

ANNOUNCEMENT

The undersigned has closed a deal for the purchase of the stock, good will and business of the Capital Lumber Company and will take possession November first.

We wish to assure the public that every effort will be made to please, both in quality and variety of stock and in service rendered.

Our General Office will be removed from 299 North Commercial street to the former office of the Capital Lumber Company at 349 South 12th street.

Further announcements will be made as soon as our plans shall have been matured.

Falls City-Salem Lumber Company

349 South 12th St.

Salem, Oregon

Phone 813

Oregon Land Grant and Water Power Problem

By George Palmer Putnam.

On Wednesday afternoon the Oregon-California land grant question and the western water power problem as related to the Ferris bill were explained to the State Federation of Women's clubs by George Palmer Putnam, private secretary to Governor Withycombe. Mr. Putnam stated that he was presenting the subject dispassionately and not arguing for one side or the other.

Mr. Putnam's address follows: Your president has asked me to set forth briefly the history and pertinent facts connected with the so-called land grant case, and also the questions of western water power utilization hanging on the Ferris bill.

These two subjects are probably the most important before us today, so far as the fundamental physical development of the state is concerned. It is quite impossible to present them with any detail in the twenty minutes allotted me.

I will, therefore, simply sketch them in very rough outline, so that those of you who are not already familiar with the involved subjects will at least have a ground work upon which to base future study and discussion.

As you all know, when the west was young, railroad construction was encouraged by the donation of land. The government made it a practice to give companies building through unsettled regions alternate sections of land adjacent to their tracks.

In 1866 congress authorized such a subsidy or land gift to encourage the construction of a railroad north and south through western Oregon. The beneficiary of this grant was the Oregon & California railroad company.

The picturesque story of the fight between early promoters to get the grant for themselves is too long and involved to relate here. For a brief, accurate and interesting account of the matter I refer you to the September issues of the Oregon Voter.

There had been great scandal in connection with the Union Pacific and other big grants, and in this one there was inserted a "settlers clause" which specified that the beneficiary of the grant must sell the land to actual settlers, in parcels of not more than 160 acres to each settler, and for not more than \$2.50 per acre.

you note occupy so much of the space in western Oregon.

The lands were cruised and frequent sales of tracts larger than 160 acres—the maximum, you will recall, permitted under the settlers' clause—were made. In this connection it must be remembered that land sales were made as early as 1872 for more than \$2.50 per acre, and as early as 1875 in parcels larger than 160 acres. In other words, even at those early dates, the settlers' clause was violated; and the queer feature in connection with this was that when reports of these illicit sales were filed with congress, no objections were raised.

In 1903, all the unsold grant lands were withdrawn from the market, pending a new appraisal or cruise. In 1906, the records of this cruise, compiled at a great cost, were completely destroyed in the San Francisco fire. Thereafter, the company continued to keep the lands off the market and proceeded to make a new cruise.

Roughly stated, this meant that about two and a half million acres of land in western Oregon was held back from possible development. Much of this area was desirable from a settler's viewpoint, and when would-be purchasers were refused the opportunity to buy these dormant acres, and communities discovered their growth was being held back through this policy of non-sale, a state-wide agitation ensued. As a result the state legislature of 1907 put through a resolution memorializing congress to direct forfeiture proceedings. In 1908, congress, by joint resolution, instructed the attorney general of the United States to enter suit for forfeiture of the grant. The suit was entered in the United States District court at Portland, and in that court a decree of forfeiture was granted. In other words, roughly speaking, the court held that inasmuch as the railroad had broken the covenants of the settlers' clause it should forfeit right to the granted lands.

However, the railroad appealed the case to the supreme court, which reversed the decision and declared the company to be the owner of the land, but ruled that as owner it had no right to dispose of the lands except as prescribed in the settlers' clause of the grant. Further, it gave congress six months' time to provide rules for carrying the settlers' clause into effect.

Ever since the decree of forfeiture was entered by the district court in Portland, the railroad stopped paying taxes, and by the end of this year nearly a million and a half dollars of unpaid back taxes will have accumulated. Naturally this has hit hard the counties embracing large areas of grant lands, and the state as well.

The settlers' clause of the original grant is the pivot upon which turns the whole big problem. That clause, you remember, stated that the lands must be sold to actual settlers, in parcels of not more than 160 acres to one settler, and at a price not greater than \$2.50 per acre. Now the supreme court has practically reaffirmed the provisions of that clause, and has directed congress to provide ways and means whereby they may be fulfilled.

