

== FOR 1891 ==

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HOFER BROTHERS, - - - Editors.

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HON. T. T. GEER.

His Address at McMinnville
Farmer's Institute

ON THE MORTGAGE TAX LAW.

Dissecting the Inconsistencies of the Portland Oregonian.

MR. PRESIDENT:

It would not be proper at this time to discuss a question of a political nature, unless it be one that affects farmers as a class. I trust I will not be regarded as going beyond the latitude allowed me if I consider briefly the mortgage tax law of our state and its effects on the farmers.

A tremendous effort has been made during the last few months by several of our leading newspapers to influence public sentiment in favor of the repeal of this law, urging as a reason that its effect is to keep outside capital from coming among us and that Washington and California, owing to their liberal laws on this subject are reaping the benefit of an influx of capital that would otherwise come to us. All of which I am inclined to doubt or if it be partially true, then I question the effect claimed by the opponents of the law. During the past five years western Washington and some parts of California have experienced an abnormal and feverish growth, which in some respects, has surpassed anything we might claim in Oregon, but we had better be in our own shoes than in others. There are at least two reasons for this aside from any law in the case. Washington is a much younger community in point of settlement than Oregon and this fact alone will account for her attaining a greater share of immigration from the East. Oregon has been comparatively thickly settled for thirty years, and has for thirty-eight years been gorgeously arrayed in the habiliments of robust staidhood, while Washington has been compelled to subsist on the crumbs which have fallen from the second table of incomplete self-government.

These retarding conditions have been recently changed, and taken in connection with the great era of railroad building of recent years, and in well known concentrated efforts of those roads to direct travel and capital to that section, easily account for all the unhealthy activity that has characterized our sister state within the past few years. It can be truly said that if the laws of the two states had been exactly the same during all these years. Washington, for the reasons I have given, could have experienced the same marvellous growth, and apparent excess of improvement over us.

So for California, it has already fallen, so far as Los Angeles, Pasadena and its many other boom cities are concerned, into that "innocuous desuetude" that will before many years surely overtake Tacoma, Seattle and many other cities of Washington, which are now enjoying a mushroom growth at the expense of men who are paying an exorbitant rate of interest for the use of millions of dollars that belong to Oregon capitalists.

The allegation that under the operation of our mortgage tax laws money is being largely drawn from our state to Washington, while it may be true, only serves to prove that our sister state is a money lender's paradise and therefore the money borrower's place of future punishment.

If outside capital, as it is called, as well as a large share of our own, seeks investment in Washington, in preference to Oregon, it only proves that it realizes a rate of interest in excess of our legal limit. Indeed, I have myself seen notes in the possession of Salem bankers given in Washington which plainly called for 17 per cent, per annum. Now, any farmer knows that he cannot afford to pay any such sum for the use of borrowed money. The general tendency of the times is in favor of a reduction of the rate of interest, and if, as plainly shown by the facts shown, the absence of a mortgage tax law creates a tendency in the opposite direction, then the best interests of the state call loudly for the retention of the law.

The general objection to the law in question is not well founded, being both superficial and artificial. If it should be repealed, the law would still require the taxation of all promissory notes, and since every mortgage is but a representative of such note, every lender would still

be required by law to pay exactly the same amount of tax on the same loan. So where are you going to locate the unjust burden on capital inflicted by the mortgage tax law? The amount of tax exacted by law on every loan would be precisely the same with or without the law. The only possible difference in the situation effected by the repeal of the law would be that without it, notes, not being a matter of record, could be concealed, and thus made to escape taxation, while mortgages, being cumbersome articles of merchandise are always where the assessor is quite likely to stumble over them. And I deny in the name of the farmers of Oregon, that we are behind our sister state in any line of business which is the legitimate outgrowth of judicious effort. In every respect the farmers of Oregon are decidedly more prosperous than those of Washington, and indeed, I believe it has never been claimed by the most enthusiastic supporters of the repeal of the mortgage tax law that the phenomenal growth of Washington has been felt anywhere than in her cities, but we have the very best testimony that our own Portland has had a steadier and more permanent growth than any city in Washington.

At the ceremonies attending the laying of the corner stone of the \$500,000 city hall the distinguished editor of the Oregonian delivered a very able address in which Portland's superior growth was shown in brilliant, but truthful colors. In the course of that address occur these passages:

A FIRM AND SOUND BASIS.
"The city has a firm and sound basis in the solid character and conservative habits of the people. Perhaps at times we have not moved fast enough. But this has had its advantages in preventing us at other times from moving too fast, as new cities are wont to do. While Portland cannot be carried off her feet by any speculative excitement, yet she is keeping time with the growth of the country, and perhaps in solid achievement exceeding it. Her progress is steady; it does not proceed by fits and starts.

"If one wishes to get an estimate of the strength of Portland, of the position of Portland among the cities of the Pacific coast, let him go abroad into other cities and into the country at large, hundreds of miles from Portland. He will find that the esteem in which Portland is held surprises himself. All true and loyal Portlanders believe in their city; but Portland's neighbors as a rule, believe in Portland more than we do ourselves; have a higher estimate of Portland than some of us in our fits of impatience entertain. We have no uncertainties here, no shams; in the makeup of the city there is no pinchbeck material. Of pretension, of mere display there is nothing. But of things solid and substantial, without ostentation, this city presents an example that is "prouder than rustling in unpaid for silk."

NO SPECULATIVE RASHNESS.
"There is a difference between the energy of judgment and the energy of speculative rashness. Portland is her own proprietor. She has never mortgaged her future for a temporary advantage. She has not erected buildings that were not wanted. She has kept her money in trade and industry, instead of trying to get up "booms" with it. Opportunities, no doubt, have been lost or overlooked, that a more venturesome spirit would have seized, but, on the whole, the results have been ample and safe. Our people have created a sure basis of uninterrupted prosperity.

"Of the future of Portland, there is small danger now of indulging anticipations too great to be fulfilled. A basis has been laid for extraordinary growth, the era of which is just opening upon us. All that has been achieved thus far is small, in comparison with results soon to appear. Portland doubled her population from 1860 to 1870, more than doubled it again from 1870 to 1880; tripled it—and, including the suburbs, much more than tripled it—from 1880 to 1890. Ten years hence we may expect here a population of 200,000; and this, no extravagant expectation, may easily be exceeded. Public spirit begins to second and sustain private enterprise as never before."

Now could anything more powerful than these sentences be written, to show that instead of the mortgage tax law working to retard the country, has been really a steady force to prevent, as this editor says, "an extraordinary overgrowth in short periods of booming," and the authority I have quoted is the very best there is in the state.

This "extraordinary overgrowth in short periods of booming" is always the direct result of an unusual flow of capital into a country. Our mortgage tax law is said to be a principal factor in causing such a flow into Washington, hence is directly responsible for the "short period of booming" that now afflicts that state, and for the escaping of which Portland is so heartily congratulated by the chief editor of the state.

Our mortgage tax law is no barrier to the coming of any capitalist, who really wants to pay his share of taxes on his property; and if he wants to escape taxation, we do not want him; therefore I shall vote to retain it on our statute books.

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