

II — FOR GOVERNMENT MONOPOLY

NORMAN HAPGOOD

THIS debate is not academic. President Coolidge in his message to Congress urges that we "dispose of" Muscle Shoals. The controversy over Boulder Dam is at its height. Senator Walsh of Montana is undertaking to place before the people of the country the facts about the capitalization methods of public utilities, and particularly of power companies. Professor Ripley's book, *Main Street and Wall Street*, is a powerful exhibit in the same direction. Maine has within her borders much of the water power of New England, and Samuel Insull of Chicago — head of the Water Power Trust of the United States — is making an earnest effort to take away from the people of Maine the control of the great natural resource that lies in falling water.

In New York State, Governor Smith has won most of his fights, but his attempt to make sure before he leaves office that the state has control of its water power has not yet been successful. Herbert Hoover has shown some sympathy with the Boulder Dam project, but in general is strongly opposed to government activity in the field of power. If it should happen that Hoover and Smith are nominees for the presidency next summer, the fundamental aspects of this vast, new question may be debated with extraordinary efficiency and value to the people of the country.

The United States, to be sure, is very rich. The people who live here inherited the ripe culture of Europe and applied it to a virgin continent with limitless resources. They developed these resources with energy and also with cupidity. Speed was looked upon as a merit in itself. If a few rich men built a railway before it was needed, they were praised for developing the country, and the enormous gifts exacted from the government in the way of land grants along the route were held to be a proper payment for enterprise. Oil came into the picture, and for a long time persons like Secretary Ballinger and Senator Fall, later Secretary Fall, who had a proper contempt for what they called socialism, and were devoted worshipers of private fortunes, were types to be admired. Our forests were torn down and lumber companies dominated the politics of various states from the Appalachians through Wisconsin, and to the Pacific Coast. If we are now suffering from floods because of the lack of forest lands, we have at

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least the satisfaction of knowing that everything was done that could be done to encourage the private monopolist to more strenuous efforts.

No doubt the United States was rich enough to stand a prodigality compared with which the expenditure of a drunken sailor takes on the look of Scotch parsimony. She could probably hardly be expected to treat the public domain with the carefulness shown in older lands like Denmark, Germany, and France. Nor could it be expected to mean much to her that Italy and Spain are suffering to-day in every square mile from the carelessness with which their forests were given away.

But this easy period of prodigality cannot last forever. We are not quite so happy as we were over the patriotism of the Ballingers, the Falls, the Daughertys, the Sinclairs, the Dohenys, and the Guggenheims. The story of the forests, of land and what lies under it, including oil, is entering another stage. The new giant of electricity is asking us now to treat him with the same courtesy with which Uncle Joe Cannon treated the various infant giants when he said that he saw no reason for doing anything for posterity, since posterity had never done anything for him.

The natural resource which now confronts us is a natural monopoly. Both sides to the present debate admit that giant power will inevitably extend across the borders of states, from one ocean to the other, and will extend even into Canada to the north of us and Mexico to the south. It will be impossible to use it to the best effect except by unity of control. The only question is — who shall control? Shall it be a private monopoly or a public monopoly?

There is no more important question likely to come before the voters next summer and autumn. The power question, including the related questions of water power and power generated from coal, affects every housewife in every city and town and village in the United States. Moreover, it affects the housewife who is not even in a village but in an isolated farmhouse, and it affects the farmer in his work in the fields. Either electric power is to be handled as it is handled in the Province of Ontario — where it is a direct part of the question of the cost of living and of the problem of agricultural life — or it is to follow in the tradition along which have been built up the vast monopolies which in this year of 1928 control our government.

During the present administration, the strongest influence in

Washington has been Andrew Mellon, who includes among his many interests the Aluminum Trust. There is a statute of the United States expressly designed to prevent such business men as Andrew Mellon from ever occupying the post of Secretary of the Treasury, because those early patriots who passed the statute felt that a public official ought not to be put in the position of administering governmental power for the benefit of himself and his business associates. President Grant sent into Congress the name of the great merchant, A. T. Stewart, for this position, and when the statute was called to his attention, Grant withdrew the nomination. We now ignore the statute and the principles on which it was based. We are inclined even to rejoice that we are governed by the concentrated wealth of the country.

