

Boulder Dam and the Public Utilities

by

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## TABLE OF CONTENTS

### CHAPTER I. INTRODUCTORY SURVEY OF COLORADO RIVER PROBLEMS

- I. Historical and geographical background
  - A. Historical introduction
  - B. Geographic features of Colorado River basin
- II. Evolution of the Swing-Johnson bill
  - A. All-American canal
  - B. Proposals in Congress
  - C. Activities of states toward development of basin
  - D. The position of Arizona
  - E. The Swing-Johnson bill
  - F. Contracts for sale of power and water
  - G. Continued opposition to bill
  - H. Power behind Swing-Johnson bill

### CHAPTER II. THE ATTITUDE OF THE POWER COMPANIES OF SOUTHERN CALIFORNIA TOWARD THE SWING-JOHNSON BILL

- I. The power companies and their attitude towards the project
  - A. The power companies serving Southern California
  - B. Development of the river favored by the companies
  - C. Power companies deny active opposition to the legislation proposed
- II. Arguments presented by the power companies on the development of the Colorado River
  - A. Arguments against the Swing-Johnson bill
  - B. Arguments for private development of the river
- III. Conclusion

### CHAPTER III. UTILITY PROPAGANDA REVEALED BY THE FEDERAL TRADE COMMISSION

- I. The utilities oppose an investigation
  - A. Relation of utility investigation to Boulder Dam
  - B. Activities of utilities in fighting the investigation
- II. Sincerity of utilities questioned
  - A. Facts the utilities failed to disclose
  - B. The utilities avoid a Senate investigation
  - C. Investigation weakens opposition to Boulder Dam

#### CHAPTER IV. THE UTILITY PROPAGANDIZING MACHINE

- I. The National Electric Light Association
  - A. Origin and purpose
  - B. Membership
  - C. Revenues
  - D. Outline of sections and committees
  - E. The Department of Public Information
  - F. The Public Relations Section
  - G. Related organizations
  - H. Influence widened by interlocking directorates
- II. Survey of two other utility associations
  - A. The American Gas Association
  - B. The American Electric Railway Association
- III. The Joint Committee of National Utility Associations
  - A. Origin and purpose
  - B. Revenues
  - C. High-salaried personnel
  - D. Special writers and experts engaged
  - E. Activities of Joint Committee
- IV. The state public service information committees
  - A. Why formed
  - B. Relation to national organizations
  - C. Illinois the first state committee
  - D. Activities of the state committees
  - E. Success and importance of state committees
  - F. Other organizations in utility propaganda structure
  - G. Comments on the utility publicity machine

#### CHAPTER V. FIGHTING BOULDER DAM THROUGH THE PRESS

- I. The use of news bureaus as agents of propaganda
  - A. Oxley telegram of January 7, 1927, initiates nation-wide propaganda against the Swing-Johnson bill
  - B. The Hofer News Service
  - C. The Darnall News Service
- II. Policies of certain newspapers with reference to Boulder Dam
  - A. Utility influences in metropolitan newspapers
  - B. Utility propaganda in the New England Press
  - C. Iowa newspapers reflect utility propaganda
  - D. Utility propaganda reflected in newspapers of other Middle Western states
  - E. Utilities appeal to the farmers through the newspapers
  - F. Opposition of the Los Angeles Times to Boulder Dam
  - G. Other newspaper opposition in Los Angeles
  - H. The newspapers of Arizona
- III. Propaganda in certain magazines
  - A. The Dixie Magazine
  - B. The Public Service Magazine

CHAPTER VI. LOBBYING AGAINST BOULDER DAM

- I. Utilities block Boulder Dam bill in House Rules Committee
  - A. Reclamation Committee of House reports bill out in December 1926
  - B. Speech of Representative Swing on utility lobbying
  - C. Representative Swing contacts members of Rules Committee
  - D. Utah withdraws from interstate compact
  - E. Hearst and Scripps-Howard newspapers turn spotlight on Rules Committee
- II. Other utility lobbying against Boulder Dam
  - A. The Senate filibuster of 1927
  - B. The Joint Committee and the power lobby
  - C. Friends of utilities in the government
  - D. Instance of a personal contact with a Congressman
  - E. Lobbying in the Governor's Conference in Denver
  - F. Utilities and party platforms of 1928

CHAPTER VII. UTILITIES DISTRIBUTE PAMPHLETS AND BOOKS IN OPPOSITION TO BOULDER DAM

- I. The circulation of pamphlets
  - A. Argument against government in business one against Boulder Dam
  - B. The pamphlets and their contents
  - C. Methods used in circulating pamphlets
  - D. Weekly digest of Joint Committee
  - E. The booklets by Frank Bohn
  - F. Senator Norris talks on utility propaganda
- II. Books
  - A. Aladdin U. S. A.
  - B. The Colorado River Compact
- III. Public speaking
  - A. Speeches deal with political questions
  - B. Speeches on Boulder Dam

CHAPTER VIII. FACT-FINDING COMMITTEE AND APPEALS TO ECONOMIC GROUPS

- I. Fact-finding committees with utility connections
  - A. The Utah Colorado River Fact-Finding Committee
  - B. The Colorado River Fact-Finding Committee of the University of Colorado
- II. Chambers of Commerce oppose Boulder Dam bill
  - A. The Chamber of Commerce of the United States
  - B. State chambers of commerce active against Boulder Dam

- III. Other economic groups and Boulder Dam
  - A. The Merchants' Association of New York, Inc.
  - B. The American Federation of Labor
  - C. Customer ownership and Boulder Dam
  - D. Insurance companies urge policyholders to support utilities

CHAPTER IX. THE FORCES WHICH SPONSORED THE BOULDER DAM BILL

- I. Introduction
  - A. Opposing forces in the Boulder Dam struggle
  - B. The triple alliance in Southern California
- II. Publicity and lobbying campaigns
  - A. The propagandizing organizations
  - B. Arousing enthusiasm for the Boulder Dam bill
  - C. Lobbying for Boulder Dam
  - D. Activities of the Hearst Newspaper Syndicate in the Boulder Dam struggle

## CHAPTER I.

### INTRODUCTORY SURVEY OF COLORADO RIVER PROBLEMS

It is the purpose of this thesis to set forth an account of the opposition of the electric light and power companies to the Boulder Canyon Project Act which was passed by Congress and became a law on December 21, 1928. The Act, in its original form, was first introduced in Congress in April 1922 and became known as the Swing-Johnson bill. The bill first aroused the wrath of the utilities because it was feared that the government was about to exclude private corporations from sharing the power privileges from the use of falling water at Boulder Dam. In reality, the power companies had looked forward to developing the power resources of the country themselves in conformity with such regulations as might be prescribed by the Federal Power Commission. Organized nation-wide utility opposition to the Boulder Dam Project Act, however, came at the close of 1926 after a provision for a government constructed power plant had been written into the bill, and the government was granted authority to engage in the power business to reimburse it for the cost of the dam. The utilities believed that this enterprise would establish a measuring rod for determining the cost of generating power and thereby initiate

further demands for reductions in their rate schedules.

The proposed Boulder Canyon project caused a great struggle between two opposing forces, with the whole area of Southern California and allied interests promoting the project. While the activities of both the proponents of the Boulder Canyon Project Act and those opposed to it will be discussed, the problems involved are so vast that, in the main, this thesis will deal with the private interests that opposed the legislation. Before going into these problems, however, it seems necessary for a clearer understanding of the material which follows, to discuss some of the historical and geographical features of the Colorado River, and also to give an account of the legislative developments which led to the passage of the Boulder Canyon Project Act by Congress. It is to this end that this chapter is devoted.

The Colorado River, often called the Nile of America, was discovered by the Spanish explorer, Hernando de Alarcon, in 1540. The history of its exploration is filled with accounts of thrilling adventure, starvation, massacres, and sensational discoveries. Perhaps the most famous explorer was Major John Wesley Powell, who began making expeditions down the river in 1868. The long series of disputes involving the Colorado may be said to have begun when Alarcon and his men argued over its dangerous character and the

possibility of its navigation.<sup>1</sup> For almost four centuries this snarling stream seems to have baffled the mind of man, and as late as the twentieth century a member of an earlier exploring expedition described it as "a veritable dragon, . . . defiant, fierce, opposing utility everywhere, refusing absolutely to be bridled by commerce . . . prohibiting mankind's encroachments" and heralding "the impossibility of human conquest."<sup>2</sup>

The Rio Colorado is formed by a junction of the Grand and Green Rivers in southeastern Utah.<sup>3</sup> The Green, until recently considered the upper continuation of the Colorado, heads in the timbered Wind River Mountains of western Wyoming,<sup>4</sup> while the Grand rises among the rugged Rockies of north central Colorado.<sup>5</sup> The source of each of these streams is in little groups of alpine lakes fed by water from the snow banks and glaciers which perpetually cover the high mountain peaks of these regions.<sup>6</sup> The melting of this snow accounts for floods, when more than 25% of the annual run-off of the river occurs within a thirty-day summer period.

With the continuation of the Green River, the total length of the Colorado is about 1,750 miles. It flows in

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1. Dellenbaugh, Frederick S., The Romance of the Colorado River, pp. 13-16.

2. Ibid., p. 2.

3. LaRue, E. C., Colorado River and Its Utilization, p. 12.

4. Ibid., p. 36.

5. Ibid., p. 38.

6. Ibid., p. 12.

a southwesterly direction across the northwestern part of Arizona and thence south into Mexico, where it empties into the Gulf of California about 120 miles below Yuma.<sup>7</sup> It is an international stream. Important Arizona tributaries of the river are the Williams, the Little Colorado, and the Gila rivers. These carry an average of 3,370,000 acre feet of water annually.

The country drained by the Rio Colorado and its tributaries constitutes the Colorado River basin, an area comprising 244,000 square miles.<sup>8</sup> This vast region is divided physically and climatically. Its lower third lies very little above sea-level, while the upper two-thirds, excluding the high mountainous regions which reach above 14,000 feet, has a general elevation of 4,000 to 8,000 feet. The line of demarcation between these areas is often well defined. "Sometimes it is a bold escarpment, in other places it is complicated by folds and groups of eruptive mountains."<sup>9</sup> Basically, this physical difference prompted the division of the drainage area into the two groups known as upper basin and lower basin states.

The possibilities for irrigation in the various political divisions of the entire basin are shown in the

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7. Senate Document No. 142, 67th Congress, 2nd Session, Problems of Imperial Valley and Vicinity, p. 2 (1922)

8. LaRue, E. C., op. cit., p. 12.

9. Powell, J. W., Explorations in 1873, p. 20.

following table, the figures being as of 1920.<sup>10</sup>

	<u>Acre Ft. Irrigated</u>	<u>Additional Possible</u>	<u>Total</u>
<u>United States</u>			
Wyoming	367,000	543,000	910,000
Colorado	740,000	1,018,000	1,758,000
Utah	359,000	456,000	815,000
New Mexico	34,000	483,000	517,000
Arizona	501,000	676,000	1,177,000
Nevada	5,000	2,000*	7,000
California	458,000	481,000	939,000
Total, United St.	2,464,000	3,659,000	6,123,000
<u>Mexico</u>	190,000	610,000	800,000
TOTAL	2,654,000	4,269,000	6,923,000
Total:			
Upper basin	1,530,000	2,550,000	4,080,000
Lower basin	700,000	1,320,000	2,020,000
Gila basin	430,000	400,000	830,000

(\*The state engineer reports 80,000 acres additional possible irrigation, of which 50,000 are in the upper basin.)

10. Senate Document No. 142, 67th Congress, 2nd Session, Problems of Imperial Valley and Vicinity, p. 33.

The following is based on the report of an engineer of the Reclamation Service in 1924 giving the land irrigated in 1922 and a forecast of future development, which later was authoritatively stated to be under-estimated. This table is much more favorable to Arizona than the above.

Irrigated and Irrigable Acreages, Colorado River Basin in the United States

State	Irrigated: in 1922	Future additional devlpt. :Class A	Class B	Class C:	Ultimate Ir- rigable Area
Wyo.	235,000	:214,000	173,000	135,000:	757,000
Utah	386,000	:127,000	159,000	91,000:	763,000
Colo.	800,000	:409,000	688,000	363,000:	2,260,000
N. M.	50,000	: 15,000	13,000	380,000:	458,000
Nev.	7,000	: 2,000	5,000	10,000:	24,000
Ariz.	522,000#	:564,000	213,000*	506,000*:	1,805,000*
Cal.	458,000	:420,000	6,000	62,000:	946,000
Total	2,458,000	1,751,000	1,257,000	1,547,000	7,013,000

# Estimated. \*Includes Parker-Gila Valley, 632,000, classified as follows: Class B, 150,000; C, 482,000.  
Note:- Class A, Immediate future; Class B, Near future; Class C, Probable, but remote, future.

The possibilities for the development of power by the use of the Colorado River waters are very great. Ex-President Herbert Hoover conceives of "the development of probably 15 different dams on the Colorado River, the securing of 6,000,000 to 7,000,000 horsepower,"<sup>11</sup> but this will come only in the course of time.

As a result of the extreme variations in the elevation and character of its basin, the erosive nature of the soil, and the rapidity with which the snows of the Rockies melt under the summer sun, the waters of the Colorado River and its tributaries rush madly on their way, digging a labyrinth of canyons, and freighting tons of sediment to alluvial valleys and its fan-shaped delta at the Gulf of California. The River carries more silt than any other stream in the western hemisphere, measurements showing the average annual load of alluvial soil which it moves to its lower levels to be 120,000 acre feet.<sup>12</sup>

The Gulf of California once extended northwestward a few miles above the town of Indio, approximately 144 miles from its present head; but this silt-laden river threw up a huge dam across the Gulf, bisecting it north and south and creating the ancient Salton Sea.<sup>13</sup> Edgar Loyd Hampton,

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10. (Continued) This table was taken from the Report of the American Section of the International Water Commission, House Doc. 359, 71st Cong., 2nd Session, p. 18. (1930)
11. Hoover, Herbert, The Community Builder, March 1928, p. 11.
12. Hampton, Edgar Loyd, "The Battle with the Colorado," Review of Reviews, Vol. 66, p. 525.
13. Senate Doc. No. 142, 67th Congress, 2nd Session, Problems of the Imperial Valley and Vicinity, p. 7.

writing in the Review of Reviews, said:

"This sea in an indeterminate series of centuries, gradually decreased through a process of evaporation . . . , leaving in its place an area one hundred miles in length, some thirty miles in width, drought-stricken and dead, yet amazingly rich in agricultural possibilities. This dried-up lake bed, the future home of winter truck gardens and world-beating cotton and cantaloupes, which once was the bottom of the Pacific Ocean and later the basin of a huge impounding lake, is the far-famed Imperial Valley of the present day. And the significant fact, which has time and again spelled tragedy to many thousand souls, is that it lies from 50 to 287 feet below the level of the sea."<sup>14</sup>

Mr. Phillip Swing, co-author of the Swing-Johnson bill, in a hearing before the Federal Power Commission, stated that:

"Imperial Valley is placed in the bowl of a saucer, and the river running around looks into that saucer and from where the Imperial Valley takes its water out of the river down to the pit of that saucer, distant 70 miles, is a fall of 300 feet. From that same point down to the Gulf, distant sixty miles, is a fall of less than one hundred feet. The old law of gravitation has got that river with a downhill drag into Imperial Valley. The only certain thing about the river is its uncertainty. No one knows where or when it is going to strike."<sup>15</sup>

Not only have the vast silt deposits obstructed the outlet of the Colorado, causing it to change a dozen times within the memory of man, but the very bed of the channel is being elevated each year until in 1922 it was 14 feet higher than in 1906 when the breaking of a main levee caused a disastrous flood which inundated 50,000 acres of farms

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14. Hampton, Edgar Loyd, op. cit., p. 525.

15. Hearings Before the Federal Power Commission, No. 89908, p. 81. (1924)

and homes.<sup>16</sup>

The people of the Imperial Valley have made great efforts to restrain the threats of the river. Professor G. E. P. Smith of the University of Arizona believes that they cannot hold out much longer, and was of the opinion that:

"At least once every year, in June, and sometimes at other seasons, the river threatens to change its course from the Gulf of California to the Imperial Valley . . . . The only protection at present is the system of levees, called respectfully the first, second, and third lines of defense. Frequently the floods break through the first and second lines and reach the third line. . . . over one quarter of a million dollars is expended each year by the farmers of the Imperial Valley in this work. The limit will be reached soon. Levees 40 or 50 feet high cannot be maintained."<sup>17</sup>

Once the water pours into the Imperial Valley there is no escape but by evaporation. All of the cultivated land and the thriving towns of this region would be submerged without hope of recovery. The appalling destruction of such a catastrophe is at once evident when it is realized that the Imperial Valley is the largest single irrigated unit in the United States, and that the entire danger zone of the Colorado River is the home of more than 75,000 people who cultivate well over one-half million acres of land and have built more than thirty thrifty towns and villages. "The value of their annual crops exceeds one hundred million

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16. Hampton, Edgar Loyd, op. cit., p. 527.

17. Smith, G. E. P., Arizona Agricultural Experiment Station Bulletin 95, p. 536.

dollars, and the potential value of their homes, lands, and improvements more than \$800,000,000."<sup>18</sup>

The disaster in the Imperial Valley in 1906 was heralded throughout the country and resulted in President Roosevelt's recommendation to Congress on January 12, 1907,

"to enter upon a broad, comprehensive scheme of development for all the irrigable land upon the Colorado River with needed storage at the head waters, so that none of the waters of this great river which can be put in beneficial use will be allowed to go to waste."

Although army engineers and Department of Interior officials have had the Colorado River under their observation since 1857,<sup>19</sup> it was not until about 1906 that its development was seriously considered from an economic and engineering point of view.<sup>20</sup> Thus it might seem that the initial impetus for a gigantic Colorado River irrigation project emerged from a need for flood control, but it is another unique situation in the Imperial Valley which led to the introduction of the Swing-Johnson Bill in Congress.

Because of topographical conditions the main canal conducting water from the Colorado River to Imperial Valley crosses the international boundary into Mexico, where it extends from 50 to 60 miles westward with laterals at various points diverting water across to California lands.<sup>21</sup>

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18. Hampton, Edgar Loyd, *op. cit.*, p. 530.  
19. The Colorado River Commission of the State of California, *Colorado River and the Boulder Canyon Project*, p. 30.  
20. Olson, Reuel L., *The Colorado River Compact*, pp. 8-10.  
21. Wyer, Samuel S. (Consulting Engineer, Columbus, Ohio), *Study of Boulder Dam Project*, p. 7. Mr. Wyer was frequently employed by the utilities to make studies for them.

As a result of this condition, political and operating complications have developed. The concession from the Mexican government provides that when a foreign government becomes interested, the concession is automatically withdrawn. Levees must be maintained on the Mexican side and permission must be given by Mexican officials to transport warehouse equipment across the border; and also a duty is charged on each carload of rock that moves across the line for the levees. There is a contract allotting Mexican soil a right to one-half of the water flowing in the main canal so that, if this water should be increased, California lands would get only 50% of the increase. An estimate of the money spent by Americans prior to 1922 to maintain levees across the line reached 12 million dollars.

To remedy this situation the following methods were proposed:

1. A treaty might be made with Mexico explicitly defining her rights to water and the duties and requirements of the interested parties in both countries.
2. The United States might purchase the land in question. (There is a clause in the Mexican Constitution which would probably prohibit this.)
3. A canal might be built at the 2,000 foot contour which would divert the water to American lands in Arizona and California.
4. A main canal might be built on the California side of the international boundary.<sup>22</sup>

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22. Olson, Reuel L., op. cit., pp. 180-85.

It is the last method with which we are chiefly concerned. When the Imperial Valley project was investigated by the government in 1876 an army engineer thought a main canal entirely within the United States was possible. However, in 1892 the diversion of water down the Alamo River was considered more feasible by the developing company.<sup>23</sup> In President Roosevelt's message to Congress concerning the 1906 disaster he stated that the Imperial Valley would "never have a safe and adequate supply of water until the main canal extends from Laguna Dam,"<sup>24</sup> located on the Colorado River near Yuma, Arizona.

In 1912 private interests, led by Mr. Mark Rose, began the promotion of a scheme to get water for their lands in the Eastside Mesa District. Failing in an attempt to get water from the Laguna Dam in 1916, the idea of an all-American canal was developed. In 1918 the Imperial Irrigation District was able to make an arrangement with the Secretary of the Interior providing for an extension of the Imperial Canal to Laguna Dam, and pledged themselves to the building of an all-American canal. As finances were not available, no construction was done, and it was hoped that a board appointed in accordance with a contract between the

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23. Hearings, Committee on Irrigation and Reclamation, U. S. Senate, 68th Cong., 2nd Session, S. 727, A Bill to Provide for the Protection and Development of the Lower Colorado River Basin, Part 2, p. 251, Jan. 23, 1925.

24. Congressional Record, Vol. 41, Part 2, 59th Congress, p. 1029, Jan. 12, 1907.

Secretary of the Interior and the Imperial Irrigation District would report favorably for government construction.<sup>25</sup>

As a result of the investigating board's favorable report on the advantages of a main canal in United States territory, the Kettner bill providing for its construction was introduced in Congress in 1919. The bill failed to pass because it did not provide for storage.<sup>26</sup> Thus we see the justification for Representative Swing's statement before the Reclamation Committee:

"The all-American canal is the father of the Boulder Dam. There was any thought of legislation authorizing a big dam until we first came here and urged the all-American canal. Then, having the question raised as to the sufficiency of the water supply, the suggestion was made that it was necessary to have a storage dam to make sure of the supply for the lands."<sup>27</sup>

Before it could act intelligently on any of the problems presented by the Colorado River development proposals, Congress needed more data and, after the failure of the Kettner bill, this body, on May 18, 1920, approved the Kincaid Act, which provided for "an examination and report on the condition and possible irrigation development of the Imperial Valley in California."<sup>28</sup> Congress appropriated \$20,000 for this work and Imperial Valley contributed \$100,000. The

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25. Olson, Reuel L., op. cit., pp. 361-362.

26. Kight, Grace, Thesis, The Santa Fe Compact, p. 25.

27. Hearings, H. R. 2903, Part IV, p. 704, March 19, 1924.

28. Griswell, Ralph L., "Colorado River Conferences and Their Implications," Colorado River Development and Related Problems, p. 12.

Secretary of the Interior was directed to conduct investigations in the Imperial Valley for the purpose of determining the area and character of the unirrigated lands which might be profitably brought into production, and to make recommendations as to whether a dam on the river should be constructed by the United States. He was to report in detail the character and probable cost of a plan and, if it involved storage, the cost, location, and character of such storage.

In submitting this report to Congress on February 22, 1922, Secretary Fall stated that it had been delayed not only by "physical limitations but by human considerations."<sup>29</sup> He personally went to San Diego, California, where he held hearings on the subject so that free opportunity might be given for the expression of different views. Mr. Fall stated that he concurred most heartily in the recommendations of the report made, in part, as follows:

1. That the United States construct a high-line canal from Laguna Dam to Imperial Valley, to be reimbursed from the lands benefited.
2. That the government undertake the construction of a reservoir "at or near Boulder Canyon to be reimbursed by the revenues from leasing the power privileges incident thereto."

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29. Letter of Transmittal, Senate Document 142, 67th Congress, 2nd Session, 1921-22, Problem of Imperial Valley and Vicinity.

The opponents of the Boulder Dam had much to say about Imperial Valley, by its contribution of funds, influencing the selection of Boulder Canyon as the dam site. Officials of the Imperial Irrigation District, however, say the selection was made by the government's engineers.

