

not judging by the report that it spent \$20 million last year promotionally, most of which was devoted to its fight against TVA. To be exact in the matter, TVA, of course, does not compete with private power companies in their respective franchise-protected territories. The competition is merely by example and often it has been by inducement.

But it has been effective. The recent words of Mr. Hamilton Moses, president of the Arkansas Power and Light Company, reveal this. He said in *Business Week* (May 30, 1953) that his company "has been afraid of something like an Arkansas TVA for twenty years [and] has fought it by pushing rural electrification, by selling power to rural co-operatives cheaper than the Government's power system could, and by building Arkansas." Such emulation, Mr. President, is an eloquent compliment to the influence of the TVA example. And what better proof of the fact that the benefits of the investment in TVA are felt and enjoyed outside the Tennessee Valley?

#### **The Resale Clause**

If you were to offer the whole TVA generating and transmission system to private power interests today, under the same terms that TVA holds it, both with the government, and with its own customers, you would not find a taker. Private power mon-

ey wouldn't touch it! And the reason is the *resale clause* in the TVA Act.

It was not only, or even principally, the generation of cheap power in the Tennessee Valley that brought cheap electricity to the average consumer. It was the resale clause. It was those competitive free-enterprise conceptions: the TVA promotional rate and the TVA inducement rate. Those two little ideas incited a revolution in the power industry in America and restored competition, restored life to an industry moribund from monopolistic stagnation.

*(Editor's Note: TVA owns all the power-generation stations in its area. It does not own the distribution systems, which ordinarily produce most of the profits in a private power operation. TVA wholesales power to distribution systems owned by municipalities, co-operatives, and directly to a few big industries in the Valley.*

*When it sells its power to these customers, the TVA's contracts include a "resale clause." This clause fixes a ceiling price which the city or co-op can charge to the final user of electricity. TVA has generally set this "promotional rate" low enough to encourage more and more people to use more and more electricity, reducing the unit cost of producing and delivering power in the Valley. As one TVA expert put it, "All we*

*did was apply Henry Ford's idea to power—and it worked.")*

Mr. President, I say let the private power industry yell its head off at TVA—the situation is wholesome for both of them. But don't take their rage too seriously.

To take the TVA to be a pattern for nationalizing the power industry is to wholly misunderstand its significance. It is peculiar to the Tennessee Valley, where through intelligent conservation it has brought to us great economies in the use of our natural resources. It performs no service that has not been long performed through someone or another of the existing departments of the Federal government. It merely decentralizes these services to the regional level and places them in one agency.

It is a blessing of our windfall that we have low power rates; nevertheless, we pay our way. It is no inconsiderable national blessing that the TVA windfall provides this country with something of an electric power stockpile against emergencies. And finally, this unique Congressional mandate of which I have already spoken was to inspire the private power industry, not destroy it—the fact that the national average electric rates have been reduced by sixty per cent since TVA came into existence is evidence that it has and is carrying out that mandate.

## ***The Case of the Phantom Factory***

**DOUGLASS CATER**

THERE HAS recently appeared in the Tennessee Valley the report of an incident that gives a striking example of the devious but effective tactics currently being used by the opponents of TVA.

Early last June, Arthur E. Wooden, secretary of the Madison, Indiana, Chamber of Commerce, sat down and wrote angry letters to newspaper editors throughout the Middle West. He announced that the Fantus Factory Locating Service of New York had been dickering with Madison to

locate a new aluminum mill for one of its clients, which would mean employment for 1,400 Madisonites. It would also utilize 35,000 surplus kilowatts capacity of the private-enterprise steam-generating power plant being built there to furnish power for a great new atomic-power installation. Things were proceeding splendidly, according to Wooden, when suddenly he was informed by Fantus that "Madison in final tabulation had been scored second and that our failure to secure first choice recom-

mendation was due to the availability of a Tennessee Valley Authority power contract that would save it one million dollars a year as against the quoted low power price offered by the Public Service Company of Indiana."

Here, it seemed, was direct evidence to substantiate the charge often made against the Tennessee Valley Authority. The repercussions were immediate and widespread. On June 12, the United States Chamber of Commerce sent out a detailed

story in its Washington Letter captioned: TVA COMPETITION MAY COST INDIANA BIG INDUSTRIAL PLANT. The editorial writers of a dozen Midwestern newspapers took up the chant. It was BLOODSUCKING BY TVA, according to the Cincinnati *Enquirer*, and SCANDALOUS POWER GRAB, according to the Muncie, Indiana, *Star*. On June 15, the Associated Press carried a story date-lined Madison, Indiana, which was devoted exclusively to the remarks of Anthony Datillo, Jr., president of the Madison Chamber of Commerce. The story ended on a somber note: "If we have to continue to compete with cheaper power supplied by the taxpayers' dollar, we are going to lose other valuable industries."