The march of invention has done much to set us free from the slavery of long hours of work and from the monotony of existence, but it brings its dangers with it. There is no reason why we should cease to rejoice like the most enthusiastic Rotarian over every material step in advance, but there are reasons why we should also remember freedom and seek to retain it. Before turning over the power resources of the United States to Mr. Samuel Insull, we ought to ask not only whether he is going to put light and power into the kitchen more cheaply than we, the people, could do it for ourselves, but also whether we are anxious that Mr. Insull and his associates shall be the actual government of this country. Let us not forget the controversy in the United States Senate at this session over whether the last gentleman elected by Illinois to sit in that body should take his seat. The objection to his presence centered around the fact that he was chairman of a board supposed to regulate the activities of a board — a public board of Mr. Insull and other utility magnates — and that in spite of this delicate fact Mr. Insull contributed a small fortune to help place his friend in the United States Senate.

For some months there has existed an organization created by the electrical companies of the United States to represent in practice their political views. Recently, this organization has taken a whole floor in a large building in Washington and is now actively engaged in preventing Senator Walsh from getting his facts before the public; in helping President Coolidge see that Muscle Shoals is "disposed of"; in blocking the Boulder Dam project; and in opposing such state measures of protection as are being pushed by Governor Smith in New York and by leading

citizens in the State of Maine. It is estimated that this power-lobbying is spending \$25,000 a month in its educational activities. I am not objecting to the existence of this organization. I am simply using it to illustrate the relation between economic power and political power and asking the voters to take into consideration not only the very important facts about their electric light bills, but also the no less important problem of where they prefer to lodge the political decisions of this country.

Goethe, in his *Faust* gives an interesting speech to the devil. This thoughtful character observes that when it has turned out to be impossible to control mankind in any other way, it can usually be done by finding the right phrase. In the controversy over the best line to draw between private activity and the activity of a national, state, county, or municipal government, a few phrases have been worked very hard, among them "socialism," "government in business," "politics in business," and "governmental inefficiency." Very few people in this country wish to have things done by the federal government, the state government, the county or city government merely for the sake of governmental activity. Those who do so prefer are properly called socialists, and not many of them can be counted among us.

But there is a wide distance between the socialist and the person who worships private monopoly and the dictatorship of private monopoly in Washington and in the state capitals. Governor Smith spoke clearly from the standpoint of these liberals in between the two extremes in the course of his fight for better housing in New York City. His position was that if private capital should turn out to be enlightened enough to put an end to the physically and morally dangerous condition of housing in parts of the city, he would be glad; but that he wholly rejected the view that an evil not removed by private business should continue to exist when it was possible to use the state for getting rid of it.

His plan for the control of water power differs from the ideas of some of the liberal leaders in Washington. We are not now called upon, it seems to me, to decide the exact degree to which the federal government should control, develop, and operate electrical power. The possibilities range all the way between Governor Smith's restrained plan and the Ontario plan under which the government distributes power as far as the individual home. We have not yet reached the point where it is necessary to make a precise programme; but we have to decide, probably within

the next few months, whether the Government will go ahead with the development of certain great properties that ultimately will be part of a unified power activity of the United States, or whether these properties will be turned over to private interests.

The present lobby in Washington — like the publicity of our infant industries in general — is ever free in its charges that governmental activity is always inefficient. It is much busier and more persistent than anybody putting out propaganda on the other side. General Dawes did a really fine thing when he came back from Europe and received impatiently the talk about the inefficiency of our Government in the War. He stated that without the first-class work of President Wilson and Secretary Baker, the War could not have been won.