3. That the Secretary of the Interior be empowered "to allot the various applicants their due proportion of the power privileges and to allocate the costs and benefits of a high-line canal."<sup>30</sup>

A noteworthy statement by Mr. Fall was that he found "virtual unanimity regarding the desirability of constructing the large project outlined in the report." His enthusiasm in making the recommendations and the nature of the report later aroused much suspicion. However, there is no proof that the report was not regular.

As great benefits would come to the people of the Southwest by the development of the Colorado River, they had given the matter a great deal of thought. The states concerned very early realized they should settle their differences among themselves. One of the agencies which fostered an agreement among the states for the development of the river was the Southwest League, which emerged as a permanent organization from a conference of representatives from the seven states called by the Governor of Utah in January, 1919, for the purpose of discussing the utilization of water from the Colorado River and its tributaries.<sup>31</sup> This organization believed that the development of the resources of the Colorado River basin fundamentally underlay all the future progress and prosperity of the Southwest.<sup>32</sup>

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30. Letter of Transmittal, Sen. Doc. 142, op. cit., p. 21.

31. Olson, Reuel L., op. cit., p. 12.

32. Ibid., p. 13.

At one of its meetings in Denver during August, 1920, representatives from California and Arizona presented before the Director of the Reclamation Service the need for flood protection and the development of irrigation and power.<sup>33</sup> The feeling was that the future interests of the upper basin states need not be jeopardized by immediate development, and it was resolved that the various rights of the several states to the use of the waters of the Colorado River system should be settled by compact between them with the consent of Congress, and that the legislatures of the states authorize the appointment of a commission to enter into such a compact to be ratified by the various state legislatures and the Congress of the United States. In 1921 the seven state legislatures approved the plan, and the Congress gave its consent to the states entering into the compact.<sup>34</sup> In May, 1921, the various governors in conference resolved to request a United States representative, and President Harding appointed Herbert Hoover, who acted as chairman of the Colorado River Commission.

It was intelligently concluded that any legislation by Congress concerning the development project should be preceded by an interstate agreement. Conditions are such that the lower states are able to develop more rapidly than the

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33. Kight, Grace, op. cit., p. 36.

34. Ibid., pp. 36-37.

upper states, and according to Supreme Court decisions the use of water constitutes a priority right to its use against a later encroachment, regardless of state lines. The upper basin states wished this law to be set aside by an interstate compact which would guarantee to them a fixed amount of water regardless of prior use.

Great interest was taken in the Commission's sessions, which extended over a period of 18 months and were often attended by the governors of the states, except one, and their attorneys general.<sup>35</sup> At Santa Fe, New Mexico, on November 24, 1922, the famous Colorado River Compact was signed, subject to the ratification by the seven state legislatures and Congress. The water of the river was divided between the upper basin and lower basin rather than the states severally, the dividing point being Lee Ferry, one mile below the mouth of the Paria River.<sup>36</sup> This plan was sponsored by Mr. Hoover, and Mr. Delph Carpenter of Colorado and was meant to avoid the long wrangling which any attempt to apportion the water among the states would provoke. These men believed that the differences between the people and their industries, and the problems of engineering and development possibilities of the two sections were basically the causes for their differences of opinion.<sup>37</sup>

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35. Hoover, Herbert, op. cit.

36. Olson, Reuel L., op. cit., p. 21.

37. Kight, Grace, op. cit., pp. 78-79.

Mr. Hoover was very anxious to build up political

The Commission accepted engineering data showing 17,400,000 acre feet of water in the river. Article III, paragraph (a), of the Compact, apportions 7,500,000 acre feet of water per annum to each of the two sections; while paragraph (b) gives the lower basin the right to increase its beneficial consumptive use of such waters by one million acre feet per annum. Since the run-off of the river at Yuma has varied between 10,100,000 and 26,000,000 acre feet during an 18 year period,<sup>38</sup> it was stipulated that the states of the upper basin would not cause the volume of water flowing past Lee Ferry to be depleted below a total of 75,000,000 acre feet for any period of ten consecutive years. In case Mexico received any right to water from the Colorado River system by a treaty, such water was to be supplied from the unapportioned surplus. If this proves insufficient, the upper basin and lower basin are to bear the deficiency equally. The agreement is to remain in force 40 years, but may be changed by unanimous consent of the same authority by which it was drafted.<sup>39</sup> A bill for approval of the Compact was introduced in Congress December 18, 1922, but never got beyond a committee.<sup>40</sup> In January, 1923,

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37. (Continued) prestige, and, while there had been previous interstate compacts in the United States, stories to the effect that Mr. Hoover had discovered a new means of settling interstate disputes were circulated.

38. Senate Document 142, 67th Congress, 2nd Session, Problems of the Imperial Valley and Vicinity, p. 220.

39. Olson, Reuel L., op. cit., p. 40.

40. Congressional Record, Vol. 62, 67th Congress, 4th Session, H.R. 13,480, p. 16, Dec. 18, 1922.

the Compact was submitted to the various state legislatures, all of which ratified it promptly except Arizona.

Arizona's opposition to the agreement as made dates from the first proposal for the division of water between the two groups of states rather than among the states severally. Arizona's commissioner, Mr. W. S. Norviel, felt that the difficulties would not be settled by this plan, and cast the only negative vote when it was first proposed.<sup>41</sup> However, a unanimous approval was given, but Governor Hunt, in presenting the Compact to the Arizona legislature to be acted upon, mentioned Mr. Norviel as an appointee of Governor Campbell, who was of a different political party, and said that the future of the state was at stake. He also called attention to the great lack of information concerning Arizona's potential acreage irrigable by the Colorado River and emphasized the necessity for taking plenty of time to consider ratification. The Arizona legislature took the Compact under advisement, neither ratifying nor rejecting it, and this instrument was thereby rendered ineffective.<sup>42</sup>

Arizona's chief objection to the Santa Fe Compact paralleled the original contention of the upper basin states in that she feared California would develop her lands more rapidly and gain priority rights over lands in Arizona.

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41. Olson, Reuel L., op. cit., p. 293.

42. Kight, Grace, op. cit., pp. 105-106.

Having 43% of the Colorado River area as against 2% for California and contributing 30% of the water of the River against practically none for that state, Arizona felt that an equal division of the water allotted to the lower basin after Nevada's needs were satisfied (Nevada was to have 300,000 acre feet) was a very just basis of settlement. California, however, first demanded  $\frac{3}{4}$  of the water, then later agreed to take  $\frac{2}{3}$  of it as her just share. The difference between the two proposals is 1,500,000 acre feet, or enough to irrigate 500,000 acres in Arizona.<sup>43</sup>

In addition to a demand for a more equitable division of water, Arizona advanced her claim to revenue from the sale of power generated by the Boulder Dam plant, the most of which is demanded in California at bargain prices. Thomas Maddock, speaking for Arizona said: "Each horsepower unit created in Arizona and Nevada will be worth between two and three hundred dollars. These states should possess the same right to tax the wholesale power as California will have to tax wealth where this power is retailed."<sup>44</sup> The contention was made that in passing the Federal Water Power Act in 1920 Congress admitted the sovereignty of states over their own waters. The provisions of that Act prohibit the use of the public lands by the federal government for

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<sup>43</sup>. Maddock, Thomas, Reasons for Arizona's Opposition to the Swing-Johnson Bill and Santa Fe Compact (Pamphlet).

<sup>44</sup>. Ibid., p. 2.

building of power dams unless a permit from the state in which the land is located is secured.

Arizona has further demanded that a treaty be made with Mexico definitely limiting that country's rights to water from the Colorado River. Today, with the Boulder Dam under construction, an attempt is being made to effect a settlement with Mexico, but the differences in the demands of the two countries are extreme.<sup>45</sup> It will be remembered that Secretary Fall transmitted his report on the possible development of the Colorado River basin with enthusiasm. Many Arizonans believe that the report concerning the development of Mexican acreage reflects a friendliness toward certain American interests who hold lands in that section.<sup>46</sup> This report aroused great protest in Arizona.

Arizonans hold that the wording of the Colorado River Compact is not definite enough to guarantee to them the use of the waters of the Gila River, and that the allotment of 7,500,000 acre feet for the lower basin includes the 2,700,000 acre feet of this river. Commissioner Carpenter of Colorado also interprets the compact to this effect. As Arizona's total allotment of water under the Swing-Johnson bill is 2,800,000 acre feet, it can be seen that her total water allowance is only 100,000 acre feet more than that

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45. Interview with Prof. G. E. P. Smith, irrigation engineer of the University of Arizona at Tucson, Arizona, Jan. 1934.

46. Ibid.

contributed to the Colorado River by a tributary lying almost wholly within her borders.

A tri-state supplemental agreement to the Santa Fe Compact was proposed by Arizona to California in 1923, but for over two years the latter state refused to discuss the matter. The first tri-state conference was held December 1, 1925, but no agreement was made. In August, 1927, the governors of the upper basin states called a conference at Denver for the purpose of settling the differences between Arizona and California. California asked for 4,600,000 acre feet of the water allocated to the lower basin and offered to quitclaim to Arizona 2,600,000 acre feet and the waters to her tributary streams.<sup>47</sup> Arizona rejected this proposition and the governors of the upper states then proposed that the allotment of water to California be 4,200,000 acre feet, to which Arizona tentatively agreed. The Bratton amendment to the Swing-Johnson bill divided this difference and allotted to California a total of 4,400,000 acre feet of the waters apportioned to the lower basin.

The contentions of these two states over the Colorado River development caused a great deal of intense feeling. A California Congressman publicly announced his intention to introduce a measure to restore Arizona to the status of a territory because the state had violated the conditions under

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47. Griswell, Ralph L., op. cit., p. 17.

which its admittance to the Union was authorized. Governor Hunt of Arizona once said that his sense of outrage no longer permitted him to discuss the Colorado River calmly and dispassionately, and a Yuma paper quoted him as saying, "I'll be damned if California will ever have any water from the Colorado River as long as I am governor of Arizona."<sup>48</sup> His suggestion to Los Angeles was that if they needed water to drink they could sip from the ocean which was right next door to them. The California attitude was that Arizona was extremely selfish in holding up a great industrial and humanitarian project in order to exact power tribute and capitalize on her needs for water. The battle was waged furiously with Arizona politicians speaking ardently for their election to office in order that they might have an opportunity to save the state.<sup>49</sup>

Becoming weary of controversy, Mr. Delph E. Carpenter of Colorado suggested to Mr. Hoover that a six-state pact might be made, with Arizona privileged to enter whenever she

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48. Griswell, Ralph L., op. cit., p. 17.

49. A student (Mr. George Benson) at Pomona College, Claremont, California, writing a manuscript on Boulder Dam in partial fulfillment of the requirements for an A. B. degree in Political Science, said:

"Hunt's only non-election contributions to the Colorado River battle were the attending of conferences, at which his palm beach suit and his little white cap were very picturesque and his knowledge of the Colorado River very meagre. Fortunately, for Arizona, his co-workers took it upon themselves to furnish information for committee room sessions while he performed in the circus ring."

cared to do so.<sup>50</sup> On this basis in 1925 Nevada, Colorado, Wyoming, New Mexico, and Utah ratified a compact, but California, after repealing the seven-state ratification, made its concurrence subject to declaration of the President of the United States that Congress had authorized the construction of a dam on the main stream of the Colorado River at or below Boulder Canyon, of at least 20,000,000 acre feet storage capacity and also that Congress had exercised its powers "to make the terms of the said Colorado River Compact binding and effective as to the waters of said Colorado River."<sup>51</sup> In 1927 the State of Utah decided to repeal its approval of the six-state compact, and this left only five ratifying states.<sup>52</sup> The compact was again temporarily only a scrap of paper, but its influence on the people of the Southwest and the Congress of the United States was tremendous. All the states concerned, except Arizona, eventually signed a six-state compact.

On April 15, 1922, while the matter of an interstate compact was under consideration, Representative Swing of California introduced a bill in the House embodying the main features of Secretary Fall's recommendations for the development of the Colorado River basin. The purposes of the bill were given as follows:

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50. Olson, Reuel L., op. cit.

51. Kight, Grace, op. cit.

52. Griswell, Ralph L., op. cit., p. 14.

1. To regulate the lower Colorado River and control the floods therein
2. To provide storage for irrigation
3. To secure the development of electrical power
4. To provide homes for honorably discharged ex-service men
5. To authorize the construction of an all-American canal.

The Secretary of the Interior was to be authorized to lease power privileges by the use of water at the dam and to make allocation of power generated according to his judgment, but was to give preference to applications made by political subdivisions. No proposed interstate agreement was mentioned in the bill, but Section 9 reads:

"That nothing in this act shall be construed as limiting, diminishing, or in any manner interfering with any vested rights of the States above said reservoir, or of the citizens of said States, to the use, within the Colorado River watershed, of the waters of said Colorado River."<sup>53</sup>

In the light of later events it should be noted that the improvement of navigation was not given as a purpose of the bill. Sponsored in the Senate by Hiram Johnson of California, the measure became known as the Swing-Johnson bill. Although the Department of Interior recommended the passage of this legislation, it has been noted that there was little likelihood of its enactment until reasonable efforts had

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<sup>53</sup>. Hearings, H. R. 11449, Pt. 1, 67th Cong., 2nd Session, p. 1, June 15, 1922. It will be noted that this bill did not call for a government constructed power plant. Such a clause was written in the bill in 1926.

been made toward an interstate agreement. Moreover, the amount of money involved and the conflicting nature of the data and testimony justified the most searching study. On March 17, 1924, the Secretary of the Interior, Dr. Hubert Work, reported that since the passage of the Kincaid Act in 1920 the Reclamation Bureau had expended more than \$350,000 and that it had cost other governmental agencies more than \$2,000,000 in the observation, survey, and study of the Colorado River.<sup>54</sup> The Interior Department again urged that the legislation be passed, and this recommendation was repeated on January 12, 1926. In his message of December 6, 1927, President Coolidge recommended the development, and again on January 21, 1928, the Interior Department submitted its approval to the bill and endorsed the plan it contained.<sup>55</sup> After a long and bitterly fought battle, with Congress time and again calling for further investigation and more information, the Swing-Johnson bill, the sixth of a series of bills, passed both houses by a liberal majority and was approved by the President on December 21, 1928.

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54. Smith, Rep. Addison, Chairman of Irrigation and Reclamation Committee of the House of Representatives, report to accompany H. R. 5773, entitled Boulder Canyon Project, 70th Cong., 2nd Session, p. 2, March 15, 1928.

55. Johnson, Senator Hiram, report to accompany S. 728, entitled: The Boulder Canyon Project, 70th Cong., 1st Session, p. 14, March 20, 1928.

For an outline of the chronological development of the Swing-Johnson bill see the report of the California Colorado River Commission entitled Colorado River and the Boulder Canyon Project, p. 43.

The changes made over the course of years were numerous. Two new purposes for the Act were given: to provide for a domestic water supply, and to improve navigation. The Secretary of the Interior was authorized to carry out the provisions of the act subject to the Colorado River Compact; and "the rights of the United States in, or to, the river and its tributaries" must be subject to and controlled by the Compact. The seven states interested may enter into a supplemental agreement in conformity with the Colorado River Compact which required ratification by California and five others before the bill became effective. California must also limit her annual consumptive use of water to 4,400,000 acre feet plus one-half of the surplus waters unapportioned by the Colorado River Compact. Provision is made for a possible agreement between the states of California, Arizona, and Nevada, and seven conditions are stipulated which, if concurred in, would not require a re-ratification by Congress.

Thirty-seven and a half per cent of the profits from the sale of electric energy shall go to Arizona and Nevada equally, presumably in lieu of taxes.<sup>56</sup> The Secretary of the

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56. Senate Document 186, 70th Congress, 2nd Session, Colorado River Development, p. 15. The Department of Interior believes that over a period of 50 years this provision will bring Arizona from 22-30 million dollars revenue, while Prof. G. E. P. Smith of the University of Arizona thinks this revenue will be nil.

Interior may lease the water for generating power, deliver power at the switchboard, or build and lease the power plants. The power, however, must be sold comparably with the cost of power elsewhere for these markets. Preference must be given a state as a purchaser of power, but the state must have contracted for electrical energy within six months after it has received proper notice from the Secretary of the Interior. Private corporations are specifically mentioned as possible contractors for electrical energy. Section 20 of the bill states: "That nothing in this act shall be construed as a denial or recognition of any rights, if any, in Mexico to the use of the waters of the Colorado River system."

The total appropriation for the project (which called for a 550 foot dam creating a storage capacity of 26,000,000 acre feet, a power plant of 1,000,000 H.P. installed capacity, and an all-American canal) was \$165,000,000, this including interest during an estimated seven year construction period.<sup>57</sup> None of this money was to become available until the Secretary of the Interior had signed contracts which would return sufficient revenues for all operating expenses, maintenance, and the repayment within 50 years from date of completion the original cost with

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57. Expenditures have been somewhat enlarged since construction got under way.

interest.

On June 16, 1930, Ray Lyman Wilbur, Secretary of the Interior, stated that all conditions necessary to be performed prior to the availability of appropriations had been fulfilled.<sup>58</sup> In the opinion of the Secretary two contracts --one "for lease of power privilege executed severally by the City of Los Angeles and the Southern California Edison Company, Lts., and a contract for electrical energy executed by the Metropolitan Water District of Southern California"-- were adequate to provide the revenue required by the Boulder Canyon Project Act. In addition, a contract was made with the latter organization "for the delivery of water to be stored in the Boulder Dam reservoir."<sup>59</sup>

The Secretary of the Interior said that a wide regional benefit from the power should be obtained, and accordingly allocated the power as follows:

State of Arizona	18%
State of Nevada	18%
Metropolitan Water District of Southern California <sup>60</sup> --for pumping domestic water from the Colorado	36%
City of Los Angeles	13%
11 smaller cities	6%
4 public utilities ("who alone can serve the great agricul- tural back country")	9%

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58. Wilbur & Ely, Hoover Dam Contracts, p. 575.

59. Ibid., p. 576.

60. ("A municipal corporation comprising 11 cities with an assessed valuation of \$2,300,000,000 . . . .")

As some of these agencies cannot make immediate use of the power when it becomes available and the Act specifically requires firm contracts prior to appropriations, there was a difficulty to be solved. Since it was found that the sale of 64% of the firm energy would provide the government an adequate return, and that the City of Los Angeles and Southern California Edison Company had large resources and markets, they were required to underwrite 37% and 27% of the firm power respectively; the two agencies acquiring title to only 13% and 9%, and the balance being available to them only until the two states and smaller municipalities might need it, the municipalities being allowed one year to contract for their 6% and the two states the entire period of amortization, or 50 years, to contract for their 36%.<sup>61</sup> The contracts with the City of Los Angeles, the Metropolitan Water District, and the Southern California Edison Company were closed on April 26, 1930, and carry a revenue of \$327,000,000.<sup>62</sup> The rates for the sale of power were 1.63 mills per kilowatt-hour for firm energy and .5 mill per kilowatt-hour for secondary energy, both delivered at transmission voltage.

The lessees must maintain the equipment in first class condition and only at the expiration of fifteen years may a

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61. Wilbur & Ely, op. cit., p. 601.

62. Ibid., p. 24.

readjustment of rates be had upon petition of either party. Because of its possible loss of customers with the advent of Boulder Dam power in the market, the Southern California Edison Company is given a three-year recovery leeway before its contract to take this power begins. The president of this company, in a letter to the Secretary of the Interior, states that "so far as the power is concerned, it is more costly now under the contract price proposed than the power we are securing from the alternate source of steam plants."<sup>63</sup> He also advanced the idea that their acceptance of power under the terms was forced upon them in the interests of the development of the community and the promotion of harmony and goodwill. The Edison Company, however, bid for all the power produced at Boulder Dam at the price of 1.63 mills per kilowatt hour.

Opposition to the Swing-Johnson bill did not cease with its passage by Congress. It will be recalled that the bill made provision for an agreement among the states of the lower basin concerning power questions and water rights. The Secretary of the Interior made several efforts to bring these states into harmony. Conferences were held in March and June, 1929, without success. The states came together again in January, 1930, but were unable to agree. On May 14, 1930, to the criticism of Governor Phillips of Arizona concerning

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63. Wilbur & Ely, op. cit., p. 536.

the "hasty" award of contracts, the Secretary of the Interior sent a very long and spirited reply setting forth his alleged fair consideration of Arizona's rights, despite the total lack of cooperation by that State in the project.<sup>64</sup>

In 1930 at the second session of the 71st Congress, the State of Arizona appeared in opposition to the first appropriation for the Boulder Canyon Dam project. The questions of the contracting capacity of the City of Los Angeles and the phraseology of certain contracts were raised. Through fear of a filibuster and the adjournment of Congress, amendments were made to the contracts which eliminated Arizona's objections.<sup>65</sup>

On October 13, 1930, after decisions of the Attorney General and Comptroller General were made against Arizona's position, this State sought an injunction in the Supreme Court of the United States and asked that the Boulder Canyon Project Act and the Colorado River Compact be declared "inoperative and unconstitutional". The state alleged a violation of its sovereign rights on the part of the Secretary of the Interior in constructing a dam which would divert waters from the State of Arizona for consumption elsewhere. The bill of complaint denied that the stream was navigable and declared that the purpose of improving

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64. Wilbur & Ely, op. cit., p. 605.

65. Ibid., p. 26.

navigation as given by Congress was "a subterfuge and false pretense".

On May 18, 1931, the suit was dismissed, the Court holding that the river is navigable by historical evidence. To Arizona's citation of Article IV of the Colorado River Compact, which states that "inasmuch as the Colorado River has ceased to be navigable for commerce, and the reservation of its waters for navigation would seriously limit the development of its basin, the use of its waters for purposes of navigation shall be subservient to the uses of such waters for domestic, agricultural, and power purposes," the Court replied: "Into the motives which induced members of Congress to enact the Boulder Canyon Project Act this Court may not enquire,"<sup>66</sup> and added that, since the river is navigable, the erection of a dam and reservoir was "clearly within the powers conferred on Congress".

It was also decided that Arizona had no basis of complaint against the Colorado River Compact, since she was not a signatory to it and therefore not bound by its provisions. With regard to the invasion of the state's rights on the part of the defendants and their interference with the state's development projects, the Court said: "There is no occasion

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66. Opinion of Supreme Court of U.S., Arizona vs. State of California, et al. (283 U.S. 423, 51 S. Ct. 522, 75 L. Ed. 1154). Quoted in Wilbur & Ely, op. cit., p. 665.

for determining now Arizona's rights to interstate or local waters which have not yet been, or which may never be, appropriated."<sup>67</sup>

Some efforts were made in February, 1933, by the Secretary of the Interior to induce Arizona to enter into a contract with the United States with regard to the delivery of water from the Boulder Dam reservoir; but as such a contract was subject to the Colorado River Compact to which Arizona has never agreed, and also involved Arizona's agreement not to interfere with water diversions from the Colorado River by her sister states, this state refuses to sign the proposed contract. Arizona later caused a sensation when it called its militia to prevent any work on the Arizona soil in connection with the Parker-Gila dam, which will form a reservoir for diverting water to California, but again Arizona lost, as the dam was authorized by Congress.

That Arizona has been a most implacable foe to the Boulder Canyon Project Act has been shown, but in her opposition she did not stand alone. For a long time the State of Utah was also opposed to the development plan. Then it is an accepted fact that it is very difficult to interest the eastern representation in Congress in a great expenditure for western benefits. The Boulder Dam project was condemned also by three cabinet officers, two government bureaus,

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67. Opinion of Supreme Court of U.S., Arizona vs. State of California, et al., op. cit., p. 673.

and by many private engineers. Moreover, it will be the purpose of the main body of this work to show that, in the well-organized public utilities, the Boulder Canyon Project Act had one of the most powerful opponents that ever fought legislation in Congress.