"It seems a strange paradox," agreed William H. Book, executive vice-president of the Indiana State Chamber of Commerce, "and the TVA at the present time is trying to get more money for new steam generators."

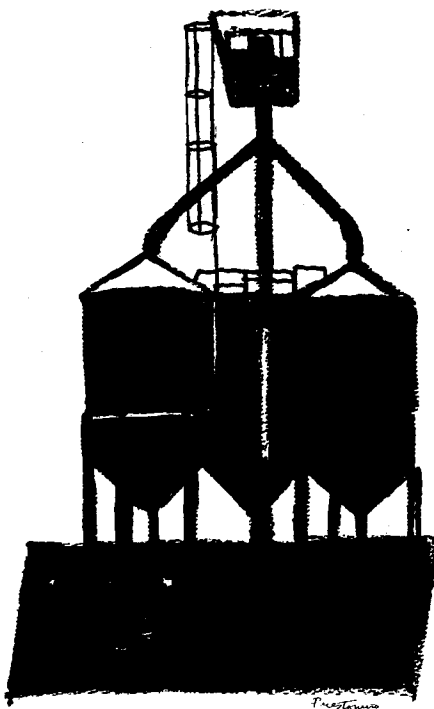
Indeed, this was precisely the time that TVA appropriations were being considered by the committees of Congress. Funds for the proposed new Fulton Steam Plant had already been chopped off by the Budget Bureau and there was a strong movement to cut still deeper. From the point of view of pro-TVA Congressmen, this attack could not have been worse timed. Indeed, it was only two days after the Associated Press carried its story that President Eisenhower at his weekly press conference chose to criticize TVA.

What made it so difficult to answer on short notice was that TVA officials were unable to discover the industry that they were accused of stealing. They had received a vague inquiry from Fantus some months earlier about a possible plant site, but there had been no identification or exact details of the type of mill to be built.

Early in July an enterprising reporter for the Nashville *Tennessean*, Nat Caldwell, decided the story needed to be double-checked. He called Arthur Wooden, of Madison, Indiana, the original complainant, for more specific information about the stolen plant. Wooden's response was surprising. "I'm still trying to find out if the industry was anything more than speculation," he replied. He said he planned to check further

to determine "if anybody ever planned to locate the prospective plant anywhere." The Fantus Plant Locating Service had told him there was such a plant, he said, and had advised him to "persuade the Federal government to go out of the power selling business." When Caldwell called Fantus in New York, he was told that Wooden had quoted remarks made in a "spirit of levity."

And so the case of the stolen aluminum mill ended. Neither the Associated Press nor the U.S. Chamber of Commerce bothered to send out a new story. The Fulton Steam Plant, scheduled to start operation in 1956, failed to get its appropriations restored. The White House continued to send out letters explaining the



President's concern about "industries from other sections of the country . . . wanting to move in and take advantage of the low-power cost resulting from TVA's monopoly in the Tennessee Valley region . . ."

THE ACCUSATION of industry stealing dies hard, even though TVA officials are prepared to offer documentary evidence that only eight industries, none from New England, have moved to the Tennessee Valley—a number that surely must fall well within the limits of normal industrial migration. The most widely cited exemplar of TVA "piracy," the

Massachusetts Knitting Company of Columbia, Tennessee, actually moved in 1931, two years before Congress had established the TVA.

TVA officials have no such difficulty documenting instances of industrial boycott of the region they serve. Early in 1952 the city officials of Mayfield, Kentucky, were eagerly soliciting a Westinghouse plant soon to be built somewhere in the South when they received word from the general industrial agent of the Illinois Central Railroad advising them, "Westinghouse will not go into any territory exclusively served by TVA. This is due to the fact that they have a large business with privately owned power companies." Enraged, the Mayfield Chamber of Commerce wrote to Fantus, which, by a curious coincidence, was serving as Westinghouse's agent. On February 1, 1952, the reply came back from R. F. Hay of Fantus: "With reference to your letter . . . I was under the impression that we had told you that we were forced to give up Mayfield since our client instructed us to pass up any territory served by TVA."