Propaganda factories never tire of talking about the railways under McAdoo. They say nothing whatever about the fact that one of their own pets of the past — Walker D. Hines who succeeded McAdoo — was full of admiration for what his predecessor had accomplished and was actually converted to a considerable degree of sympathy with the idea of government operation of the railways. McAdoo conducted the railways as part of a war effort. He did not leave freight cars sitting around in one part of the country until cargoes were ready for them. His whole purpose was to rush them from the point of supply to the port of shipment full of the things needed by our soldiers on the battlefields; and it was his duty, as he saw it, to ship in the best locomotives to the same destination. His record was a superb one, and the wholly childish method of judging it, put out by the publicity employees of the financial monopolies, is an example of the differences that arose in the way of clear public understanding.

A good many of us are old enough to remember the time when the Government took over the parcel post business. What a cry went up, not only from the express companies, but from all the other representatives of big business. Has the nation suffered irretrievably from the fact that we no longer have to rely on express companies to deliver our Christmas presents? Probably not even the lobby at Washington would ask us to go back to the days when letters were delivered by private enterprise. I wish somebody in that lobby would write a history of the Panama Canal, considering not only the building and the conduct of that canal under the American Government, but the efforts of private enterprise headed by De Lesseps to bring out the same result.

When I was a boy, it was socialism to breathe any reference to a possible municipal water supply or gas supply or street railway system, although even then the fire engines and police force were operated by the town. I have been in England a good deal, and although the differences of her situation are to ours as a thousand to one, I have not been able to observe that any harm is done when I go into a post office there to send a telegram and pay twelve and a half cents for it and have it delivered more rapidly and efficiently than my telegrams are delivered at home.

In Seattle, Washington, on the Pacific Coast, the cost of electric power is almost precisely half the cost in Spokane, and about one-third the cost in Walla Walla in the same state. Now, in one of these three cities there is a municipal power plant. Which city do you take it to be? Right, the first time — Seattle is the city that has the municipal power plant.

Evidence is coming to us all the time that the cheap rates in Ontario have meant the spread of electric power into the houses of the farmer whose hard-driven wife uses it to cook, wash, iron, and clean as she never has before. This means the elimination of chopping wood, carrying coal, ashes, and water, sweeping, blacking the stove, standing over it in the heat until, as Mrs. Anna Dennis Bursch sums up in her study for the National League of Women Voters, all that remains to that housewife is the interesting, stimulating part — the technical engineering.

Senator Norris, leading the fight to save Muscle Shoals, states that the power trust is in politics in the election of a Board of Aldermen in the smallest village in the country; it is in politics in the election of every governor; it is in politics in the election of every member of the House of Representatives and every Senator; it contributes liberally in every presidential campaign; and it never expends a cent without getting an enormous profit. According to Senator Norris, domestic consumers of electricity in the United States paid in 1926 an average of seven and one-half cents per kilowat hour, where consumers in Ontario paid \$.0185, which means that in electric light bills alone our consumers would have saved \$600,000,000 in one year at the Canadian rate.

Mrs. Cullom, as mentioned by the Senator, is the wife of a laboring man in Toronto. She lives in a house of eight rooms and uses more than five times as much electricity as is used in a similar home in this country. Mrs. Cullom sweeps her floors by electricity. All the year round she cooks her meals on an electric

stove, she washes and irons by electricity, and as for lighting she uses twice as many lights as we use in similar homes. By electricity she heats the water both for the kitchen and the bathtub. Her bill for a month was \$3.55. In the city of Washington, it would have been \$23.18; in Birmingham, Alabama, \$32.00; in Nashville, Tennessee, \$40.00; and in some towns in Florida, \$60.00 — all of these cities being in the district particularly interested, presumably, in the fate of Muscle Shoals.

Nor do these figures complete the story. The price paid by Mrs. Cullom includes a fee for amortization, which means that in thirty years there will be no capital investment to pay for, but merely operation and depreciation. Senator Norris asks pointedly: "In our country who ever heard of a private utility company amortizing its capital? Instead of reducing the capital on which consumers are expected to pay interest, the clamor and the practice always is to increase it to the limit and to take advantage of every excuse and every opportunity either fairly or unfairly to increase capitalism and thus indirectly increase profits."