Confronted with such powerful opposition, one may wonder why the Swing-Johnson Bill ever passed. Commenting on this matter, Professor G. E. P. Smith of the Irrigation Engineering Department of the University of Arizona said that "if the whole narrative of the plotting, the political chicanery, the fallacious propaganda, the blunders, and the reprehensible coercion shall ever be written, it will read like a succession of chapters in Les Miserables."<sup>68</sup>

So far as the writer knows, the whole story of the promotion of Boulder Dam has not yet been written. However, in the closing chapter of this thesis is given some account of these activities. In spite of great opposition to the Swing-Johnson bill, there was sufficient force behind it to more than counteract this opposition. The problem now, however, is to trace the early activities of the power companies against the legislation and determine their attitude toward the development of the Colorado River.

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68. Smith, G. E. P., An Equitable Basis for Solution of the Colorado River Controversy, p. 6.

## CHAPTER II.

### THE ATTITUDE OF THE POWER COMPANIES OF SOUTHERN CALIFORNIA TOWARD THE SWING-JOHNSON BILL

Since the power generated at Boulder Dam was to be marketed in Southern California, it was in this area that the power interests were most immediately affected by the proposed Swing-Johnson bill, and they were the first of the private companies to offer objections to the legislation. It will be the purpose of this chapter to discuss the objections offered to the Swing-Johnson bill by the Southern California power companies and also to set forth their attitude toward the development of the Colorado River.

The material herein presented is mostly limited to facts and deductions made from the direct testimony and cross-examinations of the representatives of the power companies who appeared before the Committee on Irrigation and Reclamation of the House of Representatives prior to the year 1925.

The two power companies of importance operating in the Colorado River basin are the Southern California Edison Company, and a subsidiary of the Nevada-California Electric Corporation known as the Southern Sierras Power Company. The Southern California Edison Company is one of the five

largest electric light and power corporations in America.<sup>1</sup> It is a California corporation engaged exclusively in the business of generating, transmitting, and distributing electricity as a public utility, and operates in ten counties in central and southern California. In 1923 this company supplied 247,953 consumers and had a combined steam and hydroelectric development capacity of 503,000 horse power, 418,900 units of which it served during that year.<sup>2</sup> The principal hydroelectric development project of the Edison Company is located in the Nevada Mountains on the San Joaquin River, 240 miles from Los Angeles.

The total assets of the company at the end of 1923 were more than \$189,000,000 and the average annual expenditure of capital for new construction for the years 1922-23-24 was in excess of \$27,000,000.<sup>3</sup> The fact that the stock of the company was distributed among 67,000 holders enabled Edison officials to speak of their company as a community enterprise. They boasted of having 500 engineers, among whom were some who had gained world fame by their achievements.<sup>4</sup> The spectacular growth, efficiency of operations,

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1. Hearings, before Committee on Irrigation and Reclamation, House of Representatives, a bill to provide for the protection and development of the lower Colorado River basin, H. R. 2902, 68th Cong., 1st Session, Part 3, p. 431, March 12, 1924.

2. Of the total capacity of the company's power development 76,200 H.P. was hydroelectric and 126,800 steam.

3. Hearings, H. R. 2903, Part 3, p. 431.

4. Ibid., p. 469.

and financial strength of this leading utility company of the far west cannot be questioned, and it is evident that any development of power for use in its territory would involve its interests.

Together with its associate, the Nevada-California Power Company, also a subsidiary of the Nevada-California Electric Corporation, the Southern Sierras Power Company has the second largest financial interest in the Colorado basin,<sup>5</sup> and serves a large portion of the states of California and Nevada, the southwestern part of Arizona, and the country of Mexico. This territory is sparsely settled and embraces 75,000 square miles. The generating plants of these companies are on the eastern slope of the Sierra Mountains in Inyo County, California, and power is transmitted on a commercial basis farther than by any other company in the world.<sup>6</sup> The capital invested by these two associated companies in 1923 was about \$30,000,000 and all stock was owned by the Nevada-California Electric Corporation, which at that time had about seven hundred stockholders.

There is no financial relation between the Edison Company and the Southern Sierras Power Company,<sup>7</sup> although the two companies avoid competition as far as possible. In cities served jointly, such as Riverside and San Bernardino,

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5. Hearings, H. R. 2903, Part 4, p. 609, March 19, 1924.

6. Ibid., p. 610.

7. Hearings, H. R. 2903, Part 3, p. 496.

there is an understanding that the company closest to any new business which develops takes care of that business. It can be seen that the companies are cooperative rather than competitive, a fact which is also borne out by the reliance of the Southern Sierras Power Company on the general plans of the Edison Company concerning the development of the Colorado River.

Both of these private power companies operating in the Colorado River basin admitted the necessity for power production on the river. Mr. A. B. West, president and general manager of the Southern Sierras Company, was of the opinion that the development of the great Southwest was going to be very rapid and "handle a large consumption of power". He stated that the available source of supply in the district would soon be exhausted and that the Colorado River must be looked to as an additional source. Mr. Ballard, vice-president and general manager of the Edison Company, thought it "advisable and necessary that all of the natural resources of the river be developed,"<sup>8</sup> as 12-15 years would witness the exhaustion of available sources in Edison territory and the alternative of steam power produced by oil, natural gas, and coal.

The private power companies were not worried over the necessity for the development of the Colorado River. They

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8. Hearings, H. R. 2903, Part 3, p. 433.

claimed to "favor the construction of these reservoirs in any event," and stated that if Congress denied development by private companies they wanted "to see the government itself go and do the job".<sup>9</sup> Mr. West pointed out the fact that his company had contributed several hundred dollars to memberships in the League of the Southwest, an organization arousing the interest of the country in the river.<sup>10</sup>

The private companies were not interested in permanently stopping the production of power on the Colorado River, but they were most vitally interested in the method of developing that power. The method proposed by the Swing-Johnson bill did not please them, and they pled for the right of private development so the project would be placed safely in their hands. Had they been sure of retaining control of the power plants, they probably would have urged a government-constructed dam.<sup>11</sup> Uncertainty as to this caused them to defend private construction, but their object was to do the power business. In a letter to the Reclamation Committee the Southern Sierras Power Company said:

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9. Hearings, H. R. 2903, Part 4, p. 619.

10. Ibid., p. 663.

11. Mr. Barre, chief engineer of the Edison Co., said, "I can see advantages all around for the Federal Government building a flood control dam and leasing out the power. The advantage to us is that it relieves us of the burden of financing to some extent and throws it over from immediate capitalization to building-fund capitalization." Mr. Barre refused to make a choice as to whether he would rather the government build the dam or the private companies.

"We further believe that the building of such reservoirs and of the power plants to be installed in connection therewith can in the public interests be best committed to private enterprise under some such plan as is proposed by the Southern California Edison Company which, while retaining government control and supervision as to the location and character of works to be erected, as to the impounding and release of water therefrom, and as to the rates to be charged for power, will at the same time wholly relieve both the government and the territory to be benefitted from all expense in connection with the construction of said projects."<sup>12</sup>

The company added, however, that

"whether the building of reservoirs on the Colorado River is accomplished by public or private agencies, our company will expect to have allocated to it such portion of the power to be developed in connection therewith as will reasonably be required for the service of the territory dependent upon it, . . . and to meet the cost thereof either by directly participating in the expense of developing such power, or by the purchase of the power so allocated to it at the rates and upon the conditions as may be prescribed by the regulatory authorities."<sup>13</sup>

The suggestion of the testimony before the committee is that the two power companies were holding a position where they could readily direct their efforts toward a dam built by themselves or by the government and have their interests protected in either case. Mr. Ballard felt it entirely possible to amend the bill proposed and "provide a proposition that would be profitable and that would accomplish the purpose which is desired."<sup>14</sup>

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12. Hearings, H. R. 2903, Part 4, p. 616.

13. Ibid., p. 616.

14. Hearings, H. R. 2903, Part 3, p. 477.

The two companies were in the predicament of being opposed to the legislation proposed and at the same time aware that any open opposition to the legislation on their part would be seized upon by its proponents to their disadvantage. In fact, Governor Dern of Utah once charged that a "shameless and outrageous propaganda" had been built up showing that the only objection to the Swing-Johnson bill was from the "so-called Power Trust", and that many worthy and well-meaning people had been misled by these reports. He regretted "the sorry spectacle of Western senators and representatives being so enraged at the alleged iniquities of the 'Power Trust' that they have unwittingly placed themselves in a position of betrayal of their own states."<sup>15</sup> The power companies were wise enough to know that if it were circulated abroad that the "interests" were opposed to certain legislation, it would only strengthen the position of those favorable to this legislation.

A very noticeable character of the testimony of power company witnesses before the Reclamation Committee was the extreme caution with which they answered questions. They were quick to see whether the inquiries made involved an admission of active opposition to pending legislation, and answers were made in accordance with their fine foresight.

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15. Hearings, H. R. 5773, Part 2, p. 192, March 1924.

At the time of Governor Dern's statement the Federal Trade Commission had not revealed the bitter opposition of the utilities to the Swing-Johnson bill.

A very clear distinction was drawn between particular legislation and that which would be proper legislation. That they had opposed the Swing-Johnson bill by any efforts whatever was vehemently denied by the power companies. Mr. Ballard characterized the bill as "special legislation, to which we object--so far as we may. We are doing nothing about it. I had not intended to come here at all. The Company had no intention of making any appearance in the matter. It is not our business as to what legislation the United States Congress passes."<sup>16</sup> The witness stated, when hard pressed by inquiry: "So far as anything the Company would do in the way of trying to defeat the legislation, I would like to make this statement. This company, the Southern California Edison Company, is not in politics. It has no political machine. It does not dabble at all with questions political."

To those familiar with some of the activities of the power companies in opposing the Swing-Johnson bill subsequent to 1926 as revealed by the investigation of the Federal Trade Commission, there is a flavor of insincerity in Mr. Ballard's remarks. His emphasis on the docility of his company in the matter of this legislation led Judge Raker of the Committee to ask him with some sarcasm if he were

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16. Hearings, H. R. 2903, Part 3, p. 468.

not even interested in it in any way.<sup>17</sup> Perhaps the strongest statement made by the power representatives who appeared before the Committee with reference to their views on the bill was that of Mr. West who, becoming riled at Judge Raker's insinuations, replied:

"I get what you are leading up to. I would not hesitate at all to advise any member of Congress, or anyone else interested in this question, as to our position in this matter. We think that the Swing-Johnson bill is not wise legislation; and we will not hesitate to say so."<sup>18</sup>

This witness, however, maintained that he did not know of a single article written by their publicity agent to be handed out for publication concerning the Colorado River, that no contribution to any outside agencies had been made, nor any oranges shipped to Washington for complimentary distribution.<sup>19</sup>

While the witnesses of the power companies were emphatic in their denials of active opposition to the Swing-Johnson bill, it was brought out that these companies had taken a part in a certain issue before the people of California which involved the Boulder Dam proposition. On June 5, 1923, a \$35,000,000 bond issue came before the people

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17. Hearings, H. R. 2903, Part 3, p. 498. Following this Judge Raker said: "It is pretty hard to get just what you folks have done relative to your opposition to this legislation, isn't it?"

Mr. Ballard: "It would be pretty hard to get it because we have not done anything. We are not opposing it."

18. Hearings, H. R. 2903, Part 4, p. 656.

19. Ibid., p. 651. The statement concerning oranges was made in ridicule of the boxes of oranges shipped to Congressmen by proponents of the Swing-Johnson bill from California.

of Los Angeles for a vote. Ten million dollars of this bond issue was to be spent for improving the municipally-owned distributing system of the city of Los Angeles, and \$25,000,000 as a contribution toward the Boulder Dam project. This proposition was submitted to the people as one item and defeated. When Mr. Ballard was asked about the influence of the 67,000 Edison stockholders in this vote he said he couldn't see that this question was involved; and when told to think it over for a later statement, he retorted: "I will tell you what our position was, if you want to know. We were against it and we helped defeat it."<sup>20</sup>

The Edison Company had early made proposals to the city of Los Angeles to join them in the development of the Colorado River and exclude the "back country" of Southern California from its benefits except as might be purchased through private corporations. When the city of Los Angeles refused, the Edison Company succeeded in placing the influence of the Los Angeles Chamber of Commerce behind them in their fight on the bond issue just mentioned.

The testimony before the Reclamation Committee shows that both the Edison and Southern Sierras Power Companies had been very instrumental in defeating a proposal "to inject the state of California into the business of developing power on an enormous scale." To defeat this proposal the

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20. Hearings, H. R. 2903, Part 3, p. 477.

California Edison Company contributed \$125,000<sup>21</sup> and the Southern Sierras Company \$17,000.<sup>22</sup> The Edison Company turned money over to the People's Economic League, an organization which had the appearance of standing for the people. Representative Swing sought to show the Reclamation Committee the subtle and secretive tactics of the power companies in fighting undesirable legislation by the methods used in combatting this proposition. Over Mr. Ballard's protest he said the League referred to was the "parent organization of sixty fly-by-night organizations, organized in various states, under various high-sounding names for the purpose of furthering the interests of the power companies under other names." While admitting active opposition to proposed state legislation not to their interests--which opposition had been revealed by an investigating committee--Mr. Ballard said there was a great difference between this state proposal and the Boulder Dam question, as the state issue was not a political question. The Boulder Dam Association, however, had revealed that telegrams had been sent out to Congressmen in protest to the Swing-Johnson bill by Chambers of Commerce in Southern California at the request of Edison officials. The local manager of the Edison Company at Exeter, California, induced people to sign such

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21. Hearings, H. R. 2903, Part 3, p. 516.

22. Hearings, H. R. 2903, Part 4, p. 661.

telegrams on the basis of very little information. This is one of many similar incidents.

This witness was asked by Representative Hayden if the Edison Company had actively opposed the Colorado River Compact in the State of Arizona. To the Representative's statement that there was certain newspaper talk that sinister influences were being used, Mr. Ballard declared that his company was not a sinister influence, and that he would stay before the Committee a month if necessary to make this fact clear to them. He denied any attempt of the Edison Company to influence the legislature of Arizona or anyone else, and stated that no money had been spent toward this end, but that the directors and attorneys of the Company all felt a compact was necessary before power could be developed. The sincerity of this statement is supported by the fact that the Federal Water Power Commission was holding up private applications to develop power on the river until the compact was signed.

In making known his objection to the Swing-Johnson bill Mr. Ballard said there had been a lot of talking of a general nature, but not any particularly relating to the proposition of building a dam and the financial effect of doing so.<sup>23</sup> Stating that he wanted to be very frank about the matter, the Edison official told the Committee:

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<sup>23</sup>. Hearings, H. R. 2903, Part 3, p. 465.

"You gentlemen asked me to come here and I have come; . . . I am not trying to write a bill for you, but rather to indicate to you that there are certain things besides a lot of 'hot air' and 'bull' which you should listen to before adopting a measure of this kind. We want to be perfectly frank about it, and want to tell the truth about it, and I do not think the truth is going to hurt anyone whose motives are sincere."<sup>24</sup>

One of the first arguments presented against the Swing-Johnson bill was that it was "special legislation" favoring municipalities.\* The vice-president of the Edison Company said:

"It seems to be the idea that, for some reason, in some way, municipal ownership people shall get through a bill here which shall make all of southern California operate its electric business under municipal ownership, and destroy or get rid of in some way the private companies. At least that is the way the testimony so far impresses me."<sup>25</sup>

The last sentence of Section 2 of the bill which states that the Secretary of the Interior "shall give preference to applications made by political subdivisions", was particularly objected to by the utilities. They argued that no restriction was made as to the terms of preference, and that this was contrary to the provisions of the Federal Water Power Act of 1920 which they claimed definitely settled the nation's water power policy. The power companies felt that

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24. Hearings, H. R. 2903, Part 3, p. 468. Throughout his testimony this witness seemed to feel the necessity of calling attention to his own integrity.

25. Ibid., p. 465.

\* Senator Lawrence C. Phipps of Colorado, reputed to have large interests in the Southern Sierras Power Company, voiced his objection to this feature of the bill as early as June 1922.

this act provided for preference to political subdivisions on equal terms, and not on any terms as did the Swing-Johnson bill.

Section 4 of the bill was objected to as providing "that any political subdivision may, by the payment of a certain sum of money on account of the dam, then have the right of the use of the power in perpetuity; . . . not limited to fifty years."<sup>26</sup>

Mr. Ballard referred to Section 3 and "all of the language on page 4" as having, to a great extent,

"been lifted from the provisions of the Federal Water Power Act, but which language does not place the development of power under this bill under the jurisdiction of the Federal Water Power Commission, nor subject to its rules and regulations, nor its accounting system, which is of great importance in these matters."

The efforts of the municipalities in behalf of the Boulder Dam legislation was frowned upon by the Edison Company, which had a very decided objection to the activities of Los Angeles and claimed the propaganda spread by that city among others served by the Edison Company was a moral violation of a certain contract between these two parties.

In May, 1919, the city of Los Angeles signed a contract with the Edison Company purchasing the company's distributing system within the city limits. According to the terms of this contract the Company had a 30-day option

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<sup>26</sup>. Hearings, H. R. 2903, Part 3, p. 481.

on any surplus power produced by the city. Because of certain mortgages outstanding the question of title arose. The trustees for the bondholders were fearful for their interests and asked the city to declare its policy for the future as to the relations between the company and the municipal system. As a result of this the Public Service Commission of the city of Los Angeles resolved that the city would "not support or lend its encouragement to any movement or measure which seeks to supplant the Company, during the life of said contract, by some other agency as the source from which the city shall purchase its requirements for wholesale power over and above its own production."<sup>27</sup> The city also declared its intention to confine its power operations to the city limits.

In view of this contract Mr. Ballard condemned as "bad faith" the activities of the power officials of Los Angeles in organizing a Boulder Dam Association and urging the Reclamation Committee to adopt plans for the development of power for the joint use of all the municipalities in southern California. He did not maintain the objection legal, but knew it to be moral, as the Edison Company which supplied the outlying municipalities with power was excluded in the arrangement proposed. The utility official pointed out that none of these cities was financially able, or had a suf-

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27. Hearings, H. R. 2903, Part 3, p. 460.

ficient power load, to justify the building of transmission lines from Boulder Dam, and must depend on Los Angeles or the Edison Company for the transmission of power. Summarizing his objections to the unethical conduct of Los Angeles, Mr. Ballard said: "We feel that the Southern California Edison Company is the logical distributor of power throughout this territory."<sup>28</sup>

In addition to condemning the Swing-Johnson bill as a municipal ownership bill, the utility agents were unyielding in their position that the market would not absorb the 600,000 H. P. of electrical energy which would be developed by the construction of the Boulder Dam. Both companies vigorously protested against any huge lump of power being developed at one time and said that "one or two things must happen; either somebody must build plants in the meantime with a capacity up to 600,000 H. P. to meet the market, or the market will not be there, and if somebody does not build those plants the people will not come because they will not live in California without electric power."<sup>29</sup> Pointing out that this block of power would be brought in suddenly when the dam was complete, Mr. Ballard asked if the Edison Company was expected to build up plants to furnish power to new customers. "If so, what is going to happen to these plants at the end of

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28. Hearings, H. R. 2903, Part 3, p. 461.

29. Ibid., p. 506.

ten years?" he asked. "Is it the idea that this power shall be substituted for the Edison Company's plants, and that the private companies shall stand the burden of idle investments, giving way to this proposition? Is it the idea that a committee of Congress would lend itself to that sort of proposition?" A plea was made not to "destroy the electrical utilities now operating in Southern California." Paralleling competition of electric power companies was viewed as wasteful and as offering no benefits to consumers. In the case of power coming into Southern California through a new agency it was argued that one or the other agencies would be destroyed and both would suffer a tremendous loss. In the opinion of Mr. West such competition would be "an economic crime."<sup>30</sup> Representative Leatherwood of Utah raised the question of depreciated securities as a result of the government's construction of Boulder Dam.<sup>31</sup> The power witness

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<sup>30</sup>. Hearings, H. R. 2903, Part 4, p. 622.

<sup>31</sup>. In contrast to other members of the Reclamation Committee, Representative Leatherwood of Utah seemed always willing to cooperate with the power witnesses in their testimony, often suggesting points in their favor. This is illustrated in this instance, when he asked: "Would that sudden development by the government tend to depreciate securities in the hands of these 67,000 people?"

Mr. Ballard: "I think so."

Mr. Leatherwood: "Wouldn't that be a factor to be considered by the Congress of the U. S. in passing legislation?" . . . . "Would it not be wrong for Congress to knowingly go out and depreciate securities in the hands of the taxpayers of this country, just as much as it would be for any other agency to do so?"

explained that more than half of the 67,000 Edison stockholders owned three shares or less; three-fourths of them owned ten shares or less, and that it was wrong for Congress to go out and depreciate securities in the hands of these taxpayers. To protect the interests of these people was one reason the official gave for being so "frank" with the Committee.

Because of the widespread interests of the Southern Sierras Power Company, its officials were opposed to the construction of the all-American canal, an objection not raised by the Edison Company before the Committee. The Southern Sierras Company engaged a high-priced engineer to prepare a statement on the all-American canal in advance of testimony before the Reclamation Committee, although it was claimed by the utility company that the study of this engineer was independent and that he had not been given its point of view.

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31. (Continued). On another occasion Mr. Leatherwood said: "I take it, of course, that the Companies now operating and furnishing power in that territory are subject to taxation upon a fair valuation of their property?" (Hearings, Part 3, p. 440).

Sympathy towards the witness in these and other questions is evident. The Congressman also maintained that the private companies were not afraid of competition but rather that the government would make constructions on the river, then withhold the right to make other constructions by the private companies (Hearings, Part 5, p. 1032).

It will be seen in later chapters that when the organized utility opposition to the Swing-Johnson bill was under way in 1927-1928, Representative Leatherwood lent most hearty cooperation to the utilities.

That the all-American canal feature of the Swing-Johnson bill particularly nettled the Southern Sierras Power Company is inferred by the following number of arguments presented against it.

1. It was argued that the all-American canal was not needed, and that the troubles encountered across the line were trivial and annoying rather than serious.
2. It was pointed out that the construction of the all-American canal would not affect the legal right of Mexican lands to water and that thirty million dollars was a rather expensive argument to effectively negotiate the settlement of water rights with Mexico.
3. The utility agents claimed that the operation of the canal would be hazardous on account of its great length, and also that it would not affect the flood danger.
4. The contention was made that even if the all-American canal were built, it would still be necessary to maintain the present canal as a standby to be used in case of an emergency.
5. Mr. Thomas H. Means, the civil engineer representing the Southern Sierras Company before the Committee, claimed that the proposed canal irrigating the mesa east of Imperial Valley would introduce a seepage and drainage menace to the lands lying under that bench.
6. The cost estimates of the canal were represented to be entirely inadequate, and the utility witness said the burden on the land would be so great it could not be paid. With the assistance of Representative Leatherwood, the point was made that if the burden on Imperial Valley agriculturists was increased, they would leave and then markets and investments would go also.
7. A further contention of the utility company was that the canal would only add to the problem

of over-production in America, and it was shown that in 1923 forty per cent of the land under the present canal system in Imperial Valley was uncultivated.<sup>32</sup>

Such formidable arguments were presented against the building of the all-American canal that Representative Swing asked the president of the power company if he was acting in the capacity of an angel to the people of Imperial Valley. It was brought out by Judge Raker that the reason there was so much land idle in Imperial Valley was that the nature of the crops required steady water for irrigation, which they did not get under the old system. Representative Swing brought up the matter of taxes on an Imperial Valley subsidy of the power company, and the witness admitted this had some bearing on his position with regard to the canal. A further plausible explanation for the strong objection of the Southern Sierras Company to the canal was inferred by Mr. Swing when he said that under the legislation proposed there would be developed 33,000 H.P. of electricity which would belong to the Imperial Irrigation District, which at that time was a very heavy purchaser of power from the Southern Sierras Company.<sup>33</sup>

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32. Hearings, H. R. 2903, Part 4, p. 618.

