

# Starting a frontier newspaper required great optimism

## Editor's Note

In 2018, EO Media Group published an historical book by author William F. Willingham, "Grit and Ink: An Oregon Family's Adventures in Newspapering, 1908-2018" (<http://books.eomediagroup.com/grit-ink/>) Since its publication, the family-owned media company that owns and operates the East Oregonian has doubled in size, having recently acquired newspapers in La Grande, Baker City, Bend and Redmond. The following story is excerpted from this book and is part two of a seven-part weekly series.

### EO Media Group

The choice of George Pendleton as the namesake for the new town was unsurprising, given the politics he represented and the background of the community's early settlers. Most had emigrated from the South or border states in the decade following the Civil War. Senator Pendleton, during the Civil War, was aligned with the peace faction of the Democratic Party and served as the vice-presidential candidate with General George McClellan when he ran against Lincoln for



A copy of the East Oregonian from 1910.

the presidency in 1864.

In 1865, Pendleton voted in Congress against the 13th Amendment, which outlawed slavery. This dramatic event would later be immortalized in Steven Spielberg's movie, "Lincoln." Senator Pendleton later earned fame as the father of the modern federal Civil Service Reform Act of 1883,

which ended the "Spoils System" when selecting government employees.

On the western frontier after the Civil War, having a newspaper was a way of proclaiming that a town was real and here to stay. Along with schools and churches, a newspaper provided an important measure of civilization and

order. A newspaper also served as a potential unifying element and a sense of identity as it attempted to speak for the community. As one observer of the western scene noted, "just as every community in the land must ... have a railroad of its very own, so did every hamlet and crossroad in the West pant ... for its own newspaper."

Starting a newspaper in a frontier setting required great optimism. Success depended on the growth of the new country. Such a gamble was questionable during the national economic hard times that dominated much of the 1870s. With farm prices stubbornly low and transportation costs high, most Oregon farmers could ill afford a newspaper, even if it typically — like the *EO* — only cost \$4.00 or less a year. Moreover, all too often newspapers folded without warning, leaving subscribers and advertisers no refund.

To provide some sense of Mathew Bull's determination to succeed in the newspaper business in Pendleton, he secured the backing of four highly regarded local residents to guarantee subscribers against loss. J. H. Turner, a lawyer; A. Jacobson, a saloonkeeper; Lot Livermore and I. C. Disoway, merchants, provided the necessary assurance against financial harm.



Mathew P. Bull

Small town newspaper proprietors of that era spoke to their readers more directly, even bluntly, than a twenty-first century publisher would. As was typical of that era, Bull operated on a financial shoestring. Bull frequently printed appeals for payment of past due amounts. From time to time, Bull would remind his readers why they should support their local newspaper.

EOMG Photo

# Treasury unveils plan to privatize Fannie Mae, Freddie Mac

By MARCY GORDON  
Associated Press

WASHINGTON — The Trump administration has unveiled its plan for ending government control of Fannie Mae and Freddie Mac, the two giant mortgage finance companies that nearly collapsed in the financial crisis 11 years ago and were bailed out at a total cost to taxpayers of \$187 billion.

The administration's plan calls for returning Fannie and Freddie to private ownership and reducing risk to taxpayers. That while preserving homebuyers' access to 30-year, fixed-rate mortgages, a pillar of housing finance. The Treasury Department published the plan Thursday and submitted it to President Donald Trump, who called for it in March.

While not prominently in the public eye, the two companies perform a critical role in the housing market. Together they guarantee roughly half of the \$10 trillion U.S. home loan market.

Fannie and Freddie, operating under so-called government conservatorships, have become profitable again in the years since the 2008 rescue and have repaid their bailouts in full to the Treasury.

The administration initially looked to Congress for legislation to overhaul the housing finance system and return the companies to private shareholders. But Congress hasn't acted, and now officials say they will take administrative action for the core change, ending the Fannie and Freddie conservatorships.

The new plan would make the companies privately owned yet government "sponsored" companies again. Their profits would no longer go to the Treasury but would be used to build up their capital bases as a cushion against possible future losses.

## WHAT ARE FANNIE MAE AND FREDDIE MAC AND WHAT DO THEY DO?

Before the Great Depression of the 1930s, financing for mortgages was mainly provided by life insurance companies, banks and thrifts, with little government support. Fannie was created in 1938 to buy loans issued by the Federal Housing Administration. Freddie was established in 1989.

They are called government-sponsored enterprises. Before they were taken over



AP Photo/Manuel Balce Ceneta

The Trump administration has unveiled its plan for ending government control of Fannie Mae and Freddie Mac.

in 2008, they were private companies but still enjoyed an implicit guarantee that the government would step in and rescue them if they failed. That's what happened after the collapse of the housing market and the wave of mortgage defaults.

The companies don't

make home loans. They buy them from banks and other lenders, and bundle them into securities, guarantee them against default and sell them to investors. Because the companies are under government control, investors are eager to snap up the "safe" securities.

## WHY DOES THE TRUMP ADMINISTRATION WANT TO END GOVERNMENT CONTROL?

Administration officials say the government should have only a limited role in housing finance, and that the

current system leaves taxpayers exposed to potential bailouts again. Some lawmakers, both Republicans and Democrats, agree with that view.

Senior Treasury officials told reporters Thursday that the government's far-reaching power in this area means the Federal Housing Finance Agency can determine who gets a home mortgage, the price and terms of the loan, how it is made, and then serviced and what happens if a borrower defaults.

## WHAT IS THE ADMINISTRATION PROPOSING?

There are nitty-gritty details of housing finance in the plan, but the central change is ending the conservatorships. Officials haven't given a timeline for the administrative action.

Mark Calabria, the director of the FHFA, indicated recently that it wouldn't be any time soon, and likely after 2020. Some conditions will have to be met for the

companies to be "ready to exit," he said. They include ensuring the companies have sufficient capital to operate, and to continue on their own in the event of a severe economic downturn.

## ARE THERE CONCERNS WITH THE NEW APPROACH?

Some critics have expressed concern that the new capital requirements for the companies could cause them to increase their fees for guaranteeing mortgages, potentially raising borrowing costs for homebuyers.

Sen. Sherrod Brown of Ohio, the senior Democrat on the Senate Banking Committee, called the new plan "another industry giveaway that would destabilize the economy ... and limit access to mortgages for working people across the country."

"President Trump's housing plan will make mortgages more expensive and harder to get," Brown said in a statement.



Karen King  
Pendleton, Oregon

I got screened.  
Now, I'm talking about it.

Screening can prevent colorectal cancer or catch the #2 cancer killer early when it's highly treatable. Most people get screened because they're encouraged by someone they know and trust. So if you've been screened, please talk about your experience. And encourage others to get screened too.

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