Mrs. Cullom lived in a city. Ontario, like other parts of the universe, has on its hands the problem of rural life. The legislature chose to assist the farmer to the extent of paying out of the treasury one-half of the cost of transmission lines to carry electricity to the farm organizations. That is another story but it is an interesting matter about which those willing to worry about the farmer may do a little thinking.

Mr. Norris has a photograph of the farmhouse of Mr. B. L. Siple, whose Ontario farm consists of seventy-nine acres. When the Senator visited him, he was milking seventeen cows by electricity. He filled his silo by electricity, ground his feed, and pumped his water. Every cow in her stall had a bucket of water within her reach, and when she drank the water in the bucket it was filled automatically again. The barn could be lighted throughout by the pushing of a button. Water was running in the kitchen and in the bathroom, and Mrs. Siple was cooking on an electric stove while she was cooled by an electric fan in the summer time. She washed her dishes in water heated by electricity, and — like her sister in the city — was practically free from heavy drudgery. Electricity had practically saved Mr. Siple one hired man, and his wife a hired girl. The entire cost on the farm, barn, and house for a year was \$115.49, which included the amortization fee.

If we had been less free in giving away land, oil, gas, coal, and

minerals, there would be no income tax to-day. What happens when public rights are looked after is shown by the case of the Indians, those wards of the nation who are now receiving royalties to the extent of one-eighth or one-sixth of the entire oil production, certainly without any check on development.

I have spoken of the Panama Canal. Can the lobbyists find any difficulty with the construction of the great Roosevelt Dam or the Elephant-Butte Dam or the dam in Boulder Canyon? Mr. Samuel Untermyer observes that the United States Patent Office requires the ablest technical talent in the world and is a more complicated business than a hundred St. Lawrence power enterprises are. He rightly celebrates the success of the Port Authority in New York City, on which success the Governor is basing his plan for the control of water power. The man who is at the head of the effort to prevent the success of that plan is the same one who took the lead when he was in the legislature in endeavoring to grant to the power companies everything they wanted.

Seven per cent on its money is a mild return for an enterprising big corporation. Four and one-half per cent is plenty for a government enterprise. The Federal Trade Commission, in an investigation made under a resolution by Senator Walsh, found insiders making from thirty to two hundred and fifty per cent on stock that cost them nothing. Mr. Untermyer estimates that in his own state and city it ought to be possible for cooking, lighting, and heating to cost less than one-third of the present cost of coal, and he sums up briefly and pointedly the position taken by himself and by Governor Smith as follows: "The only way of avoiding the overreaching of the public would involve the ownership and operation by the state of the transmission lines to the point at which the current is delivered to the distributing companies."

So much for a concise statement of the situation which exists in the state where the fight has been most successfully conducted. Similar principles will apply in the national fight. When we have once won the basic principle, there will not be much difficulty in making necessary arrangements between the states, and between the states and the nation, and between our nation and Canada and Mexico. What we have to do now is to decide whether, in the case of an enormously valuable new force — which must in its nature be a monopoly — we care to keep that monopoly in our own hands or prefer to turn it over as a token of gratitude to Mr. Samuel Insull and his associates.



Scissor-cuts by Martha Bensley Bruère

HILL COUNTRY

Forum Prize Biographical Novel — I

RAMSEY BENSON

*These are the Gardens of the Desert, these
The unshorn fields, boundless and beautiful,
For which the speech of England has no name —
The Prairies.*

NOT a hill anywhere. A country so flat that in the spring of a wet year the melting snows and early rains linger for weeks undecided whether to drain off to the east or the west — eastward into the Minnesota, so to be started on their way to the Gulf of Mexico; or westward into the Bois de Sioux, whose waters fall at length into Hudson Bay.

In 1880 a treeless, trackless plain where nobody lived as yet. It was the tenth of June when Pick Overturf, four days out from the last sight of woods, drew up with his prairie schooner to let his horses drink from a kind of slough formed by the backwash of a sedgy little stream. Pick edged out along the tongue of the wagon to loosen the checks and while the horses drank he took a look about.

What he beheld was a monotony as of the sea in a calm, but that wasn't what affected him most. "Nary a grub to dig out and I reckon a body could plow a furrer a mile long and not strike