33. Ibid., p. 700. It was discovered later that the all-American canal would be the means of generating about 100,000 horse power of electrical energy. The power companies of Southern California sought desperately to get control of the Board of Directors of the Imperial Irrigation District so as to defeat Boulder Dam and the all-American canal.

While the arguments of the two power companies against the Swing-Johnson bill were identical and supplementary, on the question of the immediate danger of floods overflowing the Imperial Valley the two companies differed. Mr. Ballard was of the opinion that 8-10 years was too long a time for the government to delay flood control, while Mr. West felt that the Pescadero Cut made in 1921 and the present superior flood control equipment eliminated all immediate danger to the Valley. As proof of his contention the Southern Sierras official called attention to the expenditure of a half million dollars by able men for lands under the first levee where the water stood in 1921.<sup>34</sup> Referring to the deplorable, exaggerated, and misleading statements which he said had been broadcast over the country as to the immediate danger of the Valley, Mr. West stated that these unsupported statements had done injury to the Valley's standing and credit. He felt the measures taken would afford protection for from 10-25 years.

The representatives of the power companies saw no necessity for a Los Angeles water supply from the Colorado River for many years to come, and stated that the 200,000 H.P. of electricity figured on to supply a population of five million more people in Los Angeles could not be counted on as

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34. Hearings, H. R. 2903, Part 4, p. 638.

an immediate source of revenue.<sup>35</sup> That the city of Los Angeles was sincere in wanting to secure an additional water supply is shown by its various negotiations, one of which was with the Southern Sierras Power Company which owned 84% of the water rights in Mono Basin. The city wanted to carry this water through a low range of mountains into their Long Valley reservoir and thence through their power plants and aqueducts down to Los Angeles. The utility company argued that Los Angeles would secure two advantages by the purchase of these water rights in Mono Basin. In contrast to having to lift water from the Colorado River from 1200-1500 feet, the fall from Mono Valley is 4,000 feet and it was claimed that the power developed would pay for bringing the water to the city. Another advantage in obtaining the Mono Valley water supply was said to be in the quality of water. On account of the solidity and hardness of the Colorado River water, Mr. Means, the civil engineer engaged by the Southern Sierras Power Company, stated that he could say "without fear of contradiction that if Los Angeles uses that water supply they will have the poorest water supply in America for a large city." Seeking a motive for the objections of the power company, Representative Swing suggested that it might

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35. Hearings, H. R. 2903, Part 3, p. 489. Mr. Ballard stated that, "there is water enough for 10,000,000 people in the neighborhood of Los Angeles before any Colorado River water is necessary."

be possible this protest against a water supply to Los Angeles was for the purpose of aiding a sale which the Southern Sierras Power Company wished to make, and that if Los Angeles went to the Colorado River for a supply this company would lose a purchaser.<sup>36</sup>

One of the strongest points made in behalf of the Swing-Johnson bill by its proponents was that it was a self-liquidating measure. Against this claim the utilities made a vigorous onslaught. Mr. Ballard advised the Committee that if the Boulder Dam was constructed and the territory served that had been counted upon, instead of a self-supporting proposition there would be a loss during the first year of over six million and a deficit slightly less in each of the following years for fifteen years. In his calculation he allowed for the growth in population according to scientific methods. According to these figures instead of Boulder Dam paying its way, for the first fifteen years the government would have to furnish \$67,000,000 in addition to the initial estimated cost.<sup>37</sup> The utility companies pointed out the great expense of the Boulder Dam as a flood control measure which they viewed as the chief purpose of its construction. Mr. Ballard thought the building of the Topoc Dam at Needles "the quickest, simplest, and most efficient

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36. Hearings, H. R. 2903, Part 4, p. 698.

37. Hearings, H. R. 2903, Part 3, p. 468.

proposition on the river," and that it could be built in two or three years for about two and a half million dollars. The cost of the Topoc Dam was later estimated by the utilities at \$15,000,000. This dam would have provided about 4,500,000 acre feet of storage and would not have furnished power, controlled silt, or provided for additional irrigation which the utilities, of course, claimed was not needed. The expenditure for providing irrigation so far in advance was called "a terrific waste of money, due to idle capital."

The two power companies not only offered much adverse comment on the Swing-Johnson bill, but they brought forward their own plan of developing the Colorado River, which they supported with many arguments.

On December 4, 1920, the Southern California Edison Company made its first application to the Federal Power Commission for a permit to develop power on the Colorado River. This application involved Glen Canyon and some of the upper developments. On June 4, 1921, the Edison Company filed on two other power sites, making a total possible development of 2,500,000 H.P. on which the company had filed. In addition, on October 11, 1921, the company filed for development in Boulder Canyon and the lower stages of the river.<sup>38</sup>

Edison survey crews and engineers had spent much time in working out various problems on the river, and Mr. Ballard

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<sup>38</sup>. Hearings, H. R. 2903, Part 3, p. 485.

assured the Reclamation Committee the Edison Company had all the data thereon that had been made public. The power company was to develop the river under the terms of the Federal Water Power Act which provided for a limited tenure of fifty years, the government then having the right to take over the project under license at a net investment figure. The company also offered to construct its power dam and operate its reservoirs so as to coordinate its activities with any plan which might be adopted by the government for flood control and irrigation. It was willing that any license granted to them should be subject and subordinate to all provisions of the Colorado River Compact of November 24, 1922.<sup>39</sup>

The Edison Company believed the maximum amount of power that the market would absorb should be the guiding principle of development; consequently, their plan was a gradual one, calling for an initial installation of 300,000 H. P. The chief engineer, Mr. Barre, explained that a coordinated plan of development would be followed and, while they might start with a dam 350 feet higher at Boulder Canyon, the river must be developed in a series of steps.<sup>40</sup> The utility officials said that within a week after a license was received construction would begin on the river, and that at the end of

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39. Hearings, H. R. 2903, Part 3, p. 435.

40. Hearings, H. R. 2903, Part 5, p. 937, March 26, 1924.

two years they would have a dam which would control floods and take care of the electrical development.

It was claimed that the initial Edison development would meet the general requirements such as flood and silt control, supply water for the all-American canal and Los Angeles, and provide for half as much irrigation as a 600 foot dam, or about 1,000,000 acres. From 30-40 million dollars per year was to be expended and the development financed along the same lines as the company's successful financing in California. Two-thirds of the cost would be taken care of through a bond issue sold by bankers and the balance by stock sold directly to the people.<sup>41</sup> Mr. Ballard said the Board of Directors and president of the Edison Company had decided that all interest, dividends, taxes, maintenance, and upkeep, depreciation, and a fund for contingencies could be provided for under the plan.

Both the Edison Company and the Southern Sierras Power Company, which supported the Edison plan of development of the river, advanced many reasons why private power companies rather than the government should do this work. In order to convince the Reclamation Committee of its experience and ability the officials of the Edison Company described some of its operations which they said approached, if they did not equal in magnitude, those which would be necessary on

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41. Hearings, H. R. 2903, Part 3, p. 435.

the Colorado River. Also, a splendid conservative relationship between the outstanding capital and its property investment at cost was vouched for, and the Reclamation Committee informed that watered stock did not exist in the Southern California Edison Company.<sup>42</sup>

Against any charge of the exploitation of the nation's resources the utilities raised their time-worn cry of effective regulation by governmental agencies. This regulation was pictured as so strict that even the height of the poles bearing the transmission lines was specified by a governmental agency. Mr. Ballard bid for a recognition of the idealism in big business when he spoke of his company as merely an agency whose principal business "is to induce a lot of people, private individuals, to invest moneys in stocks and bonds and securities. Then, under regulation, take that money and convert it into physical property, and then under the same regulation to maintain the property, pay the operating expenses, and pay the wages of that money, and nothing more." The utility official added, "I feel I am just as much a public servant as the mayor of any city, or the governor of any state, or any member of Congress. That is a change in the status of the public utility business that has come about in the last few years. It is no longer a business for profit." When asked if he really meant this

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42. Hearings, H. R. 2903, Part 3, p. 436.

Mr. Ballard maintained that he did, and that he wanted the Reclamation Committee to inquire into these affairs because the company had no private affairs. "We are not private; we are public," said the official.<sup>43</sup> The Reclamation Committee was informed that the Southern California Edison Company was highly regarded, its service satisfactory, its officers respected, and that any agitation for municipal ownership was theoretical and not the result of a popular demand growing out of abuses.

Again and again the power companies pled for the development of the Colorado River under the supervision of the Federal Power Commission, and stated they were entitled to protection from the government under existing law. This law was said by the utilities to offer municipalities preference on equal terms. A check on the attitude of the Federal Power Commission toward the Boulder Dam question reveals interesting results. Secretary Work of the Power Commission felt that private enterprise could take care of interest charges and compete with the government and take business away from it. He thought it unfair for the people of Maine to pay for cheap power for California.<sup>44</sup> Mr. Merrill, executive secretary of the Power Commission stated he had changed from a prejudice in favor of municipal development to the

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43. Hearings, H. R. 2903, Part 3, p. 502.

44. Hearings, H. R. 2903, Part 5, p. 1032.

opinion that the cheapest and best service was given by the private companies.\* Secretary Wallace told the Committee that the Federal Power Commission did not expect to sit idly by waiting for Congress to do something. The Boulder Dam Association protested vehemently against the Federal Power Commission's attitude and for a time members of the Reclamation Committee were alarmed lest the Commission grant a license to private companies to develop the river before they completed their investigation. However, such action was held up because the Santa Fe Compact was not signed, and in the meantime the municipalities, sensing the temper of the Commission in regard to giving them preference, fought to put through what the utilities termed special legislation.<sup>45</sup>

Another contention of the power companies was that under their plan of development distribution lines would be built so as to give power benefits to small cities. In a letter of December 12, 1921, to Secretary Fall, the Southern Sierras Power Company expressed itself as

"firmly against the delivery of this great natural resource into the hands of any city or group of cities for development or distribution, for the principal reason that it would effectually prevent the participation therein by those towns and cities, mines and ranches which are not financially able, or as individuals are too remote, to build their own transmission lines. This com-

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\* Representative Swing at one time asked for Merrill's resignation.

45. Hearings, H. R. 2903, Part 5, p. 1079.

pany deplored confining the benefits to a few congested centers which 'would build up and fatten on the needs of those less fortunately situated.'<sup>46</sup>

It was also contended that from a legal and practical standpoint the larger cities could not bond themselves to take care of the smaller cities, and that these would be relegated to oil-developed power, thereby unnecessarily depleting the nation's resources besides the resulting unfair treatment to the smaller cities.

The utilities did not hesitate to tell the Reclamation Committee that a government-constructed project usually meant long delay and excessive cost. Mr. Ballard manipulated the figures given the Reclamation Committee as the estimated cost per H. P. of electricity and showed that instead of costing \$91.70 under the proposed government plan the cost of one H. P. of energy developed at Boulder Dam would reach \$273.00. Under the Edison plan the cost was estimated at \$145.00.<sup>47</sup>

The Edison people claimed that, owing to the diversified character of its power load and the extent of the territory served, the company could distribute power from the Colorado River to consumers for considerably less than in the case of any other possible agency. In advancing this claim due consideration was given to the fact that a

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46. Senate Document No. 142, Problems of Imperial Valley and Vicinity, p. 296.

47. Hearings, H. R. 2903, Part 3, p. 483.

governmental agency was tax-exempt on its property and could finance through the issuance of tax-exempt securities. According to Edison officials this would be offset by the saving effected through the great diversity and high load factor of the company's operations compared to that a new governmental agency would have. By this inter-connected system the engineer felt that Colorado River power could even be put in the San Joaquin Valley and San Francisco. A shortage of power in any one section would be prevented by this diversity of operations.

Besides the claim that the government could more effectively operate the reservoir for flood control and irrigation purposes than if political subdivisions were in control, the private companies brought forth another old but effective argument for the private construction of the dam. This was to permit them to handle the work and avoid the withdrawal from taxation of physical properties, and the issuance of millions of dollars of additional tax-free securities. If the private power companies were allowed to develop 3,000,000 H. P. of electrical energy on the Colorado River, the taxes payable would reach over \$18,000,000 annually, the witness said.

It is worthwhile to mention one other advantage claimed by the utility companies for their plan. It seemed unfair to them that the government should saddle the entire cost of the project on the present generation, and under the system of a fixed capital charge used by the private companies they felt this could be eliminated. In fact they stated that, under the amortization plan of the government, the price of power would be prohibitive.

In conclusion it might be said that the power companies of Southern California were definitely arrayed against the Swing-Johnson bill, and were anxious to obtain the power resources of the Colorado River for themselves. It is known that these companies, together with the Chandler interests of Los Angeles, were very active in their opposition to Boulder Dam. The foregoing account of their testimony before the Irrigation and Reclamation Committee of the House of Representatives has been given at length because it is desirable to show conclusively at this point that these companies were more interested in defeating Boulder Dam than any other private companies would have been. Unfortunately, there is much less material covering the activities of the Southern California power companies in opposition to Boulder Dam than there is dealing with the general utility opposition to the project after 1926. This is because the Southern California Edison Company, not being an interstate concern, was not investigated by the Federal Trade Commission, and the Southern Sierras Company only superficially investigated.

The investigation of the Southern Sierras Company, however, revealed that this power company even continued its opposition to the all-American canal after the project was authorized by Congress. The company indulged in public activities in an effort to prevent the approval by the people of

the Imperial Irrigation District of a contract between the District and the Secretary of the Interior in connection with building the canal. This company was also said to be responsible for initiating the recall on some members of the Imperial Irrigation District Board who were favorable toward the all-American canal, and it sought to get control of the power which was to be generated by the canal.<sup>48</sup>

The Federal Trade Commission did, however, reveal the organized, nation-wide utility activities against the Boulder Canyon Project Act which began almost immediately after a provision authorizing the government to construct a power plant was written into the bill in 1926. With this provision in the Swing-Johnson bill it was made a national instead of a local issue. Of course, it must be said that utility propaganda against government ownership had been freely disseminated since 1920, and the Swing-Johnson bill was being closely watched by the utility interests since it was first introduced in Congress to determine whether the government would enter the power business. Some of the open opposition to the bill in the committees of Congress has been discussed. Again and again new investigations were demanded so as to determine what action on the Swing-Johnson bill would be warranted. It was five years from the time of

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48. The Federal Trade Commission, Utility Corp. Reports,  
Sen. Doc. No. 92, Part 63, pp. 292-356.

In this investigation at which a great deal of evidence was given the Federal Trade Commission by Mr. Mark Rose of Imperial Valley, the difficulty seemed to

its introduction in Congress before the bill was sent out of the Irrigation and Reclamation Committee for the last time. The details of what the utilities did to bring about the defeat of the legislation during those five years are at present unknown. There is, however, an abundance of material which deals with the efforts of the utilities to defeat the Boulder Canyon Project Act after it reached the floor of Congress. This material is supplied as a result of the Federal Trade Commission's investigation of the utilities. How this investigation was brought about, how the utilities fought desperately to avoid it, and the relation of the investigation to the Boulder Dam fight, will constitute the subject of the next chapter.

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48. (Continued). be that such evidence was not sufficiently documented. However, stories of proposed bribery and other power company activity against the all-American canal lend color to the testimony.

### CHAPTER III.

#### UTILITY PROPAGANDA AS REVEALED BY THE FEDERAL TRADE COM- MISSION

In the preceding chapter the discussion of the activities of the electric power companies in opposition to the Swing-Johnson bill was limited to the companies operating in the Colorado River basin. It is, however, the organized attempts to defeat this legislative proposal that were in evidence throughout the United States with which this thesis is most concerned. In beginning a study of these nation-wide activities, it seems appropriate to say something of how the investigation by the Federal Trade Commission was brought about, since it was this investigation that disclosed most of the material used in this thesis.

Moreover, the efforts of the utilities to avoid an investigation may logically be considered a part of the Boulder Dam fight, for it must be remembered that, in spite of repeated declarations to the contrary, cardinal principles of the utility opposition to the Boulder Dam project were secrecy and camouflage. In fact, the power companies steadfastly maintained that they were not opposing it. Hence, any exposure of the true nature of their fight to defeat the proposition and also of the great propagandizing

machine maintained by them for such purposes, would materially weaken their position by rendering their arguments innocuous and concurrently giving their opponents a powerful club with which to smash their way to victory. The power companies, cognizant of the true state of affairs in their industry, must be deemed too wise not to have anticipated the unpleasant notoriety which would result from an investigation. Their desperate fight against the proposal, therefore, was, in part, a struggle to maintain a strong position in opposition to the Swing-Johnson bill. The history of this fight and the resulting investigation may now be traced.

As a result of a series of articles in the Atlantic Monthly by Professor W. Z. Ripley of Harvard University in which he called public attention to abuses in the electrical industry, Senator Walsh of Montana, on February 25, 1927, introduced a resolution proposing that a Senate committee conduct an investigation of the public utilities.<sup>1</sup> The growth of capitalization in the industry and the evil effects of holding companies, if any, were to be determined as a measure of protection to both investors in utility stocks and the consumers of electrical energy.

Senator Norris, as a result of his investigations in connection with the Muscle Shoals project had some years

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1. Congressional Record, Vol. 68, pt. 5, 69th Congress, p. 4740, (February 25, 1927).

before introduced a resolution in the Senate intended to authorize an investigation of the power companies to determine whether they had, by the use of money, or by control of the avenues of publicity, attempted to influence public opinion on the subject of municipal or public ownership. For reasons which will be given later in this chapter, nothing came of this resolution, and language following the same principles was made a part of the Walsh proposal.<sup>2</sup>

The Nebraska Senator prosecuted this phase of the resolution aggressively, introducing evidence of power propaganda against the Boulder Dam project and denouncing the attempts of the utilities to defeat it.<sup>3</sup> He called the Senate's attention to a statement made by Senator Johnson of California during the previous session to the effect that the "power trust" had said it would not let the Swing-Johnson bill pass,<sup>4</sup> and read to the Senate what he termed insidious misrepresentation from utility propaganda against Boulder Dam. Since this resolution introduced by Senator Norris was eventually made a part of the act of Congress authorizing an investigation of the utilities, it is thereby indicated that the opposition of the utilities to the Boulder Canyon Project Act was largely responsible for this phase of the

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2. Congressional Record, Vol. 69, pt. 3, 70th Congress, p. 2892 (February 13, 1928).

3. Ibid., p. 3018 (February 15, 1928).

4. Ibid.

investigation.

Opposition to the resolution was encountered from the beginning and by a vote of 40 - 36 an attempt was made to sidetrack it by referring it to the Interstate Commerce Committee, which was believed to be unfriendly toward the resolution. This committee, however, reported favorably on the proposal, with no crippling amendments added.<sup>5</sup>

In the meantime the utility corporations had marshalled in opposition to an investigation one of the most formidable lobbies ever to combat congressional legislation.<sup>6</sup> The Joint Committee of National Utility Associations submitted a brief, questioning the right of Congress to investigate the utilities and advancing reasons why such procedure was "fraught with evil greater than any good that could be accomplished."<sup>7</sup> Among the 182 lawyers and legal firms signing this brief were ex-Senators, former members of the state railroad commissions, former governors and candidates for governor, and former members of state supreme courts, with the entire lobby being led by an ex-member of the Cabinet. 141 of the 182 lawyers and law firms had been important public servants of their states. Senator Blaine of Wisconsin, speaking of the power lobby as "the most powerful in the

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5. Walsh, Senator Thomas, address: "Tampering with Education," Congressional Record, Vol. 70, pt. 1, 70th Congress, p. 41 (Dec. 5, 1928).

6. Ibid., p. 42.

7. The New York Times, January 21, 1928.

history of the nation," said, "They have gone down the whole gamut of officialdom to seek out men who have political power, and have in the past shown some degree of political shrewdness."<sup>8</sup> To take advantage of the political situation one ex-senator lobbyist was a conservative Republican, the other a progressive Democrat. Representatives from all public service commissions in states having them, as well as those looking after the interests of insurance companies and savings banks appeared in opposition to the investigation. The titanic attempt to lobby the resolution out of existence may be, in some degree, measured by the Federal Trade Commission's disclosure that former Senator Lenroot of Wisconsin alone received the sum of \$20,000.00 for his work as a member of this lobby.<sup>9</sup>

But as relentless and ably commanded as was their siege of the Congressional stronghold,<sup>10</sup> the utilities sought

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8. The Congressional Record, Vol. 69, pt. 3, 70th Cong., p. 2959 (Feb. 14, 1928).

9. United States Daily, April 25, 1928.

10. In answer to Senator Bruce of Maryland, friend of the utilities, who stated he had not encountered improper proposals from a lobby, Senator Dill said the lobby was not crude or rough and had "risen above that kind of lobbying because that is the old type of lobbying. They have been much more subtle and, I think, much more efficient as a result of their subtlety." He added that the lobby was more effective and subtle than any he had ever seen, and that it was also working in sections from which Senators received correspondence.

Congressional Record, Vol. 69, pt. 3, 70th Congress, pp. 3008-3009 (February 15, 1928).

further to strengthen their cause with a frantic bid for popular support. From irate and scowling utility sources pamphlets, editorials, associated press and magazine articles, and public speeches rained down upon a business-conscious public. The contents of this propaganda were expected to become further diffused through the agency of the potential "lambs" of "Main Street" who had become hopeful partners in gigantic utility enterprises. Much of the literature was of a very bitter tone, and if words could blister, Senators Norris and Walsh would have had need for the most learned of skin specialists.<sup>11</sup>

On this wave of publicity which rolled over the land were all of the arguments which the nimble wits of big business could muster to its defense. The proposed investi-

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11. The former president of the Western Power Corporation, Harley P. Wilson, writing in The New South Magazine (September 1927) answers an article by Senator Norris in which he deplors the attack on self-respecting business men "by political demagogues of a certain type of so-called free lance politicians who, apparently lacking capacity to maintain themselves at the public trough through legitimate constructive effort, seek to discredit and destroy their more industrious and better equipped fellows."

In connection with this same article entitled "Facts vs. The Political Slander of the Electrical Industry" was a cartoon showing three children labelled "the people"; intensely excited and listening eagerly to a bald headed man in a statesman's attire named "politics," telling a tale with much gusto. Overhead is a smoke-puffing, forked-tongued dragon labelled "private ownership". 2150 copies of a reprint of this article were distributed by the Joint Committee of National Utility Associations and in addition 500 copies of the magazine were purchased by this committee.

gation was pictured as a persecution of the electric companies in the interests of Senator Walsh's presidential ambitions and the government ownership movement. The investigation was said to be a conveyance on which socialistic Senators expected to coast to victory in putting the government into the power business at Boulder Dam.<sup>12</sup> A terrible raid on utility securities was said to be a sure consequence of the approval of the Walsh resolution.

Perhaps the most prominent argument used by utility spokesmen was that Senator Norris had already caused the Senate to authorize an inquiry by the Federal Trade Commission as to any tendencies toward monopoly and restraint of trade in the electrical field, and that the Commission had reported on February 21, 1927, that no monopoly or restraint of trade existed.<sup>13</sup> Much was made of the Senator's statement of confidence in the Commission when his resolution was introduced, and his failure to be reconciled to its decision was attributed to prejudice and demagoguery.

Making frequent references to the Commission's report

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12. Federal Trade Commission, Utility Corporation Exhibits, Sen. Doc. 92, pt. 2, 70th Cong., p. 344.