As stated before, these provisions have been disregarded. For instance, the 800,000 odd acres already sold were disposed of at an average price of \$5.25 per acre.

Southern Pacific attorneys contend that under the supreme court decision the O. & C. company is owner of the unsold grant lands, subject only to restrictions when it sells same. In other words, the company can do what it likes with the lands, they say, provided it does not sell them for more than \$2.50 per acre or in quantities of more than 160 acres to a single purchaser.

Apparently, the supreme court's decision puts up to congress the question as to whether or not the company may sell the timber off the lands.

There is nothing in the decision which will require the company to sell its lands in any given time. In other words, as matters now stand, the company, apparently, may hold its lands unsold forever, if it sees fit.

It is perfectly patent that a large proportion of the unsold lands are worth far more than \$2.50 per acre. The United States supreme court in its decision gives an average per acre value of \$12.00. The assessed valuation, as reported by the Oregon State Tax commission in 1915, averaged \$10.47 per acre.

On the land thus far sold the railroad's total receipts have been in excess of \$5,500,000. Its expense in cruising, administration, taxes paid and unpaid total about \$5,500,000, an amount practically equal to what it has thus far received.

A great many theories and plans have been advanced. It has been suggested that congress pass legislation hastening the sale of the land, and in such a way that the excess of the amount received over the railroad's equity be given either in part or in whole to the state for its school and other funds. Some there are who would have the company forced to immediately place its lands on sale at \$2.50 an acre, and no more, and then, presumably, establish who was to get first choice at the best tracts through a lottery or similar scheme. Under this head, it should be remembered that there are hundreds of settlers who have "squatted" on these lands, many of them in good faith, thinking they could purchase them on the \$2.50 per acre basis; these feel they are entitled to a preferential right in obtaining the 160 acre tracts they are occupying. One plan was advanced that the state bond itself, buy the lands outright from the railroad at a stipulated price—assuming that congress would make possible such a transaction—and then sell to actual settlers at market value, the state retaining for its school and other funds the large profit which, on paper, seems assured from such a transaction.

To discuss the entire question, and, if possible, to formulate some expression of state-wide desire in the premises for the advice of congress, there met in this room, in the middle of September, a conference. It was called

by Governor Withycombe and was representative of all the counties directly interested, and of the several organizations properly concerned with the matter. After two days of oratory, debate and general enlightenment, two resolutions were passed; the first addressed to congress, requested that the original terms of the grant be enforced; that is, that the railroad be compelled to comply strictly with the provisions of the settlers' clause; the second empowered a committee, headed by the governor, to confer with Southern Pacific representatives, to come to some understanding, if possible, so that the lands could be opened to prompt settlement and development. This conference will be held here on November 15.

It is said that the wisest man, under any circumstances, fears to predict in advance what congress will do. In this case, the difficulties of prophesying are especially apparent.

One fact at least was brought out clearly at the land grant conference; namely, Oregon is practically united in its hope that no steps will be taken which might place all or a part of these lands in forest reserves. On this head the fear has been entertained that congress might do what it has been suggested that Oregon does; that is, buy the land outright from the railroad. If the nation did this, influence by the eastern congressional majority enthused with conservation theories, the development of these many acres would be still further removed.

I have given you a very crude and hasty sketch of this land grant question. I have omitted much that should be considered. I have tried to set the matter before you dispassionately, arguing neither for one interest or plan as opposed to another. The fate of two and a half million acres of land, much of it productive, is a subject which the citizens of Oregon should be vitally concerned.

I was also asked to say a few words about the question of western water power development, as affected by the Ferris bill. This subject, you recall, was threshed out exhaustively at the recent water power conference of western states, held in Portland in September.

Water power experts, able engineers and distinguished statesmen devoted hours at that conference to single details of the big complex subject. I have now about four minutes left in which to cover it all!

In a nutshell, there is before congress a piece of legislation called the Ferris bill. Roughly speaking, it proposes that water power derived from streams running through federal lands be regulated more or less absolutely by federal authorities. It proposes to lease to developing companies any such water power, the lease—as the bill now stands—to last for fifty years. At the end of that time, if it seems fit, the government can buy the plant and business of the lessee, after appraisal. During the term of the lease, the operating company would be paying a special tax to the federal government, on the power it developed and the business it did.

The Ferris bill is backed by Mr. Lane, secretary of the interior, and by the Democratic majority in congress.

