside; Henry Hoeck, North Bend; N. Wilcox, Cornelius; M. C. Gage, Salem.

The St. Charles—J. Smith, city; G. N. Coeswell, Corvallis; G. W. Taylor, Castle Rock; G. Kellen, city; G. H. Swone, Aurora; Noah Welty, Hubbard; Sadie Thurston, Astoria; L. W. Elepell, Oak Point; Paul Deuber, Sandy; Ben F. Watkins, city; E. Bowman, Mrs. C. H. Payne, Newberg; E. P. Berdine and wife, Willamette; J. Smith, city; R. McClellan, Kelso; H. Tursen, city; G. W. Ott and wife, I. M. Ott, Hartland; J. G. Morgan, F. S. Wilson, city; J. W. Maller, T. J. Savage, Cleone; W. E. Watt, Armaville; D. C. Cushing, city; N. E. Moffitt and wife, Clackawmas; B. F. Bond, O. H. Larsen, city; D. S. Whiteford, Cape Horn; I. Rieschel, Dan Wright, S. R. Doris, city; William J. Hall, Spokane; J. M. Burkhead, W. F. Pulliam, Clatskanie; E. Trotter, Oak Point; O. M. Hatch, Vancouver; V. R. Hyde, Oregon City; Mrs. J. H. Carson, Ostrander; G. M. Fadden, Tacoma; E. C. Simpson, Centralia; J. S. Smith, Klondyke; Mrs. F. Rowell, Dallas; C. Witt and wife, Troutdale; M. C. Broaker, Hermiston; A. O. Rima, Vancouver; C. H. Burkholder, Cottage Grove; F. Glass, Redmond; M. Fay, city; J. H. McIntire, Seaside; G. N. Creswell, city; E. C. Crawford, Buxton; F. Johnson, Salem; C. A. Wright, Bemidy, Minn.; F. M. Blanchard, B. F. Hawley, Newberg; Mrs. May Warren, Salem.

Hotel Lenox.—Ralph A. Johnson, Chicago; William Ogden, Pendleton; R. W. Clubine, B. J. Powell, Astoria; J. B. Cartwright, Seaside; W. L. Miles, Seattle; C. T. Prall, St. John; Mrs. Emily, Troutdale; Claud Hollinger, Forest Grove; A. C. Gilman and wife, city; John B. Steele, New York; Charles C. Wilson, Hood River; R. E. Roy, Spokane; James J. Watson, Eugene; C. D. Hartman, Silverton; F. A. Zimmerman, Peoria, Ill.; J. P. Estes and wife, San Francisco; J. P. McKinney, Spokane; F. M. Swift and wife, Cementville; G. Osgood, Spokane; J. C. Gore, Chicago, Ill.; F. B. Harley, Hood River; W. K. Wood, Dayton, Ohio; W. S. Garfield, Seattle; G. A. Wilson, Denver, Colo.; A. T. Buxton, Forest Grove; J. P. Thomas and wife, Eugene; C. Hollinger, Forest Grove; Charles Thornton, city; R. O. Dover, Everett, Wash.

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P. M.—12:30, 1:10, 1:50, 2:30, 3:10, 3:50, 4:30, 5:10, 5:50, 6:30, 7:05, 7:40, 8:15, 9:25, 10:35‡, 11:45‡.

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