(Utility sponsored associated press article quoted.) A writer, serving the utilities, in an article in the Independent, Feb. 4, 1928, concludes: "The fact remains that the Walsh investigation has a direct relation to such small movement for government ownership and operation of utilities as there may be."

13. Greenwood, Earnest, "Down South they call it Lynching," The Independent, Vol. 120, p. 111 (Feb. 4, 1928).

of 1927, Mr. Josiah T. Newcomb, thirty-five-thousand-dollar-a-year manager of the Washington office of the Joint Committee of the National Utility Associations, declared in a speech entitled: "The Power Trust Myth," that "The electric light and power industry is not only free from anything in the nature of a trust or combine; moreover, there is not even any tendency in that direction."<sup>14</sup> Twelve thousand copies of this pamphlet were distributed by the Joint Committee of National Utility Associations.

Writing an article in the Independent entitled, "Down South they call it Lynching," Earnest Greenwood, whose adept pen had earned him thousands of dollars from the utility companies, had this to say:

"If at first you don't succeed, try, try again. The Federal Trade Commission, selected to serve as grand jury, trial court, jury, prosecuting attorney and lord high executioner of industry, having failed to take the first step and return an indictment of the electric industry is, in effect, discharged by Senator Norris of Nebraska. An implication for a new trial is made--this time before Senator Walsh of Montana and a group of 'associate judges' of his own choosing, in the hope that a pre-determined verdict will be sustained by that court of final appeal--American public opinion. . . . If you cannot convict the defendant by means of an orderly trial before a properly constituted tribunal, convict him by lynch law."<sup>15</sup>

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14. Newcomb, Josiah T., The Power Trust Myth, Joint Committee National Utility Association Publication (Oct. 13, 1927).

15. Greenwood, Earnest, "Down South They Call it Lynching," The Independent, Vol. 120, p. 111 (Feb. 4, 1928). This article was sent out by the National Electric Light Association to executives in the industry. The

Mr. Greenwood said that any attempt of the utilities to defend themselves would call forth accusations of using undue influence and lobbying, and added, "that no new facts will be brought out, goes without saying."

The suggestion was also given the public that it would take more than one hundred years to investigate the utilities adequately. Various other angles of opposition to an investigation were presented, among which was the contention that the electric industry would be found entirely free from evil.<sup>16</sup> The great expense of the investigation was dangled before the public, and state control rather than

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15. (Continued). Industrial Digest (February 1928) lent the use of its columns to this same writer for his article on "Panning the Utilities" which began by declaring, "It is open season for public utilities and public utility operators." The hunters were said to be few but very noisy and "like all big game hunters in the field of American business enterprise they are given to seizing the nearest piece of ordinance, loading it with any type of ammunition from the poison gas of deliberate misrepresentation to the sixteen millimeter shells of abysmal ignorance, closing their eyes and shooting in all directions."

16. The Los Angeles Illustrated News, December 15, 1927. This paper resorted to ridicule and predicted the failure of the "trust busting stock company" that had been putting on "Congressional Shows" for years. This utility mouthpiece (the Boulder Dam sponsors called it "The Ulcerated Daily News" because of its connections with the power companies) stated that if the truth were known the utilities would be given the "greatest vote of confidence in the American system of business ever recorded in this country" and that their millions of stockholders would be augmented by millions more.

federal regulation was defended. In this connection it may be said that the voices of the governors of Virginia and Ohio were heard, the Ohio governor declaring that the people of his state would "resist any effort by Congress to usurp their rights in utility regulation."<sup>17</sup>

In commenting on the foregoing contentions of the utilities it is not the purpose deliberately to make a case against them. Their right to make known their position and defend themselves properly against an investigation which might interfere with legitimate business pursuits should be recognized. However, any study of the arguments presented by the power companies in the light of circumstances and later developments inescapably casts reflection upon their sincerity. Writing in the Baltimore Sun February 14, 1928, Frank R. Kent, noted journalist, said the utilities should demand that Senator Walsh go to the bottom of the situation in their industry, but in effect had said: "We are afraid of a real investigation . . . . We are not really as pure as we pretend."<sup>18</sup>

It will be recalled that the electric companies sought to create public indignation against the Walsh resolution on the grounds that they had already been given a clean

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17. Congressional Record, Vol. 69, pt. 3, 70th Congress, p. 3023 (February 15, 1928).

18. Congressional Record, Vol. 69, pt. 3, 70th Congress, p. 3025 (February 15, 1928).

record by the Federal Trade Commission and that further efforts to have them investigated were for political purposes and a rank waste of public funds. Let us examine some of the facts surrounding this investigation which the utilities failed to disclose.

On February 9, 1925, as a result of the parliamentary astuteness of Senator Norris, an unwilling Senate adopted as an amendment a resolution to inquire into conditions in the electrical industry as previously stated, and to determine if there had been any tendency toward monopoly and restraint of trade with particular emphasis on the General Electric Company.<sup>19</sup> The view given the public by the utilities was that this so-called investigation was an exhaustive search into their affairs by an agency of Senator Norris's own choosing and emphasis was given the fact that he had declared prior to its decision, his faith in its integrity and judgment. However, a study of the character and attitude of the personnel of the Commission at the time the Norris resolution was to be acted upon reveals an interesting situation which provides evidence for conclusions contrary to the utility view.

William E. Humphrey, a man sympathetic with the big business interests, was appointed to the Commission by

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19. Congressional Record, Vol. 66, pt. 4, 68th Congress, p. 3303 (February 9, 1925).

President Coolidge in 1925 and became its chairman. According to Senator Glass of Virginia the purpose of this appointment to the Commission was "to halt its inquisitiveness, to change the order of its activities, to revolutionize by restraining its acts of procedure."<sup>20</sup> The Senator called attention to an interview Mr. Humphrey had with a representative of the St. Louis Post-Dispatch in which the chairman of the Commission was reminded that he had been accused of "packing" the Commission's board of review and that the newspaper reported him as saying:

"What of it? Do you think I would have a body of men working here under me that did not share my ideas about these matters? Not on your life. I would not hesitate a minute to cut their heads off if they disagreed with me. What in hell do you think I am here for?"<sup>21</sup>

Characterizing this as a profane expression of contempt for public interests Mr. Glass declared that the Commission's board of review to be "under the suspended axe of a brutal political boss." Senator Norris spoke of "big business" as Humphrey's god and said, "The bigger the corporation the more holy it becomes."<sup>22</sup> Writing of the possibility of the Federal Trade Commission's conducting a further inquiry into the electrical industry, Mr. Frank R. Kent frankly stated

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20. Congressional Record, Vol. 69, pt. 3, 70th Congress, pp. 3031-3032 (February 15, 1928).

21. Ibid.

22. Congressional Record, Vol. 69, pt. 3, 70th Congress, p. 2954 (February 14, 1928).

that the presence of Mr. Humphrey on the Commission made "a coat of whitewash a dead-sure proposition."<sup>23</sup> It was disclosed on the floor of the Senate that Mr. Humphrey had, while a member of the House of Representatives, voted against the establishment of the Federal Trade Commission.<sup>24</sup>

Three members of the Commission were accused of having hostile preconceptions precluding alteration by any evidence.<sup>25</sup> It may thus be seen that there was widespread belief that the personal views of its appointees governed the Commission's activities and turned its attention to matters other than trade regulation. Supporting this view, Professor E. Pendleton Herring of Harvard University, writing in the American Political Science Review, said that "the judiciary cannot be held responsible for the Commission's quiescent attitude dating from 1925."<sup>26</sup>

The foregoing situation will provide background for an understanding of the treatment accorded the Norris resolution. Receiving authority from the Senate to conduct the investigation, the Commission, according to Senator Norris, sought some means of escaping its duty.<sup>27</sup> It appealed to

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23. Kent, Frank R., "The Great Game of Politics," Congressional Record, Vol. 69, pt. 3, 70th Cong., p. 3025 (Feb. 15, 1928).

24. Congressional Record, Vol. 69, pt. 3, 70th Cong., pp. 3031-3035 (Feb. 15, 1928).

25. Ibid.

26. Herring, E. Pendleton, "Politics, Personalities and the Federal Trade Commission," American Political Science Review, vol. 28 (Dec. 1934).

27. Congressional Record, Vol. 69, pt. 3, 70th Cong., p. 2953 (Feb. 14, 1928).

the Attorney General for an opinion as to whether it could proceed with the prosecution of the propaganda phase of the inquiry and received an opinion that such a procedure would not be in accord with the law. This decision was the result of reactionary influences having attached a rider to an appropriation to the Federal Trade Commission, restricting its use of funds.<sup>28</sup> Senator Glass charged that Mr. Humphrey had previously come before the Appropriations Committee and prevailed upon it not to appropriate sufficient funds to carry on the Federal Trade Commission's investigation, and that even a second time he had sought to thwart the will of Congress in a similar manner.<sup>29</sup> Thus, the proposed inquiry into the subject of whether the utilities, by the use of funds, or otherwise, had influenced public opinion on the subject of government ownership, was sidestepped by the Commission, which went merrily on its way seeking to appease the progressive element of Congress and at the same time comply with the dictates of "big business" by making a very superficial report which it was believed was slated for musty archives had the Walsh resolution not been proposed.<sup>30</sup>

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28. Walsh, Senator Thomas, address, "Tampering with Education," Congressional Record, Vol. 70, pt. 1, 70th Cong., p. 41 (Dec. 5, 1928). The opinion was written by Mr. Myers of the Attorney General's office, but who at the time of the debate on the Walsh resolution was a member of the Federal Trade Commission.

29. Congressional Record, Vol. 69, pt. 3, 70th Cong., p. 2943 (Feb. 14, 1928).

30. Ibid., (Feb. 15, 1928).

In speaking of this report, which contained no transcript of testimony, Senator Glass said: "Of what value is it anyway?" Senator Blaine of Wisconsin, contending that a clerk in his office had presented a far more intelligent and voluminous report on the utilities than the Federal Trade Commission had, stated that the Commission "did not subpoena a single witness, did not swear a single witness, did not cross-examine a single witness."<sup>31</sup> The Senator from Wisconsin argued that the sources from which the report was made up were available to every citizen of the United States.<sup>32</sup>

This is the nature of the "full and comprehensive" investigation which the utilities claimed had given them a clean record and which they used to prove that a further inquiry into their affairs was heartless political persecution.<sup>33</sup> The question has been treated at some length to

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31. Congressional Record, Vol. 69, pt. 3, 70th Cong., p. 3018 (Feb. 15, 1928).

32. The Commission corresponded with officials of electric companies, and used The Electrical World, Bureau of Census, Geological Survey, Investor's Manuals and similar sources in making its report.

33. Commenting on the remarkable philippics used against Congressional investigations, Senator Glass said much of a similar nature was heard during the Teapot Dome and Department of Justice investigations. "Then, as now, one would have supposed that the investigators were the real culprits, and innocent victims of partisan malice. . . . Had the Senate then regarded protests of the precise nature of those to which we have listened today, the naval oil reserves would be in the possession of the knaves who purchased them from the scoundrels who sold them." Congressional Record, Vol. 69, pt. 3, 70th Congress, p. 3031 (Feb. 15, 1928).

show the subtlety and perversion of facts in utility propaganda.<sup>34</sup> Hundreds of thousands of dollars were spent in placing before the public a message concerning "a thorough" prior investigation which, so far as has been learned, contained no mention of the all-important propaganda phase of the inquiry requested by the Senate and which averted the discovery of an electrical power combine more powerful than the world has ever known.

Dwelling briefly on some of the other elements of opposition to the investigation made by the utilities in an effort to determine whether in making them they appear to be equally insincere, it may be said that holders of utility stocks, instead of seeing a devastating decline in their values, witnessed their climb to greater heights than ever,

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34. A good example of a subtle word play meant for strong public appeal is the following extract from the aforementioned New South Magazine. Speaking of Senator Norris and the alleged "Power Trust," Mr. Wilson said that the Commission "spent some two years and much treasure in an investigation contemplating indisputable proof of the existence of this hydra-headed creature of his imagination, but found in a voluminous report such a thing totally non-existent." He speaks of the "dismay of the good Senator in thus finding his pet phrase officially blasted by an agency of his own choosing and one which he upheld as possessing every needful qualification to absolutely prove the truth of his years of violent and vitriolic assertion that just around the corner lying in wait for whom it might destroy lived his pet bogeyman, the 'Power Trust'". Wilson said it had become "the old question of whose ox is gored" and that the Senator still harped on the "Power Trust" "as if nothing had occurred to establish the utter falsity of such harping."

and that declines set in only as a result of adverse economic conditions.<sup>35</sup>

Again, while it took the Commission seven years to make an investigation of the electric companies, this was 93 years short of the estimate of utility spokesmen. Even the 1927 report of the Federal Trade Commission countenanced the belief that the state commissions were not adequately equipped to control, properly, conditions in the electrical industry, and the fact was admitted by a few of the state commissioners. The representatives of investment bankers who opposed the investigation and said none was needed since several had been made by them already, possessed, among utility securities, only bonds and preferred stocks in their portfolios.<sup>36</sup> Even the story of electricity as a benefactor of mankind was told with seemingly extravagant and glamorous statements.<sup>37</sup>

In terminating the examination of utility arguments presented against an investigation, attention may be called to the fact that positive assurance was given that nothing new would be revealed by the inquiry. In this connection may

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35. It is true that long after the discovery of holding company abuses the demand for controlling legislation had a restraining effect on the price of utility stocks.

36. Congressional Record, Vol. 69, pt. 3, 70th Congress, pp. 2893-2894 (Feb. 14, 1928).

37. Wilson, Harley P., "Facts vs. the Political Slander of the Electrical Industry," New South Magazine, Sept. 1927. Mr. Wilson said that during the last ten to fifteen years the electrical industry under private ownership had done more "to develop the resources of this country and to establish its present high standard of wealth and prosperity than all other factors combined."

be given the following statement of Senator Walsh after the investigation was well under way.

"The portentious movement of which the Commission through its hearings gives reliable information is a new development in American life. It may have had its prototypes, but nothing approaching it in magnitude, in perfection of organization, or in the means commanded for influencing public opinion for private gain is known to our history, or probably to that of any other country."<sup>38</sup>

Throughout sixty odd volumes of testimony taken by the Commission, may be found some of the most startling facts ever heard by any tribunal, facts buried in well-guarded secrecy until uncovered by the investigation. The wide extent of propaganda in the schools, the control of the press and the political activities of the utility companies were known only to themselves.

At first the aim of the utilities was to avoid any investigation whatsoever, but the aggressiveness of the progressive element in the Senate, the clever maneuvers of the sponsors of the Boulder Dam project, over enthusiasm for their cause, and the usual deep-seated suspicion of "big business" lurking in the minds of the public all contributed to a losing cause. It became rather certain that some kind of an investigation would be made, so the utilities changed their tactics and sought to get the inquiry out of the Senate's hands into those of the friendly Federal Trade Commission.

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<sup>38</sup>. Walsh, Thomas J., "Tampering with Education," address, Congressional Record, Vol. 70, pt. 1, 70th Cong., p. 47.

When the Walsh resolution again came before the Senate in February 1928, Senator George of Georgia, a state in which the power companies were said to wield great political influence,<sup>39</sup> was successful in having an amendment adopted authorizing the Federal Trade Commission to conduct the investigation.

"The debate on the amendment was easily the most spirited of the session, the argument in support of it being in its general tenor against any investigation and bringing to its support the solid phalanx of those against an inquiry by whomsoever conducted."<sup>40</sup> The imposing power lobby sat in the galleries<sup>41</sup> and heard one of their spokesmen, Senator Bruce of Maryland,<sup>42</sup> rage against corporation baiting, investigating manias and ambitious politicians.<sup>43</sup> After a

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39. Congressional Record, Vol. 69, pt. 3, 70th Cong., pp.3005-35(Feb. 15, 1928).

40. Walsh, Thomas J., address, "Tampering with Education," Congressional Record, Vol. 70, pt. 1, 70th Cong., p. 41.

41. Ibid.

42. Listed in Who's Who, 1928 as having been, just prior to becoming a Senator, the general counsel of a public service corporation and also president of a life insurance company.

43. The Senator denounced Senator Walsh as deriving a pleasure in investigating similar to that some men get from intoxication. "He is like a tiger who tastes human blood and then becomes a man-eater for the rest of his life." He accused the Montana Senator of ulterior motives and, riled at the latter's use of the term "power lobby," shouted: "Power lobby! That word lobby has been so perverted during the course of my experience as a member of legislative bodies that I can hardly keep my bile from rising when I hear it." He defended the lobbyist as his best friend but said Senator Walsh thought of him as "a ravenous wolf skulking about a stockade." He likened the Montana Senator to

very bitter debate<sup>44</sup> the amendment passed by a vote (46-31) which cut across party lines.<sup>45</sup>

Temporarily the power companies had won. At that time "the conviction was general among friends and foes that the result was a triumph for the so-called "Power Trust", and that no inquiry of any moment would be prosecuted."<sup>46</sup>

But the Commission set out to show those who had said, "If the George Amendment prevails, we will get no investigation,"<sup>47</sup> the error of their speech. Its "big business" proclivities had been exposed by many Senators with brutal frankness. Perhaps too much had been said for the challenge to be ignored and, in addition, many threats were made by Senators to initiate legislation to have the Commission abolished as a million dollar annual waste unless it conducted a creditable inquiry.<sup>48</sup> Moreover, a transcript of the testimony was required by the Senate every thirty days during the progress of the investigation.

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43. (Continued). the man who cursed an eel because it wouldn't lie still while he skinned it.

44. On Feb. 14, 1928, while the George Amendment was being considered the Senate remained in session until 9:17 in the evening, having refused four times to adjourn.

45. Congressional Record, Vol. 69, pt. 3, 70th Cong., p. 3053 (Feb. 15, 1928).

46. Walsh, Thomas, address, "Tampering with Education," Congressional Record, Vol. 70, pt. 1, 70th Cong., pp. 41-45 (Dec. 5, 1928).

47. Congressional Record, Vol. 69, pt. 3, 70th Cong., p. 2954 (Feb. 14, 1928). Statement made by Senator Norris and agreed to in substance by many others.

48. This threat was given real force by statements of Senator Tydings of Maryland.

The Commission somehow unbound itself from the Attorney General's opinion and set earnestly about its task with a recent appointee intrusted to take the testimony and "a bright young lawyer from the state of Vermont" engaged to interrogate the witnesses.<sup>49</sup> The propaganda phase of the inquiry was vigorously prosecuted, Senator Walsh stating that the work was done more thoroughly than any Senate committee could have conducted it.<sup>50</sup>

However, the Commission did not always travel over an unobstructed path. Especially were the Electric Bond and Share Company witnesses reluctant to give it the information requested, and often an attorney sat beside them during interrogation to advise them what questions to refuse to answer.<sup>51</sup>

Growing tired of this attempt to strangle the investigation, the Commission brought a suit in the United States District Court, compelling the unwilling witnesses to testify.<sup>52</sup> In view of this difficulty the following remarks made by the president of the National Electric Light Association at the 1928 convention are to be noted.

"Every scrap of paper has been made available for scrutiny. We are anxious that the true facts be given to the public, that the people of the country may see and understand the make-up and habits of the organizations that furnish them the lights for

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49. Walsh, Thomas, address, op. cit., p. 42.

50. Ibid.

51. Thompson, Carl D., Confessions of the Power Trust, pp. 55-62.

52. Ibid.

their homes and the power for their factories."<sup>53</sup>

It seems utterly impossible to reconcile such a statement as this with the true facts of the case. There was, however, no lengthy battle in the courts as to the powers and limitations of the investigating body. Some of the Senators voting for the George Amendment said they would move immediately for an investigation of the electrical industry by a Senate Committee if the power companies started bringing injunctions interfering with the Commission's work.<sup>54</sup> This may have restrained the utilities.

As already suggested, a great power combine was exposed. Real organized opposition to the Boulder Dam project had been transferred from a hypothesis to an established fact. Publicity dulled the weapons with which the utilities meant to knife the Swing-Johnson bill, and timid Senators scampered to climb on the bandwagon tooting for Boulder Dam rather than be found associated with the iniquitous "Power Trust" dragon after it had been dangled before the eyes of the public.<sup>55</sup>

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53. Federal Trade Commission, Utility Corporation Exhibits, 70th Cong., 1st session, Sen. Doc. No. 92, pt. 1, p. 145.

54. Congressional Record, Vol. 69, pt. 3, 70th Cong., pp. 3044-3053 (Feb. 15, 1928).

55. In an interview with Senator Henry F. Ashurst of Arizona in Tucson in October 1934 the Senator said: "We had them whipped until they introduced this ghost of a power trust. Then the Senators came around and said, 'Henry, we are for you, but we can't go back home and have our constituents point their fingers at us as being in league with the power trust.'"

## CHAPTER IV.

### THE UTILITY PROPAGANDIZING MACHINE

In order to understand more fully the wide-spread activities of the utilities against the Boulder Canyon Project Act, it is necessary to make some study of the organized channels through which these activities were carried out, and it is the aim of this chapter to explain the various agencies through which the utilities controlled public opinion, and the interrelationships of these agencies.

Although the nation-wide organization of the public utilities was coordinated to an astounding degree, with a unity of purpose and action, there were so many divisions and subdivisions involved in the complex structure of the organization that confusion is indicated in the attempts of some writers to describe it. This may be avoided by keeping in mind the following brief outline of the national set-up.

There were three principal organizations involved in propagandizing activities on a nation-wide basis. These, in the order of their importance, were:

- The National Electric Light Association
- The American Gas Association
- The American Electric Railway Association

These three organizations together maintained an executive

committee, which was called The Joint Committee of the National Utilities Associations. All four of these agencies were subdivided into various sections and committees which worked in harmony with each other, and also with the several state public service information bureaus and associations, the public relations departments of electric power and gas companies and such other local agencies as existed. While there were many divisions of the utility propagandizing machine, it must be thought of as a unit, divided only for the purpose of concentration of effort and general effectiveness. With these facts in mind an understanding of the various agencies of propaganda and their interrelationships should not be difficult.

The oldest and predominant organization of the public utilities in this intricate machinery of propaganda was the National Electric Light Association, which was formed in 1885.<sup>1</sup> Its functions in the early days were largely technical. Later it served to reduce competition among its members and to assist in building up the industry. About 1920 it became very aggressive in its efforts to shape public opinion in the interests of the utilities. Article 2 of the constitution of the National Electric Light Association states that the Association shall not engage in business.

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1. The Federal Trade Commission, Utility Corporation Reports, Senate Document No. 92, pt. 1, 70th Congress, p. 2.

The membership of this Association was made up of ten classes, the most important of which were 790 electric power companies and 13,830 of their employees.<sup>2</sup> There was also a combined total of more than 700 members from manufacturers and associate companies.

On a basis of kilowatt-hour production the total membership of over 20,000 represented greater than 90% of the electrical energy generated in the United States.<sup>3</sup> The extensive nature of the organization is evident. It was regarded as the voice of the industry and the chief channel through which were carried out clever propagandizing schemes and political battles.

The importance of the National Electric Light Association as an active agency of the utilities may be measured by the annual revenues derived from its members, and from the sale of publications. In 1923 these revenues amounted to over \$549,000.<sup>50</sup> By 1932 they had increased to almost one and a half million (\$1,500,000).<sup>4</sup> This figure does not include the revenues of the cooperating state bureaus, which were in excess of one half million (\$500,000) more. Neither does it include any of the twenty-five to thirty million

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2. The Federal Trade Commission, Utility Corporation Reports, Sen. Doc. No. 92, pt. 1, Exhibits, 70th Congress, pp. 78-96.