ON THE SUBJECT of TVA "socialism," there have recently come to light the results of a poll sponsored by the Electric Companies Advertising Program and conducted by the Opinion Research Corporation in 1949, shortly after President Truman's reelection. Its purpose was to get a sampling of opinion on the issue of public versus private power. E.C.A.P. published a booklet stating conclusions reached from that poll. The booklet reveals that sixty-three per cent of the people polled recorded themselves as for TVA; only ten per cent were against. Sixty-nine per cent, however, thought "socialism" was a bad thing; only ten per cent thought it was good.

The booklet concluded: "From the preceding charts it is apparent that to link our fight to the TVA question would run us into a lot of opposition, most of it based on a lack of knowledge. But to link our fight to socialism is something else again. The people do not want socialism. We're on favorable grounds there. E.C.A.P. advertising in magazines and on the radio will stress the fight against the socialist state more in the future."

# The One-and-a-Half Party System in Greece

BOGDAN RADITSA

THE GOVERNMENT of Field Marshal Alexander Papagos has held power in Greece for more than a year now. This stability in Greek politics came as quite a surprise to me when I revisited the country last summer. Until November, 1952, weak coalition Governments came and went even more frequently in Greece than they do in France. But now 239 of Parliament's 300 seats are held by Papagos's Greek Rally, and the Opposition does not seem capable of offering much of a threat in the next election.

The Greeks have a passion for politics, and recalling the fiery debates I used to hear between monarchists and republicans, I expected to find most of my friends bewailing the restoration of the monarchy. But I found them almost entirely indifferent to the issue that used to divide the country. It took me almost no time at all, however, to realize that the Greeks have something new to worry about.

THIS DURABLE Papagos Government certainly corresponds very closely to what the U.S. State Department asked for. Nowhere have American representatives been as explicit about the rules by which they wanted elections to be run and what they wanted of the electorate as they have been in Greece.

Official American intervention in Greece began with the Truman Doctrine in 1947. Already exhausted after driving back an Italian invasion only to be flattened by the Germans, Greece was further racked by a bloody Communist rebellion. Greeks are still gratefully aware that without American military assistance their country would certainly have become another Soviet satellite.

The Truman Doctrine was followed by the Marshall Plan, and a nation whose per capita income is not much more than \$150 a year began to show some evidence of economic vitality. Everywhere I went people praised the roads and hydro-electric plants that have been built. All in all, the United States has spent \$2.4 billion in Greece in the last six years, \$1.5 billion of it in economic aid.

## From Right to Center

While so many dollars were being poured into Greece, American representatives in the field were bedeviled by the fickleness and complexity of Greek politics. After the Communist rebellion had been put down, the balance of political power shifted back from the Right to the Center. Constantine Tsaldaris's conservative

zelos, and the National Progressive Union, under the leadership of the late General Nicholas Plastiras. No single party was ever strong enough to rule by itself, and the minority and coalition Governments that succeeded one another were much too weak to cope with the problems that faced the nation. An indefinite continuation of American aid seemed the only hope for keeping Greece afloat. But this was a solution that the American representatives in Greece could not promise and that the Greek leaders could perhaps hope for but not rely on.

## Man on the White Horse

Then in the summer of 1951, as if in answer to a worried American diplomat's prayer, Field Marshal Papagos left the army and offered himself to the electorate at the head of the newly formed Greek Rally. No man was more respected in Greece than the old commander, who had performed valorously against both fascist invasion and Communist rebellion. It was to be a sort of crusade, rising above the petty factionalism of the politicians, something very much like the movement of national unity against all parties that General de Gaulle had launched in France.

Entering its first election in September, 1951, the Rally did quite well, polling more than 600,000 votes out of a total of 1,707,081 and seating 114 representatives out of a total of 258. But Papagos was no more capable than the other party leaders had been of forming a Government by himself, and he was even less apt to form a coalition Government with someone else. The result was another coalition of Center parties with Plastiras as Premier.

Before long, a hitherto little known Member of Parliament, Spyros Markezinis, who was understood to have had quite a lot to do with getting Papagos into politics, made electoral reform an important part of the aging Field Marshal's program. All previous elections had been held according to that curse of European politics, the proportional-representation system, which protects minority parties. Markezinis impressed a number of very influential people, including some of the American representatives in Greece, with a graphic description of how



Populist Party dwindled rapidly, while sizable gains were made by the Liberal Party, led by Sophocles Veni-