It is claimed to safeguard our water-powers and to retain a public interest, or ownership, in them, as opposed to independent private development. Intrinsically, it is an expression of federal control as opposed to that of the state. Curiously, it is the party of Andrew Jackson, the first exponent of states' rights, which is fathering this legislation quite contradictory to such principles of individual state sovereignty.

Those opposed to the Ferris bill as it now stands—may, of course, be unscrupulously material—and who are fundamentally against the principles involved, declare that the state should itself manage the utilization of its own resources.

Exponents of the state rights theory declare that even though the government control the lands through which the rivers pass at the point where it is proposed to develop power, it is unjust for the government to attempt to thrust down the mouth of the state a burdensome system for leasing the waters which are its own and establish a bureaucratic administration of internal state development from Washington. The state is able to care for its own resources, they say. To them the provisions of the Ferris bill mean primarily enlarging the scope of the principles of that sort of federal conservation which in the past has done so much to throttle the development of the west.

Conservation of this kind, long-distance regulation and the encouragement of the forest reserve plan at the expense of the man on the ground is not desired, say they. And as an illustration of what too much federal control and too much conservation has already done for us, they cite the lesson of that map. Eighty over 50 per cent of Oregon today is untaxed. Some of this untaxed area, of course, is land now open to settlement, and some of it is Oregon-California railroad land. But 22 per cent of the area of Oregon is safely removed from taxation and development in the federal forest reserves.

The best that I have been able to do is to give you an introduction, so to speak, to these two big questions. I hope you will find it worth while to strike up a real acquaintance! You ladies who now are voters and who are devoting so much time to intelligent discussion of affairs of state-wide importance will may familiarize yourselves with the many issues involved in the land grant and water power problems, as they are certain in the future to be linked with the economic and political history of our state, and much of that history is bound to be made by Oregon women.

FALLS CITY NEWS

(Capital Journal Special Service.) Falls City, Or., Oct. 30.—Louie Balbie, a Sarvian, was arraigned in Squire Hubbard's court Thursday morning on the charge of bootlegging. He entered a plea of guilty and was assessed a fine of \$50, and cost amounting to \$12.75. Having no money to pay his fine he left, with his hands securely handcuffed, in company with Sheriff Orr for the Polk county boarding house where he will have a rest of 25 days. Balbie was accused of selling the liquor

at a dance at Joe Gages on the 13th of September, during the hop picking season. He is said to have been engaged in the illicit traffic of liquor for some time.

Mr. and Mrs. N. Selig will leave next week for the fair at San Francisco. Mrs. J. C. Talbott, Mrs. Edna Wickard and Miss Kate Kief visited with Dora Elkins at Dallas Tuesday.

Mr. and Mrs. Roy Black of Dallas visited Mrs. Black's parents, Mr. and Mrs. R. A. Titus, this week. Wm. Finley went to Portland on business Tuesday, returning home Thursday.

The sewing club will meet at the home of Miss Bertha Frink Tuesday. Mrs. John Walker entertained at her home Friday night to a dinner, Mrs. Edna Wickard and Miss Kate Kief of Chautau, Kans., J. C. Talbott and wife, and Miss Bertha Frink.

A dinner party was served at the home of Mrs. M. L. Thompson Saturday night in honor of J. C. and Mrs. Talbott, Bertha Frink, W. A. Graham, Norma Sutherland, of Salem, Mrs. Edna Wickard and Miss Kate Kief of Chautau, Kans.

KILLED A BIG BEAR

(LaGrande Observer.)

For some time a big bear has been committing depredations on sheep and stock on Beaver creek below the ranger's station, and last Saturday the ravages were finally stopped. A posse of men was organized on the Frank Hill road to hunt Mr. Bear to a finish—and they did. Several of them were present when the beast was cornered near Mr. Pender, a camp tender, and the first lead into the big fellow, and therefore claims the skin. The bear gave fight, and it was only when 20 distinct holes had been bored in his body he gave up, but in his fight came near to laying claws on one of the hunters. M. McMurray brought a new of meat to town Saturday evening and says that he has never seen a bear with so much fat on it, but says the meat was not delicious because of the age. The animal weighed over 500 pounds.

Whatever the soldiers of the allies are singing, it is to be presumed that "Deutschland Ueber Alles" is still found suitable by The Teutons.

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SOUTHERN PACIFIC

John M. Scott, General Passenger Agent, Portland, Oregon.

Oregon Day at Panama-Pacific Exposition
October 30