3. Ibid.

4. Federal Trade Commission, Utility Corporation Reports, Sen. Doc. No. 92, pt. 1, 70th Congress, pp. 158-163.

dollars said to have been expended annually by the electrical industry under the supervision of the National Electric Light Association, for advertising purposes.<sup>5</sup>

Dues were derived from company members on a percentage basis. Holding companies, provided that all their controlled central station companies were class A members of the National Electric Light Association, could be duly elected as class A members and pay \$50.00 annually. The dues of an electric power company having a gross income of \$50,000 but not in excess of that figure were fifty cents per \$1,000 of such gross income. Company members with gross incomes over \$50,000 paid at the rate of 1/15 of 1% of their gross incomes.<sup>6</sup> It can be seen that, with the growth of the industry, the revenues of the Association grew in proportion. The revenues thus derived were almost always spent, very little being carried to surplus. One of the biggest items in the balance sheet is the allotment to the 13 geographic divisions of the Association on the basis of budgets submitted, but no one of these regional divisions was to receive an amount more than 50% of the revenues collected from that particular division.<sup>7</sup>

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5. Thompson, Carl D., Confessions of the Power Trust, p. 49.

6. Federal Trade Commission, Utility Corporation Reports, Senate Doc. No. 92, pt. 1, Exhibits, 70th Congress, p. 2.

7. The allotment to the geographic divisions for 1932 was over \$333,000 (Exhibit 55-78). Subscriptions to periodicals alone one year amounted to almost \$4,000.

The work of the National Electric Light Association was carried out by many committees and officials. There was a national executive committee made up of the president of the Association, the retiring president, the four vice presidents, treasurer, managing director, the presiding officer of each of the 13 geographic divisions, the chairman of each of the four national sections, and eleven members at large.<sup>8</sup> There were 13 special national committees, the most important of which was the Public Policy Committee composed of "the brains of the industry", and having general direction of all matters of broad import pertaining to the utilities. The five general national committees included those such as the Educational, Insurance and Civic Development Committees. There was a division called the Department of Public Information. In addition, there were four national sections of the National Electric Light Association--the Accounting, Commercial, Engineering and Public Relations Sections. These four sections were divided into 36 committees, which were in turn broken up into numerous subcommittees. The geographic divisions of the National Electric Light Association were organized on the pattern of the parent structure, each having its various sections and committees.<sup>9</sup>

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8. Federal Trade Commission, op. cit., p. 2.

9. Ibid., pp. 9-62.

Our chief interest, however, centers about the Department of Public Information and the Public Relations Section of the National Electric Light Association, since these were the divisions directly responsible for the distribution of publicity.

The Department of Public Information, which was organized in 1920,<sup>10</sup> functioned as an agency for the dissemination of literature concerning matters important to the electric light and power industry. It was this department that contacted the various state committees, advised them on anything of interest, and in turn received information from them. It was the director of this Department who, in January 1927, sent out a telegram to all state committees, or public service information bureaus, advising them that the Boulder Canyon Project Act would soon be out of a congressional committee on the floor of Congress, and that there was urgent need for the electric industry to fight the legislation. As a result, efforts to defeat this bill were set in motion. The Department prepared, edited, and published certain reprinted articles, or those which originated with the Department, or with any of the committees of the public relations sections.<sup>11</sup> It had charge of the National Electric Light Association bulletin and of two or three letter services

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10. Federal Trade Commission, op. cit., p. 19.

11. Ibid.

of the companies. Tons of literature of the nature of propaganda were distributed through the Department of Public Information.<sup>12</sup> This division of the National Electric Light Association was a dynamo of publicity and generated enthusiasm to thousands in the utility industry, who in turn propagandized the public.

The Public Relations Section of the National Electric Light Association was formed at the Pasadena convention of that organization in 1921. Its bold purpose is indicated in a speech made by Mr. H. T. Sands, chairman of the Section in 1927.

"But about six or seven years ago . . . there had been building up a current of adverse public opinion, a current which if not stemmed and checked might some day overwhelm and engulf us. . . . Out of the realization of that situation was born the public relations movement of this Association."<sup>13</sup>

Martin J. Insul in a national convention of the National Electric Light Association, stated that such men as were in attendance there operated utilities but did not own nor control them, and that through the public relations division the no profits doctrine was being broadcast. The possibili-

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12. Exhibit 1016 of the Federal Trade Commission's, Utility Corporation Reports, shows that more than twenty million copies of only four bulletins variously entitled: Why did 860 Municipal Plants Close?

Service at Cost

All in Favor of Paying More Taxes Say "Aye"

Muscle Shoals

were printed for distribution by this Department.

13. Federal Trade Commission, Utility Corporation Reports, Sen. Doc. No. 92, pt. 1, Exhibits, p. 144.

ties this instrumentality, working in close cooperation with the Department of Public Information, offered for the dissemination of any doctrine favorable to the electric power companies led its chairman, Mr. M. S. Sloan, to say in the 1925 convention of the National Electric Light Association:

"I weigh my words carefully when I say that I believe the work with which this section is charged is the most important in the whole broad scope of activities of the electric utilities."<sup>14</sup>

Again and again, in the conventions of the National Electric Light Association testimonials were offered in praise of the Public Relations Section as successful beyond any prior attempt to build good will in the history of industry.

The importance of this "grand" division of the National Electric Light Association justifies some survey of its structure, though perhaps the activities of each of its committees would require volumes for an adequate treatment of them. There were eight committees of the Public Relations Section besides the executive committee. These were:

- The Cooperation with Educational Institutions Committee
- The Customer Ownership Committee
- The Information Bureau Organizations Committee
- The Industrial Relations Committee
- The Manufacturers' Advertising Committee
- The Public Speaking Committee
- The Relations with Financial Institutions Committee
- The Woman's Committee<sup>15</sup>

The activities of the committees arose out of a well

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14. Federal Trade Commission, op. cit., p. 105.

15. Ibid., pp. 56-62.

formulated plan to capture the sympathy of other business industries and that of the public. It is difficult to say which committee was more important in the general scheme. All had rather specifically stated objectives, but we find a great expansion of activities far beyond these announced objectives in most cases. For instance, the purpose of the Educational Committee was given as "to bring about a closer understanding and better methods of education with reference to public utilities in the higher institutions of learning,"<sup>16</sup> yet we find this committee and its geographic counterparts engaged in circulating pamphlets through the public schools, making surveys of textbooks, and instigating contacts with publishers and local school boards to effect changes therein, all in the interests of, as one utility official expressed it, "shaping future opinion"<sup>17</sup> on such matters as monopolies, franchises and government ownership.

The Customer Ownership Committee was to assist in the sale of utility securities to customers, which efforts in addition to obtaining funds, were directed toward building up a vast army of supporters for the utility points of view on any questions concerning them, whether these questions were

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16. Federal Trade Commission, *op. cit.*, pp. 56-62.

17. *Ibid.*, p. 255. In National Education Association circles much condemnation of the utility educational program was heard after the Federal Trade Commission revealed these activities.

of a political or economic nature.

The state public utility information bureaus were organized under the direction of the Information Bureau Organizations Committee.

An army of speakers was organized and trained through the efforts of the Public Speaking Committee. A public speaking handbook was issued and thousands of speeches were made annually throughout the country. These speeches nearly always found a place in the newspapers, where they could be read by the public.

The good will of financial institutions was to be cultivated through the work of the Financial Institutions Committee, with particular emphasis on that of the local bankers, since communities usually hold the opinion of their bankers in high respect. The utilities spoke of "educating the banker".

The purpose of the Women's Committee was given as "to formulate and put into effect plans for the education of women of the country on the fundamental economic principles of the electric light and power business and the interdependence of the industry."<sup>18</sup> As an illustration of the manner in which utility messages were given to the public, a more detailed account will be given of the activities of this committee. Meetings were held, to which busy utility

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18. Federal Trade Commission, op. cit., p. 61.

men came from all sections of the United States. The women listened to "pep" speeches on such issues as Boulder Dam legislation and the utility investigation. Their duty was then to return to their localities and impart the utility point of view to women who were supposed not to have the facts. They were urged to address schools, contact women's clubs, give teas and even write plays as an outlet for their views. An outline of "facts" which the utilities wished placed before the public was sent to all chairmen of the women's committees. This committee was said to have set the pace for the training of public speakers. In the Great Lake Division of the National Electric Light Association in 1925, 284 educational meetings were held by the women's committees.<sup>19</sup> Among the leaders of the industry the organization of women was looked upon as preeminent among the various committees. Some viewed it as an avenue for publicity unsurpassed, and one official suggested it to be a mistake to employ stenographers solely because they could pound typewriters and not because they had the ability to go out and spread the gospel of the public utility business.<sup>20</sup> It can be seen readily that the women's committees were a powerful force in the campaign of the industry to control public opinion.

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19. Federal Trade Commission, *op. cit.*, p. 108.

20. *Ibid.*, pt. 3, pp. 281-282.

This discussion will give some idea of the work of most of the committees of the National Public Relations Section of the National Electric Light Association. In this connection, however, it must be remembered that, usually, each committee had its geographical counterpart in the thirteen regional divisions. The propagandizing activities of the National Electric Light Association were systematized and coordinated. They covered all sections of the country and through company members reached down into the localities of the nation wherever electric light and power was sold.

With its own formidable array of sections and committees for the direction and execution of its propaganda, it would seem that the National Electric Light Association had well covered the field, but with the resourcefulness and thoroughness characteristic of big business, this centralized agency of the electric power companies secured reinforcements which they termed "related organizations".<sup>21</sup> Among those mentioned were:

The American Engineering Standards Committee  
The American Society of Mechanical Engineers  
The American Uniform Boiler Society  
The American Water Works Association  
Chamber of Commerce of the United States  
Committee on the Relation of Electricity to Agriculture  
International Chamber of Commerce  
National Electrical Manufacturers' Association  
National Fire Protection Association  
National Industrial Conference Board  
The Joint Committee of National Utility Associations  
The State Public Utility Information Bureau

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21. Federal Trade Commission, op. cit., p. 62.

and many other committees and associations. The National Electric Light Association had a representative to the National Chamber of Commerce and contributed annually \$700.00 dues to the organization.

In addition to the powerful influences of these "related organizations," the Federal Trade Commission's investigation shows that by interlocking directorates, the utilities had men occupying prominent and active positions throughout the industrial, banking, transportation, and communication fields.<sup>22</sup>

At the beginning of this chapter it was stated that there were three principal organizations in the utility field disseminating propaganda. Only a very brief survey will be given of the American Gas Association and only mention made of the American Electric Railway Association, as the former was organized and operated similarly to the National Electric Light Association and the Electric Railway Association's activities were not extensive enough to warrant any special study.

On a basis of the volume of business transacted the American Gas Association also represented more than ninety per cent of the artificial and natural gas industry.<sup>23</sup> It had a publicity and advertising section and issued a monthly

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22. Federal Trade Commission, Utility Corporation Reports, Sen. Doc. No. 92, pts. 23 & 24, 70th Cong., pp. 735-749.  
23. The New York Times, March 9, 1925.

magazine. Most of its propagandizing activities, however, were carried on through the state information committees, which will be discussed later in this chapter. The overlapping personnel and objectives of the American Gas Association and the National Electric Light Association are much in evidence, and for the purpose of study the methods of controlling public opinion hardly suggest a division. Each organization bore almost an identical relation to its own industry. The expenditures of the American Gas Association were about one-half those of its sister organization, the National Electric Light Association.<sup>24</sup> Its contribution to the Joint Committee of National Utility Associations upon the revival of this organization in 1927 was \$25,000, while the National Electric Light Association contributed \$60,000 and the American Electric Railway Association \$15,000. In these contributions is indicated the relative strength of the three propagandizing agencies.

Very important in the distribution of publicity was the executive committee of the three associations, which was called the Joint Committee of National Utility Associations. This was the capstone of publicity committees. It was first organized during the war period,<sup>25</sup> but its income prior to

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24. Federal Trade Commission, Utility Corporation Reports, Senate Document No. 92, pt. 1, Exhibits, 70th Congress, p. 552.

25. Ibid., pt. 3, p. 543.

1927 was limited, and its work was carried on largely by one man.<sup>26</sup> However, an emergency arose among utility interests and the committee was revived.

At the fiftieth annual convention of the National Electric Light Association held in Atlantic City in 1927, the chief topic of discussion was how to defeat the Boulder Dam Project Act.<sup>27</sup> Shortly after this the joint committee was formed. Its chief and immediate purpose was to defeat Boulder Dam and Muscle Shoals legislation, and also the Walsh resolution for an investigation of the utilities. In view of the misrepresentation made by the joint committee, which will be exposed in a subsequent chapter, it might now be worthwhile to state some of the high-minded objectives given out by the committee in press releases shortly after it was revived. The following opening announcement was made to the press by the committee's chairman, Mr. George B. Cortelyou, President of the Consolidated Gas Company of New York:

"The joint committee represents the gas, electric light, and street railway industry of the country, an industry that is the custodian of the funds of millions of our citizens who are unorganized and voiceless. . . .

"We intend to give the public the facts about the utilities. We shall try to demonstrate that the entry of government into this field is politically unwise, economically unsound, and competitively unfair."<sup>28</sup>

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26. Federal Trade Commission, op. cit., pt. 3, p. 16.

27. Boulder Dam Association, Bulletin No. 103.

28. Federal Trade Commission, op. cit., pt. 3, p. 221.

The treasurer of the committee, Mr. W. A. Jones, in a letter of July 30, 1927, stated:

"There seems to be in the public mind much misconception of the attitude of the utility corporations and much ignorance of the fundamentals of economics, business and finance, upon which our services are based. . . .

"While the utilities are taking the brunt of the recent attack, success against them would be but the first step in the campaign. The inevitable consequence would be encouragement for those who would have the government take over and conduct other business until the country is thoroughly socialized. . . .

"It is imperative that authoritative views and information be presented to the public in order that it may form its opinion and make its decisions on the basis of fact and reason rather than prejudice. It will be the function of the joint committee to act on behalf of its component associations in matters of common concern. It will inform itself regarding and keep in touch with all attempt to create a hostile public attitude. It will undertake guidance in the dispelling of ignorance and the dissemination of truth. It believes that public opinion always finally reacts to truth, and its activities will be founded upon that belief."<sup>29</sup>

It has been characteristic of the utilities to talk about the facts; but it needs to be understood that these "facts" are rarely determined by a disinterested agency.

In June 1927 the bank balance of the joint committee was about \$400.00. In the next few months it collected around \$400,000.00.<sup>30</sup> Its income was prorated on the basis of the gross earnings of companies reasonably counted on to

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29. Federal Trade Commission, op. cit., pt. 3, p. 358.

30. The United States Daily, May 7, 1928.

support the movement.<sup>31</sup>

The joint committee called into its service an array of experienced and high-salaried talent. Judge Stephen B. Davis was employed as the director of the committee at a salary of \$30,000 per year.<sup>32</sup> Prior to June 1927 he was counsel of the United States Department of Commerce and one of Mr. Hoover's most trusted aids.<sup>33</sup> He had been New Mexico's representative on the Colorado River Commission and was a signer of the Santa Fe Compact in 1922.<sup>34</sup> This may have had much significance in his appointment. Mayor J. S. S. Richardson, former city editor of the Philadelphia Public Ledger, was director of information for the committee at an annual salary of \$15,000.00. In charge of the Washington office of this committee, which occupied the whole tenth floor of the Washington Building at an annual rental of \$5,000.00, was former state Senator Josiah T. Newcomb of New York. He also acted as counsel for the committee and his annual salary was \$35,000.00. There were other high salaried special publicity men employed on the committee. The joint committee was composed not only of able men but of men holding

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31. Federal Trade Commission, op. cit., pt. 3, p. 359.  
Exhibit No. 756 shows the Insul group as contributing over \$61,000, the Electric Bond and Share group more than \$60,000 and the Southern California Edison almost \$6,000.

32. Ibid., p. 353.

33. Los Angeles Examiner, Oct. 13, 1927.

34. Federal Trade Commission, op. cit., pt. 3, p. 147.

positions which would make their influence effective in controlling legislation and public opinion.<sup>35</sup> Again, high purposes were given by the utilities for opening the Washington branch office, but it was plainly a lobbying agency making desirable contacts and even giving dinners to newspaper men who were expected to become educated to public utility views.

The work of the personnel of the joint committee alone would have been a powerful force in fighting such issues as the Boulder Canyon Project Act, but with a ready supply of funds they engaged special writers and experts to gather and edit data which were given a utility slant and then circulated throughout the country, where men of influence could be found. From June 1927 to early 1928 this one committee circulated more than two million pieces of literature,<sup>36</sup> practically all combatting government ownership of utilities, with special emphasis on the extravagant and socialistic nature of the government's going into the power business at Boulder Canyon. The committee printed a weekly digest with a circulation of 5000 at a cost of \$240 per week.<sup>37</sup> On the general mailing list of the joint committee, besides committees and prominent individuals in the utility organizations, were 1665 chambers of commerce, 1,110 newspaper and

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35. Fed. Trade Commission, op. cit., pt. 3, p. 353.

36. Ibid., p. 193.

37. Ibid.

farm journals, 18 newspaper syndicates, 44 Washington correspondents, 108 financial publications, 1,007 investment associations, every one of the 531 members of Congress and many other groups.<sup>38</sup> The joint committee was a very active propagandizing agency. It was the very heart of the bitter and persistent drive against the Boulder Canyon Project Act during the last half of 1927 and early 1928.

The four organizations mentioned as having been the bulwark of the utility propaganda structure operated on a national basis. It is true that they reached down to the very localities through their subcommittees, and company members, but they were national organizations.

Closely cooperating with these four national instruments of propaganda, but not constitutently a part of them, were the various public utility information committees organized within states. There were twenty-eight of these committees covering thirty-eight states.<sup>39</sup> Their foundation was publicity. In fact, they were regarded as the keystone of publicity by the national organizations.<sup>40</sup> While the director of the Illinois committee maintained that the state bureaus were no more propagandists than a minister on Sunday explaining his gospel,<sup>41</sup> Mr. S. E. Boney, in charge of the

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38. Federal Trade Commission, op. cit., pt. 3, p. 197.

39. Ibid., pt. 1, p. 20.

40. Ibid., pt. 3, p. 404.

41. Ibid., pt. 2, p. 103. The words "bureau" and "committee" will be used interchangeably, since these state organizations had various names, such as "Public Utility Information Bureau," and "Committee on Public Utility Information."

Carolina committee said:

"It is useless to contend that there is no propaganda--call it what you will please--in the accomplishment of this task: (building of good will) . . . . But there is justifiable propaganda as well as murder."<sup>42</sup>

The state committees were special organizations, formed to take advantage of sectional differences and make better contacts.<sup>43</sup> It was said that newspapers especially regarded "information" coming from the central bureaus differently than they did that having a local origin.<sup>44</sup> According to Mr. Joseph B. Groce of the New England committee, in the process of educating the public, a state organization could better "cut the cloth according to the build of the person who has to wear the finished garment."<sup>45</sup>

The organization of the state bureaus was under the direction of the Organizations Committee of the Public Relations Section of the National Electric Light Association, and looked upon by high officials as the most important work of that section.<sup>46</sup> The director of the Department of Public Information was especially active in the movement. While the

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42. Federal Trade Commission, op. cit., pt. 2, p. 605.

43. In Arkansas the director stated his method to be: "If we have any propaganda . . . we so conceal or sugar-coat that propaganda with boosting and working for art that it is generously entered into and gotten back of by all the chambers of commerce, civic clubs and men's and women's organizations of the state."

Gruening, Earnest, The Public Pays, p. 229.

44. Federal Trade Commission, op. cit., pt. 1, p. 106.

45. Ibid., pt. 2, p. 582.

46. Ibid., pt. 1, p. 101.

state committees derived their funds from the utility companies in their territories and were supposedly independent, they may be regarded as field agents of the national organizations in addition to being representatives of the local groups. They were all interested in the same activities--propagandizing the public. There was an interchange of material between, not only the national organizations and the state committees, but also between the various state organizations themselves. Especially did the American Gas Association depend on state bureaus to distribute its publicity, sending all of them a weekly bulletin from which much material was taken.<sup>47</sup> The national organizations did not attempt to dictate to the state committees, but made use of them to the fullest extent. All sections and committees in the propaganda structure were acquainted with the plans and activities of each other, and their efforts fitted in with the common objective of covering the whole country in a nation-wide campaign of publicity.<sup>48</sup> The state committees

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47. Federal Trade Commission, op. cit., pt. 3, p. 511.

48. The following letter addressed to the chairman of the Ohio state committee, is not only of local interest, but it illustrates the interchange of publicity between the national organizations, the state committees and the local committees.

New York,  
March 4, 1926.

Fred J. Bollmeyer,  
Cleveland, Ohio.

If you have available 500 copies Pamphlet Public Ownership Is Robbery and 100 copies Cleveland Electric Municipal Light Plant, and 100 copies last

were megaphones of the national organizations in this campaign.

Samuel Insul of the \$1,620,000.00 Midwest Utilities Company instigated the first state committee, which was formed in Illinois in April 1919, and became the model for subsequent committees.<sup>49</sup> All of the executives of companies under Mr. Insul's direction were called before him and told to "get busy and do something" to build up good public relations.<sup>50</sup> The result was the Illinois committee on public utility information, composed of sixty members. It was put in charge of two former newspaper men who were known as "live wires". There was an affiliated organization, a speakers' bureau which divided the state into ten districts, each with a chairman, and in nearly 100 cities local utility managers were organized to help promote public discussion.<sup>51</sup> The Illinois committee issued a weekly bulletin, and its mailing list included 34,000 names,<sup>52</sup> among which were 900 weekly and daily newspapers. It attained greater success than any other committee.<sup>53</sup>

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48. (Continued)

Pamphlet of Municipal Light Plant of Cleveland, issued by Ohio committee on public utility information, please ship immediately to E. C. Deal, care Tucson Gas, Electric Light & Power Co., Tucson, Arizona. This pamphlet to be used in campaign against municipal ownership. Bill direct.

National Electric Light Association  
Pt. 3, Exhibits, p. 1128.

49. Federal Trade Commission, op. cit., pt. 1, p. 129.

50. Ibid.

51. Ibid., p. 124.

52. Ibid., pt. 2, p. 130.

53. In a letter to the Illinois committee officials the director of the Missouri committee said: "I hate to be always asking you. These are the penalties of greatness."

"With every committee the newspaper relationship is the corner stone upon which its work is built."<sup>54</sup> Success in this field may be attributed largely to the fact that all but four of the twenty-eight state committee directors had been newspaper men of wide experience, some of them having been owners of newspapers, and the greater part of them either members or past members and officials of state press associations.<sup>55</sup> The state committees subscribed to practically all the newspapers in their territories and maintained a clipping service.

The directors of these committees often spent much of their time traveling around calling on former associates in the newspaper business and urging the local companies to cultivate the favor of the newspaper men. They were advised to slap the country editor on the back and call him by his first name, incidentally supporting this acquaintance by

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54. Reprint from Electric Light & Power, June 1923, quoted in: Federal Trade Commission, op. cit., pt. 2, p. 75.

55. In a suggested plan for organizing state committees it was stated that "the director should be a high-class newspaper man of wide experience, preferably with both reportorial and editorial experience, and particularly should be one with intimate firsthand knowledge of political conditions."

Utility Corporation Exhibits, pt. 3, p. 683.

Mr. J. B. Sheridan, director of the Missouri committee had been editorial writer, dramatic critic, music critic, and special writer for newspapers in St. Louis for 25 years. He became very active as a member of the state press association after becoming director of the utility committee but was not, prior to that time, a member of the association.

seeing that the local companies advertised in the editor's paper. Some of the directors entertained newspaper men consistently.<sup>56</sup> In Colorado the utilities paid the expenses of newspaper men to the state convention. But Mr. Joseph Carmichael, the Iowa director, stressed the need for a subtle approach to the editor, and said,

"the old press agent stunt of inviting the reporters down to the corner saloon, . . . filling their pockets with complimentary tickets, . . . mailing them a present of a box of cigars at Christmas and remembering the new baby with a silver cup . . . doesn't go any more--that is, not far. If it were effective it would be cheap."

He then dwelt on the necessity for the utilities to provide a reliable news service and sources of information to the editors.<sup>57</sup>

All of the twenty-eight state committees issued news bulletins (most of them weekly) and often supplementary material. They were sent to the newspapers so that such material as the editors saw fit to use might be published.

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56. Mr. J. B. Sheridan of the Missouri committee wrote to Mr. Buck of the Nebraska Press Association: "Gee, Mr. Buck, what the country press is worth to people who are honest and use it honestly is beyond calculation. I have spent as much as \$300.00 in three years entertaining editors, etc. Some of them do enjoy a little drink. All of them are 'God's fools', grateful for the smallest and most insignificant service or courtesy. As I was in the business 27 years, I ought to know newspaper people. They sure are my friends . . . hold my job for me . . . in Missouri." Mr. Sheridan testified that he entertained editors at dinner, at lunch and sometimes had quite a party."

Utility Corporation Reports, pt. 5, pp.116-17.

57. Federal Trade Commission, op. cit., pt. 2, p. 601.

The nature of these bulletins may be indicated from the following titles chosen from the wide number sent out by the Illinois committee:

- "Springfield man says government ownership is threat to nation."
- "Utilities shoulder enormous tax burden."
- "Newspapers back bill to keep government out of their business."
- "Against Boulder Dam."
- "Half of utilities advertising spent with newspapers."
- "The bogey of the Power Trust."
- "Municipal ownership brings high cost of living, report states."
- "State regulation best, says University of Illinois professor."<sup>58</sup>

The evidence brought out by the Federal Trade Commission clearly discloses that advertising was one of the most powerful approaches to the newspapers. The director of the Missouri committee wrote:

"It struck me that if we got the companies working on appliance advertising, that the newspapers will be friendly and print a good deal of education matter free of charge. . . . You've always got to grease the rails in these publicity campaigns."<sup>59</sup>

The same individual observed "that whenever any advertising is done we get pretty good reprints from the bulletin." He was of the opinion that the reason Carl Thompson, Secretary

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58. Federal Trade Commission, op. cit., pt. 2, p. 568.

59. Ibid., pt. 5, pp. 82-92. Mr. Sheridan said there was no doubt but what advertising would have the country's newspapers "working hand in hand with them." This director even wrote the editor of the Popular Bluff American that the principal activity of the committee was to induce the utilities to advertise in the local press.

of the Public Ownership League, was not noticed by Missouri newspapers was because the utilities were good customers of the newspapers.<sup>60</sup> So thorough was the contact with newspapers made in Missouri that it was said that of more than 600 newspapers only the St. Louis Post-Dispatch had not succumbed to utility propaganda.<sup>61</sup> A splendid example of the connection between advertising and the free use of columns for purposes of propaganda is the instance in which the editor of the Missouri School Journal, a magazine which circulates among teachers in that state, offered his columns to voice utility views, with advertising as the expected reward. Articles were written in the magazine attacking school textbooks for their manner of dealing with utility subjects, and the reward was given.<sup>62</sup> Advertising was looked upon by the utilities as "the right arm of public relations."<sup>63</sup> It was the medium through which thousands of pages of publicity was obtained.

The records of the Federal Trade Commission show that a very wide and successful distribution of publicity was effected by the state committees. Shortly after the Illinois committee was founded the newspapers in that state were

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60. Federal Trade Commission, op. cit., pt. 5, pp. 82-92.

"It is not easy for anyone to bite the hand of a good customer," said Mr. Sheridan.

61. Gruening, Ernest, The Public Pays, p. 181.

62. Federal Trade Commission, op. cit., pt. 5, pp. 140-141.

63. Ibid., pt. 2, p. 682. It is interesting to note that many leaders among the utilities in the face of overwhelming evidence, even from their own correspondence, staunchly denied any connection between reprints from utility bulletins and advertising.

printing an average of 5,000 column-inches of utility publicity each month.<sup>64</sup> Mr. Sheridan of Missouri wrote: "The Associated Press sends out practically everything we give them."<sup>65</sup> Mr. Grant of the Texas committee was at the same time a relief editor in the Dallas office of the Associated Press and said he had written "stories" the Associated Press had used.<sup>66</sup> For the year ending April 1, 1928, the utility committee of the small state of Connecticut managed to get 14,744 column-inches of its publicity reproduced in the newspapers. Speaking before a meeting in Dallas, Texas, Mr. George F. Oxley, Director of the Department of Public Information of the National Electric Light Association, reported that in six of the states covered newspapers were using more than 500 pages of reading matter each month, much of it editorial comment, and that this reached between five and one-half and three million readers.<sup>67</sup> Often editorials in newspapers would be practically identical with the original copy sent in by the utilities, there being generally no indication of the source of the editorial. The editorial would then be picked up by the utility committee bulletin and circulated as having originated with the newspaper.<sup>68</sup> Throughout the

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64. Federal Trade Commission, op. cit., pt. 5, p. 628.

65. Gruening, Ernest, The Public Pays, p. 174.

66. New York Times, June 13, 1928.

67. Gruening, Ernest, The Public Pays, p. 20.

68. From the private correspondence of the Alabama director it is learned that the editorial pages of one newspaper reproduced 75 separate articles for the utilities during a twelve month period. (Utility Corporation Reports, pt. 10, p. 15)

nation the newspapers seemed to cooperate with the state bureaus. A recalcitrant paper was an exception. An example of this attitude was that of several up-state New York papers which wrote the director of that committee: "Don't bother sending us any more of that stuff. No publicity without cash."<sup>69</sup> But the very subtle activities of the state directors won practically all independent newspapers.

All of the state committees contemplated public speaking--some the use of the radio.<sup>70</sup> During a period of eighteen months in 1926-27 the Illinois committee sponsored 2,514 talks on the utility business before 440,000 persons.<sup>71</sup> The assistant director of that committee, Mr. Rob Roy McGregor, said they intended to miss no opportunities for speaking engagements.<sup>72</sup> Appearances were made before civic clubs, women's clubs, Rotary, Kiwanis, and Lions clubs, chambers of commerce, ex-service men's organizations, schools, churches, chautauquas and others. In Oklahoma, ministers invited the director of the utility speaking bureau to take their places in their pulpits occasionally.<sup>73</sup> The New York

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69. Federal Trade Commission, op. cit., pt. 2, p. 584.

70. Ibid., pt. 1, p. 105.

71. Ibid., pt. 2, p. 105.

72. Ibid., pt. 2, p. 136.

73. Ibid., pt. 5, pp. 16-17.

This committee boasted of 416 speeches delivered in one month.

and Pennsylvania committees had their representatives on Chautauqua circuits. In Missouri there was at least one key man in each county who was connected with the speakers' bureau. Classes in public speaking were held throughout the United States to train employees in the speaking art. Handbooks were issued containing the typical addresses and valuable instructions. Of course, the executives of the utility industry were urged to speak wherever they could find engagements. Often the utilities engaged paid speakers. By such tactics as membership in clubs and keeping informed of the convention dates of various organizations the utilities had little trouble in securing engagements to speak.<sup>74</sup> More effective than the actual contact with these audiences was the publicity resulting from the talks given. Material that might be classified as strict and obvious propaganda if sent directly to the newspapers and hence be barred therefrom could be given in a speech where it was almost sure to find its way into the news columns.

Another avenue made use of for the dissemination of propaganda was that of the public schools and colleges of the country. In fact, this contact was considered by the utilities to be of the greatest importance. Their methods of making these contacts were varied and a limited discussion

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74. During the six years from Jan. 1, 1925, to Jan. 1, 1931, the utilities made 149,701 speeches to a combined total of over 19,000,000 people.

will be devoted to them.

In the matter of dealing with the schools the state committees worked hand in hand with the Committee on Cooperation with Educational Institutions, the membership of which was made up of men from the utility industry and from educational institutions in about equal numbers.

In a great many instances the utilities employed university professors in their work. Usually a twofold return was expected from this method of contact. The utilities received the benefits of professional services, and they gained the good will of influential men.<sup>75</sup> Often professors were employed to make apparently voluntary speeches to organizations and other schools with the deliberate purpose being to stress the utility point of view on a matter of public interest such as government ownership. A public service company made a standing offer to the universities of Illinois and Northwestern to employ at a salary any members of the faculty engaged in teaching, so they could be given what they termed first hand information.<sup>76</sup> The Illinois state committee interested itself in the attitude of all professors teaching economics in the colleges in that state.<sup>77</sup>

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75. The chairman of the Committee on Cooperation with Educational Institutions of the American Gas Association, wrote the secretary of that company that Professor Fussel had spent his vacation year in the employ of the United Gas & Improvement Company and that this ought to make him a "cash customer." Federal Trade Commission, op. cit., pt. 3, p. 490.

76. Ibid., pt. 3, p. 646.

77. Ibid., p. 135.

Thousands of dollars were paid by the utilities to schools and professors. Dean Ruggles of the Ohio State University School of Business, during a year's leave of absence, for the consideration of \$15,000.00 from the utilities, devoted his entire time to helping them make better contacts with educational institutions.<sup>78</sup> The dignity and authority of his office as Dean in the Ohio State University were given to the speeches and written articles of Professor Ruggles, regardless of his being in the employment of the utilities.

Not only did the utilities employ college professors, but they subsidized some of the larger educational institutions, such as Harvard, Northwestern and John Hopkins, by money grants.<sup>79</sup> Public utility courses and various studies were instituted at these schools, but the evidence shows that the attitude of the instructors was favorable to public

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78. Federal Trade Commission, Utility Corporation Reports, Senate Document, No. 92, pt. 3, 70th Congress, p. 284.

79. These institutions received from \$25,000 to \$30,000 annually. Also it must be noted that in 1927 Harvard University had 35%, or over 21 million of its 61 million dollar general investment funds in the stocks and bonds of public utility companies other than steam railroads. Including these the investment was 58% of the total.  
Federal Trade Commission, Utility Corporation Reports, Senate Document, No. 92, pt. 2, Exhibits, 70th Congress, p. 401.

utilities.<sup>80</sup>

Other methods of contact were made with regard to the higher institutions. There were scholarships and fellowships offered. Contests in journalism were held with the utilities choosing such subjects as "How the Private Utilities Bring Prosperity to the Community." Advertising was done in college papers. The Michigan committee paid the dues of the director in "The Michigan Union," a social club of students at Ann Arbor, so he would have an opportunity to make better contacts.<sup>81</sup>

It has been pointed out that the utilities had speakers to talk to schools. In the colleges a competent utility representative often lectured to public utility classes.<sup>82</sup>

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80. Dr. Phillip Cabot of the Harvard Business School, which was the beneficiary of \$30,000.00 of utility funds annually, wrote an article published in a Flagstaff, Arizona, paper condemning the Boulder Dam project. In regard to the proposed investigation of the utilities he said elsewhere: "As a matter of fact, there is no power trust, and under existing conditions of public utility regulation, it would be harmless if there were." . . .

"Certainly from the consumer's point of view the situation is ideal" . . .

"It is as 'plain as a pike staff' that there is no group in the community more favored or less in need of protection than the owners of electric power, and such being the case this clamor for investigation of an alleged power trust ought to be stopped. It can do no good and may do great damage."

Sen. Doc., 92, pt. 3, Exhibits, p. 564.

81. Federal Trade Commission, Utility Corporation Reports, Senate Document, No. 92, pt. 5, 70th Congress, p. 416.

82. Ibid., p. 57.

Students were told that private companies were not allowed to profiteer, were adequately regulated, and were owned by the public.<sup>83</sup> Many state committees issued bulletins for the use of speakers before schools.<sup>84</sup> Meetings of educators were held in the various states and able speakers lectured to them concerning the necessity of utilities and their various problems.<sup>85</sup> When the Boulder Dam proposal was before the country in 1928 it was said that several hundred utility lecturers were propagandizing the entire nation against public ownership, some of these lecturers making speaking tours.<sup>86</sup> In Ohio the State Superintendent of Public Schools cooperated with the Ohio Committee on Public Utility Information in the matter of getting speakers to appear before the schools.

One of the boldest attempts ever designed to influence public opinion was the efforts of the utilities to change the textbooks in the schools so they would harmonize with their views. Surveys were made in several states to determine the attitude of books being used as texts, especially

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83. Federal Trade Commission, op. cit., pt. 3, p. 463.

84. The evidence brought out by the Commission shows that the average stockholder had no voice whatever in the affairs of the Company.

The Illinois committee issued a bulletin entitled:  
"How to Talk to Grade School Pupils."

85. Federal Trade Commission, op. cit., p. 105.

During the year 1927-1928 over 4000 speeches were made in Illinois by men connected with public utilities, most of these being before schools.

86. The Washington Times, May 28, 1928.

those used in civics courses. Mr. J. B. Sheridan, director of the Missouri committee wrote: "I believe that the most important work done by the Missouri committee was directing the attention of the industry to textbooks in public schools."<sup>87</sup>

After the surveys were made, three methods were used to effect the changes desired by the utilities. In the private correspondence of the director of the Iowa committee he stated that the matter of mis-statements in textbooks was taken up with the school officials through local managers, and that "in nearly every instance where such textbooks were used they were removed and placed on the shelves for use as reference matter only." He further added, "We have the matter pretty well in hand but do not intend to let any of these bugs slip anything over on us."<sup>88</sup> The school board of Rochester, New York, compiled a textbook in

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87. The Federal Trade Commission, Utility Corporation Reports, Senate Document No. 92, pt. 3, Exhibits, 70th Congress, p. 687. A few illustrations of textbook material to which the utilities objected are given as follows:

"The tendency toward government ownership is quite strong." One of Charles A. Beard's books drew fire from the utilities because he showed that corporations were guilty of "manufacturing public opinion." The following quotation from Magruder's American Government was condemned.

"It is possible that in the near future the United States will conduct other businesses as it now conducts the postal and parcel post business."

88. Federal Trade Commission, Utility Corporation Reports, Senate Document No. 92, pt. 3, Exhibits, 70th Congress, p. 1049.

collaboration with the utility company there.<sup>89</sup>

A second method of effecting changes in the textbooks of the schools was by agreements with publishers to review the books before they were put in use.<sup>90</sup>

The third method of dealing with textbooks consisted of counteracting the alleged misinformation by issuing pamphlets and booklets for the use of school students. The object of this activity was, however, more far-reaching than a so-called correction of textbooks. It was to educate the student in accordance with utility views. The director of the Missouri committee, in an address to a convention of the American Gas Association, said, "give us the child at seven years old, and we care not who educates him thereafter, he will be ours."<sup>91</sup> The Ohio committee prepared a booklet, Aladdins of Industry, which, by clever letters to school officials, it managed to have 'requested' for use in classes.<sup>92</sup> Requests were made by 650 schools in Ohio, and

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89. Quoted in Congressional Record, Vol. 70, pt. 1, 70th Congress, 2nd Session, p. 45 (Dec. 1928).

The Winston Publishing Co. of Pa. agreed "to prevent future pitfalls." Sen. Doc., No. 92, pt. 3, p. 373. There was also a working agreement between Ginn & Company and the utilities.

90. The Federal Trade Commission, Utility Corp. Reports, Sen. Doc. no. 92, pt. 3, 70th Cong., p. 369.

91. Gruening, Ernest, The Public Pays, p. 108.

92. Federal Trade Commission, op. cit., pt. 3, p. 1104. In a little more than a year after printing, 136,000 copies of this booklet had been distributed, and favorable responses of superintendents were tabulated and made use of to widen its distribution.

the utility bureau reported the booklet to be "the outstanding accomplishment of the committee in 1926." Judge Healy, counsel for the Federal Trade Commission, brought out clearly that the stress of public regulation in Aladdins of Industry and its statements that municipally owned systems did not pay taxes were a part of a campaign against government ownership.<sup>93</sup>

Three-fourths of the high schools in Illinois received literature from that committee, which had sent the schools about one million pamphlets by 1926. "The effects of it grow as a rolling snowball grows," said the director.<sup>94</sup> By 1927, 97% of the high schools in Missouri were receiving material from the Missouri committee. For his assistance in getting school principals to use the pamphlet service, Professor Langsdorf of Washington University at St. Louis was given \$50.00 by the Missouri committee.<sup>95</sup> One of the most interesting situations was in Connecticut where a "Catechism" containing misstatements and almost pure propaganda was in use in 70% of the high schools of that state.<sup>96</sup>

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93. Federal Trade Commission, op. cit., pt. 3, pp. 432-434.

94. Ibid., pt. 2, p. 186. The Illinois committee director testified that "the committee and its work have been established as so entirely legitimate that its literature is used in public schools without question."

95. Ibid., pt. 5, pp. 53-61.

In his private correspondence Mr. Sheridan said that the pulling power of Professor Langsdorf's letter "brought results".

96. Ibid., pt. 3, p. 173. This Catechism taught that it was unpatriotic to criticise a public utility.

This booklet was sent to all state committees so they could become acquainted with the nature of the work and use it for a model.

There were other efforts to build good will in the schools. A great deal was said about the utilities fostering a move for higher teachers' salaries. According to an official,

"the reason some of those superintendents approve the use of so-called government and municipal ownership propaganda in textbooks is the usual reason for indorsing such stuff. They are sour. Their outlook is distorted and their judgment warped through personal disappointment."<sup>97</sup>

The utilities suggested higher pay so teachers would feel themselves more of a business success and thus more in sympathy with business men. The results of the utility propaganda in connection with schools were said by the utilities to be the substitution of "sound economic theories for biased, and in some cases socialistic or communistic doctrines that were taught in our public schools."<sup>98</sup>

Another function of the state committee was to keep a check on bills in the state legislature. The national organizations inspired this work to some extent and there were in the files of the National Electric Light Association such information as the dates when each of the state legislatures throughout the country met. State legislators were on the

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97. Federal Trade Commission, op. cit., pt. 3, p. 944.

98. Ibid., pt. 3, p. 284.

mailing lists of the utility information bureaus and it was the boast of the Illinois director that "members of the legislature, for example, received informative matter on public utility questions, not after they were elected, but before they were even nominated."<sup>99</sup> The contracts made by the utilities with state legislatures was sometimes by old-fashioned means. Writing to the executive manager of National Electric Light Association, Mr. R. V. Prather, secretary and treasurer of the Illinois Electric Association, said:

"The legislature is in session and it looks like a very stormy session, and I could use very handily a little J. Walker to very good advantage, and it occurred to me that you could do me a very great favor if, the first time you are coming West, you would call up a friend of mine in New York and bring me a half dozen."<sup>100</sup>

At another time Mr. Prather asked the executive manager of the National Electric Light Association for liquor "to sweeten up the palates" of the legislators.<sup>101</sup> In Pennsylvania it was stated by the chairman of the Public Policy Committee of the State Electric Association that most of its expenses were in connection with matters just before the state legislature. He was unable to account for more than

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99. Federal Trade Commission, op. cit., pt. 2, p. 124.

100. Ibid., p. 170.

101. This letter was destroyed but not until after a Federal Trade Commission investigator had seen it in the files of the Illinois State Electric Association. Mr. Prather termed Judge Healy's questioning for the Commission "brutally frank" and said he would have destroyed the other letter referring to liquor had he known it was there.

\$20,000 which he had expended.<sup>102</sup> In the matter of state legislation the National Electric Light Association was always ready to advise how unfavorable legislation might be opposed.

There were still other means of promoting good will indulged in by the state committees. Many delegations from various organizations were escorted through utility plants and cheerful explanations given. The state director was always seeking new methods of contact, and, upon finding one, he informed all other committees in the propaganda structure. He was required to be "the eyes and ears" of his territory.<sup>103</sup> He belonged to many clubs and organizations, the dues of which were often paid by the utilities. The work of the state director was looked upon as being of as much importance as that of any other branch of the industry, which Mr. B. J. Mullaney of the Illinois committee said was, "not built entirely upon engineering and financial skill, but fundamentally on the proper state of the public mind."<sup>104</sup>

After their exposure by the Federal Trade Commission, many of the state committees became ineffective and went out of existence. They had been working under disguise of various names indicating their work to be in the interest of the public welfare. Among these were:

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102. The United States Daily, May 4, 1928.

103. Federal Trade Commission, op. cit., pt. 2, p. 584.

104. Ibid., pt. 1, p. 103.

Public Utility Information Bureau  
Committee on Public Service Information

And their bulletins were given various titles, such as "Public Welfare Service." It may be said here that the national organizations also changed their names to The Edison Electric Institute after the investigation. The state committees worked arduously in the great publicity campaign of the utilities. They were the megaphones of the national bureaus, and they were called "the shock troops that carried out the attacks upon the enemy."<sup>105</sup> The enthusiastic director of the Missouri committee, Mr. J. B. Sheridan, who committed suicide after the exposure of the utility propagandizing machine, once declared:

"What have the state committees on public utility information done? In four or five short years they have just about changed the entire trend of economic and political thought in the United States. That's all."<sup>106</sup>

Besides these state committees were numerous state utility associations over the land which engaged in publicity. For example, in the territory of the Rocky Mountain Committee on Public Information there were operating a Colorado Public Service Association, a New Mexico Utility Association and a Wyoming Utilities Association. Such organizations, spread over the country, were also helping to disseminate the utility message.<sup>107</sup>

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<sup>105</sup>. Federal Trade Commission, op. cit., pt. 1, p. 108.

<sup>106</sup>. Ibid.

<sup>107</sup>. Ibid., pt. 4, pp. 324-325.

No description of the public relations activities of the utilities would be complete without some mention being made of the local companies. Many of the larger companies, such as The Electric Bond & Share Co., and the Southern California Edison Company, had divisions known as public relation sections which added to the stream of literature pouring out on the public.<sup>108</sup> The work of these groups was to build up good will for the company and to cooperate with the state and national bureaus. Moreover, as has been indicated, each employee of the utilities was expected to participate in spreading the utility gospel. Meetings were held at which he was supposed to become "educated". Handbooks and other material were furnished him. Even the traveling salesmen employed by electrical companies were furnished with a handbook to make them adept in controversies which might be held on trains, or in hotels. Mr. Sheridan of Missouri even urged that local employees participate in the activities of the Boy Scouts and Camp Fire organizations to help build up good will.

It can thus be seen that the great publicity machine built up by the public utilities covered the field well. High officials in the industry looked upon the work as

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108. Federal Trade Commission, op. cit., pt. 3, pp. 403-404.

legitimate. Speaking before the 1928 convention of the National Electric Light Association, of which he was president, Mr. H. T. Sands said:

"The charge is laid at our door that we are 'propagandists'! the purpose of this charge being evidently to discredit the work of public information. In so far as a propagandist is one who disseminates information based on fact, we plead guilty with pride.

"No matter how severe or how bitter the criticism, we must not relax our efforts to acquaint the public with every phase of our industry. We cannot do otherwise if we are to keep faith with the public and adequately discharge our service obligation."<sup>109</sup>

A former president of the association declared in the same convention: "An attack on the principles for which we stand is an attack upon our government itself."<sup>110</sup>

Senator Walsh of Montana and Governor Pinchot of Pennsylvania looked at the matter differently. The former declared:

"It is doubtful whether in the heyday of trust organization following the McKinley election the anti-trust laws was more boldly defied or more generally and notoriously violated than in the past five years."<sup>111</sup>

Governor Pinchot of Pennsylvania expressed the condition to be:

"A huge web of titanic power covering the whole country . . . their various committees reaching out over their radii to every circle in the mighty network of financial, industrial, economic and cultural organizations of the country

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<sup>109</sup>. Federal Trade Commission, op. cit., pt. 1, p. 146.

<sup>110</sup>. Ibid., p. 147.

<sup>111</sup>. The Congressional Record, Vol. 68, pt. 5, 69th Cong., p. 4991 (February 28, 1927).

and tying them into the web of their system by incorrigible bonds of economic, financial, and industrial necessity."<sup>112</sup>

The former secretary of the Colorado River Basin Committee of the Los Angeles Chamber of Commerce, Mr. Charles MacKnight Sain, characterized the situation in another way:

"Private power holds all the aces. It has the money; it has the brains, and it has a wonderful organization. . . . The only thing the rest of us can do is to kneel down and pray."<sup>113</sup>

In the subsequent chapters of this thesis the operations of this powerful machine in its opposition to the Boulder Canyon Project Act will be specifically treated.

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112. Thompson, Carl D., The Confessions of the Power Trust, p. 48.

113. The Gunnison Empire, Sept. 15, 1927.

CHAPTER V.

FIGHTING BOULDER DAM THROUGH THE PRESS

With every committee the newspaper relationship is the "Corner-stone upon which its work is built."  
--Electric Light and Power, June 1923.

The Boulder Canyon Project Act was reported favorably out of the Irrigation and Reclamation Committee of the House of Representatives in December 1926, and the proponents of the bill immediately began seeking a special rule from the House Rules Committee so the legislation could be brought up on the floor of Congress without delay. It was at this time that the utilities throughout the country began their organized opposition against this particular bill.

On January 7, 1927, George F. Oxley, Director of the Department of Public Information of the National Electric Light Association sent the following telegram to all directors of the state public utility information committees:

"Swing-Johnson bill for Boulder Dam now in House Rules Committee. Seriously objectionable in present form because it makes possible Federal Government investment in construction and operation of extremely large electrical generating equipment, meaning government in power business on enormous scale. This would establish dangerous precedent for future government power operation affecting entire industry. Bill will probably leave Rules Committee and be in House within ten days. Extremely important these facts be understood by public and important men your local

territory. Quick action needed. Will start further information to you at once."<sup>1</sup>

The generalissimo of the utility forces had communicated his wishes to the state committees, which Mr. Sheridan of Missouri had called "the shock troops which carried out the attack upon the enemy,"<sup>2</sup> and almost immediately the people in all sections of the United States began reading in the columns of their newspapers articles giving reasons why Boulder Dam should not be built.

Prior to 1927, the utilities appear not to have indulged in any organized nation-wide efforts to influence public opinion on the Swing-Johnson bill.<sup>3</sup> They were, however, following the bill closely and succeeded in delaying it by projecting other plans for consideration and by bottling it up in the various committees of Congress. Many members of Congress were financially interested in electric power companies, and invariably they were strong spokesmen against the Swing-Johnson bill. Among those who had such financial interests in utilities was Representative Snell of New York, Chairman of the Rules Committee. Only by great pressure from the California interests and the Hearst newspapers was the bill forced out of the Rules Committee on to

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1. The Federal Trade Commission, Utility Corporation Reports, Senate Document No. 92, pt. 2, Exhibits, 70th Congress, p. 132.

2. Ibid., pt. 1, p. 108.

3. Mr. Carl Thompson, Secretary of the "Municipal Ownership League" told the writer he agreed with this opinion.

the floor of Congress, and it was significant to Judge Healy of the Federal Trade Commission that the utility leaders knew just when to expect the bill to come from this committee, as the telegram from Mr. Oxley discloses.<sup>4</sup>

This telegram initiated a great publicity campaign against the Swing-Johnson bill on the part of the utilities, and this organized campaign lasted throughout 1927 and 1928, until the bill was passed. In this chapter will be traced the efforts of the utilities to obstruct the passage of this legislation through the medium of the press, bearing in mind the general relationship of the newspapers and utilities as set forth in the previous chapter.

In Salem, Oregon, E. Hofer & Sons had acquired a reputation for writing against government ownership of utilities. Mr. Hofer had been in the publishing business for fifty years and issued a weekly news service which was called "The Industrial News Bureau."<sup>5</sup> Prior to 1927, this service had covered only fifteen states in the west and may be said to have been a modest concern. But during that year Robert Hofer, a son, went East and conferred with executives of the Electric Bond and Share Company, The United Gas and Improvement Company, and Mr. Samuel Insul. Mr. Hofer was able to

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4. The lobbying activities of the utilities while the Boulder Canyon Project Act was before the House Rules Committee is discussed in the next chapter.
  5. The Federal Trade Commission, Utility Corporation Reports, Senate Document No. 92, pt. 7, 70th Congress, pp. 222-227.

convince the utility executives that his newspaper agency would be worth \$85,000.00 per year to them and, after making appropriate arrangements, returned to Oregon where the service was expanded to reach the entire country, metropolitan papers being omitted.<sup>6</sup> During the year 1927 and 1928, "canned" editorials and other printed matter were sent out dealing unfavorably with the idea of "government in business" and often specifically opposing the Swing-Johnson bill. This service reached and was used by 12,784 newspapers in 1927-28, or by two-thirds of the whole number of newspapers in the United States.<sup>7</sup>

A check on the reproduction of material from the Hofer bulletins for the year 1927 shows 25,929 newspaper pages. Reproduction by the 61 newspapers contacted in Arizona was estimated to be 66,858 column inches, or three-fourths as much as was printed by the 799 papers in Illinois which were on the Hofer list.<sup>8</sup>

The editorials were sent out with no indication of utility sponsorship. The National Electric Light Association clipped Hofer articles, giving credit to local papers, and sent the articles out in their bulletins.<sup>9</sup> It

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6. The Federal Trade Commission, Utility Corporation Reports, Sen. Doc. No. 92, pt. 7, 70th Congress, pp. 222-227.

7. Gruening, Ernst, The Public Pays, p. 189.

8. The Federal Trade Commission, op. cit., p. 231.

9. Ibid., pt. 7, pp. 236-241. Mr. Hofer maintained before the Federal Trade Commission that he was not influenced by the \$84,000.00 subsidy from the utilities, but that he disliked to see measures proposed that

was claimed that even if an editor did not print a Hofer article he was made more conservative by the reading of it.

No newspaper receiving the Hofer Service paid for it; but Mr. Hofer estimated the cost of publicity from this service, if paid for at regular rates, would have been \$1,758,-929 annually.<sup>10</sup> The aim was to impress editors that the Hofers were disinterested parties, writing in the interests of better government.

Evidence of Hofer influence is found frequently in weekly newspapers. In fact, they received special attention, as the utility executives had said that: "The people who live off the main street and who read weekly papers are the very backbone of our nation."<sup>11</sup> The editor of The Clay County Independent of Rector, Arkansas, even wrote the Hofer agency as to whether he should support municipal ownership there under certain circumstances, and naturally he received in reply a scorching letter against municipal ownership.<sup>12</sup> The editor of the Braymer Bee, Braymer, Missouri, received congratulations from the utilities for his "sound thinking and the knowledge of present-day conditions evidenced in an editorial"<sup>13</sup> against Boulder Dam. This editor wrote to the utilities, saying: "I conceive of an entering wedge--or one

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9..(Continued). infringed upon the Constitution. He admitted he had never printed an article unfavorable to an electric company.

10. Ibid., pp. 256-260.

11. Ibid., pt. 5, p. 356.

12. Ibid., pt. 3, Exhibits, p. 590.

13. Ibid., p. 769.

that is trying to enter--personified by Pinchot."<sup>14</sup> This language indicates strongly that the editor was merely repeating to the utilities some of the propaganda which had been issued to him from that source.

The New York American, Hearst newspaper, in an editorial, stated that "Mr. Hofer's testimony before the Commission gives us a peep into the system which flooded the country with mysterious identical editorials protesting against the Boulder Dam measure when it was up before the Senate last May."<sup>15</sup>

The Hofer Service issued editorials against the Boulder Dam Project Act until the time it became a law. The agency was supplied with data by the utilities, and arguments used were stereotyped utility arguments.<sup>16</sup> The service was undoubtedly of very great influence in confusing the public mind on the Boulder Dam issue.

Another similar newspaper agency subsidized by the utilities was the Darnall News Service of Florence, Alabama. Guy P. Newbern, of the Tennessee Committee on Public Utility Information, stated that Mr. Darnall was "one of the most widely quoted service men in the country."

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14. The Federal Trade Commission, Utility Corporation Reports, Sen. Doc. No. 92, pt. 7, 70th Cong., p. 769.

15. The New York American, October 13, 1928. This paper added: "On the day Hofer testified, George B. Cortelyou, head of the Joint Committee, said, 'There is neither a power trust nor a power lobby'."

16. Eleven of these editorials are compiled in Appendix A of this thesis.

This News Service was published weekly and very widely distributed throughout the United States,<sup>17</sup> its mailing list numbering 600 newspapers.

As with the Hofer Service, editors often printed the material sent out by the Darnall Service as their own, not knowing it was paid for by the utilities, in this case the Alabama Power Company. Titles of typical editorials sent out were:

"Uncle Sam as a Competitor"

"The Boulder Dam Muddle"

"Uncle Sam in Business"<sup>18</sup>

Like Mr. Hofer, Mr. Darnall was highly incensed when the Federal Trade Commission sought to show that he was in the employ of the utilities; and he maintained that he was not influenced by anyone, the Alabama Power Company not excepted.

Another editorial service used by the utilities was that of Mr. A. T. Reid, to whom the utilities paid \$10,000 a year.<sup>19</sup> Mr. Reid also had a cartoon service, and some of the cartoons dealt with Boulder Dam.<sup>20</sup>

The utilities classified scores of newspapers over the

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17. The Federal Trade Commission, op. cit., pt. 5, p. 203.

18. Ibid., pt. 7, p. 105. Mr. Darnall wrote the writer that his position was against the Swing-Johnson bill, but he refused to send copies of editorials.

19. Ibid., pt. 3, p. 359.

20. Ibid., pt. 7, pp. 146-147.

country as to their attitude toward the Swing-Johnson bill. These papers were listed as those for the bill, those against it, those which were neutral, and those which were doubtful as to what their attitude was.<sup>21</sup>

Connections between certain newspapers and the utilities may be definitely traced. The Philadelphia Public Ledger was decidedly opposed to the Boulder Canyon Project Act, viewing it as "one of the most ambitious government ownership and operation projects ever devised."<sup>22</sup> Major J. S. S. Richardson, Director of the Department of Information of the Joint Committee of National Utility Associations, was former director of the Pennsylvania and New Jersey state committees, and prior to that time, city editor of the Philadelphia Public Ledger.<sup>23</sup> At a time when Mr. Wyer was making a study for the utilities, Mr. Richardson furnished him with the addresses of the Washington bureaus of large newspapers and asked that copies be sent to a particular correspondent of the Philadelphia Public Ledger and New York Times personally and to say that he (Richardson) had requested it.<sup>24</sup>

The Boston Post and the New York Sun, said to have been spokesmen for big financial interests, were vehemently opposed to the Swing-Johnson bill.

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21. The Federal Trade Commission, op. cit., pt. 3, Exhibits, p. 369.

22. The Philadelphia Public Ledger, February 1, 1927.

23. The Federal Trade Commission, op. cit., pt. 3, Exhibits, p. 965.

24. Wyer became known later as a utility propagandist.

The Christian Science Monitor first viewed the bill favorably; but utility men were said to have influenced its attitude, and it has been alleged that only after the publicity agent of Southern California interests gave an elaborate banquet to the Monitor's staff and explained the bill in a different vein, did this newspaper switch back to the support of the legislation.<sup>25</sup>

Perhaps the most intense newspaper opposition to Boulder Dam in the entire country was that of the Chicago Tribune. Soon after receipt of the Oxley telegram in Illinois, Mr. B. J. Mullaney, Director of the Illinois Committee on Public Utility Information, wrote the Assistant Director of the Committee, Mr. R. R. McGregor, that securing publicity against Boulder Dam "calls for a little brain searching."<sup>26</sup> Mr. Mullaney said:

"Perhaps Harper Leach (of the Tribune) can be interested. Perhaps some of the financial editors or reporters can be interested and then helped to get an interview out of some prominent citizen, banker, or otherwise, from the viewpoint of keeping the government out of business."

Mr. McGregor suggested in reply: "Mr. Kirland knows Mr. Griswold, editor of the Journal of Commerce, well enough to take it up with him. Messrs. Shaffer of the Post, Strong of the News, Hall of the Journal, and McCormick of the

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25. Interview with F. W. Greer, Publicity Agent for Boulder Dam, at Brawley, California, April 1935.

26. Federal Trade Commission, op. cit., pt. 2, Exhibits, p. 132.

Tribune should be talked to, we believe, by someone who knows them fairly intimately. Any editorials or news articles that might result would then be picked up and circulated in the weekly news bulletin."<sup>27</sup>

The Chicago Tribune sent Mr. Harper Leech to the scene of the Boulder Dam controversy, where for several weeks he interviewed business men and even travelled down the Colorado River.<sup>28</sup>

Mr. R. R. McGregor, assistant director of the Illinois Committee on Public Utility Information wrote that Mr. Leech was on the track of Boulder Dam and obtaining quite a bit of data from his office. Mr. McGregor asked for more data to help support the idea "that the whole Boulder Dam is a Los Angeles real estate promotion affair."<sup>29</sup>

On April 5, 1928, a long article written by Harper Leech appeared in the Chicago Tribune, entitled, "Great Clamor for U. S. built Boulder Dam. Los Angeles Real Estate Boom Awaits."<sup>30</sup> In this article, utility arguments were refreshed by the hand of a highly trained newspaper man. Writ-

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27. Fed. Trade Commission, op. cit., pt. 2, p. 130. The assistant director of the Illinois Utility Committee testified that they sent out material against Boulder Dam which was reflected in the newspapers of the state, both in the news columns and the editorial pages.

The committee undertook to keep track of what the newspapers had to say editorially about the subject.

28. Electric Light and Power (Chicago, Illinois), August, 1928.

29. Gruening, Ernst, The Public Pays, p. 171.

30. Fed. Trade Commission, op. cit., pt. 3, p. 209.

ing of the flood danger of the Colorado River, Mr. Leech said: "To get drowned, one would have to hunt up the invading river and get in its path." He then showed that the Gila River caused the flood of 1906, that the government yet owed the Southern Pacific Railroad for stopping it, and that for one and one-half million dollars additional the railroad had offered to prevent any future flood. Los Angeles was pictured as a very selfish city, and a flood control dam at Topoc was proposed as the proper solution to the problem. It must be kept in mind that the great utility drive of 1927-28 was to substitute the Topoc Dam for Boulder Dam, as power could not be generated at Topoc.

Mr. Hearst discussed this article in a syndicate editorial entitled: "That the Chicago Tribune is Tricked the Trade Commission Shows."<sup>31</sup> Quoting the Grand Rapids Herald (Michigan), the Atlanta Georgian said that "the Tribune has been trying for months to scare Middle Western States into a belief that Boulder Dam is to be built at our expense for California's benefit."<sup>32</sup> Even considering the fact that the Chicago Tribune often takes the negative side of constructive proposals, its opposition to Boulder Dam was very active and almost bitter. In an editorial of May 26, 1928, it undertook to pre-rate the cost of building Boulder Dam among the

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31. Fed. Trade Commission, op. cit.

32. The Atlanta Georgian, September 11, 1928.

Middle Western States. \$450,000,000.00, or nearly three times the estimated cost of the project, was taken as the basic figure. The cost was then estimated as follows:

To Illinois taxpayers:	\$38,000,000.00
To Michigan taxpayers:	28,000,000.00
To Wisconsin taxpayers:	7,000,000.00
To Indiana taxpayers:	6,000,000.00
To Iowa taxpayers:	2,000,000.00

Echoes of this editorial were in evidence throughout the Middle Western States.

Forty-one Congressmen from the Middle West voted for Boulder Dam, while only fifteen voted against the bill. The Tribune said: "Sanity has resigned, reason has adjourned, and common sense taken to the tree tops." The Midwest representatives were called "Simple Simons;" and the paper stated that "the Midwesterners are regarded as hicks, and they are willing to prove that they are. They justify the conviction that they are solid bone from the neck up. No one of authority or influence in Washington respects them; and consequently, their own constituents never can get an even break. Their name is mutton." The paper then gave the names of the representatives and how they voted.<sup>33</sup>

Other editorials dealt with the financial failure of reclamation projects--one entitled "The Desert Blooms and

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<sup>33</sup>. The Chicago Tribune, May 30, 1928.

Goes Broke." Editorially, the Tribune battled back and forth with other papers which were for Boulder Dam. California interests spoke of this newspaper's opposition as "one of the sharpest thorns stuck in our side throughout the whole Boulder Dam fight."<sup>34</sup>

The financial papers as a group were also against the Swing-Johnson bill. The Wall Street Journal was apparently a channel for utility propaganda,<sup>35</sup> calling Boulder Dam a "hair-brained project", while Barron's Weekly thought "the demand for the irrigation of desert land is largely sentimental and indeed has come to be almost a superstition."<sup>36</sup>

The New England Bureau of Public Service Information was especially active in its newspaper campaign against Boulder Dam. Within two weeks from the time the Oxley telegram was received, the New England Bureau sent a news release on the subject, together with a minority report by Congressman Whittington, to ninety-nine papers in the district.<sup>37</sup> The news release outlined the provisions of the bill and gave seven reasons why "the foolish and unnecessary" project should not be started. The conclusion of the news release was that

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34. Interview, Mr. F. K. McIver in El Centro, California, April 1935.

35. The Wall Street Journal, June 5, 1928.

36. Barron's Weekly, January 2, 1928.

37. The Federal Trade Commission, op. cit., pt. 3, Exhibits, p. 178. Curiously, the news release was entitled: "Boulder Dam in Colorado."

"the 1,000,000 horsepower of Boulder Dam is no more needed by the American Public than would be a billion bushels of wheat grown by the government at the taxpayer's expense. American labor properly objects to government competition through prison labor, yet the same basic principle of government competition against private enterprise is the primary and basic defect of the Swing-Johnson bill."<sup>38</sup>

On June 18, 1927, an article appeared in The Independent entitled: "Will a Colorado Flood Submerge Honest Hiram?"<sup>39</sup> This article is in conformity with the utility objective of forcing a flood control dam to be built to free Imperial Valley from danger. Senator Johnson and Representative Swing are derided for their failure to withdraw from the fight for a power generating dam. The article contends that

"Johnson, protagonist of government ownership, enemy of all utilities, apparently placed prejudice before reason in his refusal to retreat in the face of the Imperial Valley's peril. If the waters of the great mud carrier pour down this year over the fertile floor of the rich California basin, the senior senator from California will be hung in effigy from Brawley's town pump."

July 22, 1927, this article was sent by the New England Bureau to three hundred weeklies and to twenty-four members of the Bureau's executive committee in New England.

Utility propaganda against the Swing-Johnson bill perhaps reached its greatest degree of finesse with the publication of the booklet, "Boulder Canyon Dam--The Essence of

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38. The Federal Trade Commission, op. cit., pt. 3, Exhibits, p. 178.

39. The Independent, June 18, 1927.

the Swing-Johnson Bill" by Frank Bohn. Printed at a cost of nearly \$5,000.00 to the Joint Committee of National Utility Associations, the booklet was called "the finest treatment of the subject ever written" by an official of the Southern California Edison Company, who asked that his name be withheld from this thesis as being in any connection with a discussion of the Boulder Dam issue. The booklet was sent by the director of the New England Bureau of Public Service Information to one hundred daily newspapers, two hundred weeklies, and one hundred members of the executive committee.<sup>40</sup>

A complete analysis of the Swing-Johnson bill, as Congressman Leatherwood of Utah saw it, entitled: "Forcing the Government Into Industry," was sent by the New England Committee on August 29, 1927, to three hundred dailies and weeklies and to one hundred executive committee members. The New England Committee sent out many other news releases and editorials from other newspapers dealing with Boulder Dam. It was one of the most active state committees opposing the measure.

The director of this committee visited many editors in the years 1925-26 and reported: "When I talked to these men, a good many of them said frankly, "If you people want to get into our news columns, why don't you advertise?"<sup>41</sup> During

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40. Fed. Trade Commission, op. cit., pt. 3, pp. 62-64.

41. Ibid., pt. 2, p. 176.

1927, local utility companies in New England spent about three-quarters of a million dollars in advertising.<sup>42</sup> Even at its very beginning in 1922, this committee had great success in getting its material used in the editorial and news columns, several of the large dailies using practically all of its material.<sup>43</sup> As time went on, the amount of the committee's material used by the newspaper was said by officials "to show a very satisfactory increase." On February 2, 1927, the Christian Science Monitor of Boston, Massachusetts, stated that newspaper offices throughout the country had recently been flooded

"with carefully prepared literature distributed by corporate interests which see, evidently, a prospect of more thorough federal control and regulation of the Boulder Dam Project than has heretofore been attempted in fixing the rates and determining the basic values of similar utilities elsewhere."<sup>44</sup>

While the utilities were working against Boulder Dam in all parts of the United States, New England's small area and large representation in Congress made it a choice section for the institution there of propaganda against the project. The activities of the New England Committee, however, must be considered as typical of other state committees in their opposition to Boulder Dam.

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42. Fed. Trade Commission, op. cit., pt. 2, p. 166.

43. Ibid., pp. 169-171.

44. The Christian Science Monitor, February 2, 1927.

A check of Iowa newspapers shows a great many to have had an editorial policy against the Swing-Johnson bill. No study has been made to ascertain a particular and definite connection between utility propaganda and any particular newspaper, but such a connection is strongly inferred by the similar language used in the editorials and a repetition of phrases which had been used again and again by the utilities themselves. Then it must be remembered that the director of the Iowa Public Utility Information Committee, Mr. Carmichael, was an outstanding newspaper man in his state, and also that credit is given that committee by its director for increasing public utility advertising in Iowa's newspapers 1000%.<sup>45</sup> The report of this committee also shows that "nearly every one" of the 650 Iowa newspapers used material from the Utility Bulletin<sup>46</sup> and that the committee had even found it better to write the stories for the press themselves, so the points to be stressed would receive the proper emphasis. This committee also sent out about six special releases a month.<sup>47</sup>

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45. Fed. Trade Commission, op. cit., pt. 4, p. 31.

46. Ibid.

47. The Muscatine Journal, June 4, 1928. During the investigation of the utilities by the Federal Trade Commission, the Muscatine Journal (Iowa), in an editorial entitled "Those Terrible Bulletins" said the trial of the director of the Iowa Public Utility Information Committee before the Commission was "a farce" and that the attorneys for the Commission were interested in piling up evidence. The paper maintained that a thorough reading of the bulletins sent out by the utilities revealed "not a word of utility propaganda whatever."

One of the many examples of a strong position against Boulder Dam may be found in the policy of the Clinton Herald (Iowa). This paper stated it purchased the right to print a lengthy editorial from the San Francisco Bulletin, bitter foe of the Swing-Johnson bill, entitled "Boulder Dam, A Monumental Gold Brick" and that the subject was

"of special interest in the second Iowa Congressional District in view of the fact that Congressman F. D. Letts of this district, now seeking reelection, voted to saddle this 'gold brick' on the people of the district at the expense of the public treasury and at the expense of the agricultural interests of the section, because of the fact that the project proposes to open additional competitive agricultural lands in Southern California."

The editorial speaks of "Land Baron Rose" of Imperial Valley, and a previous installment of the editorial estimates the cost of the project to be from 200 to over 500 million dollars.<sup>28</sup>

Mr. J. B. Sheridan, of the Missouri Committee on Public Utility Information, testified that he had a plan to supply the prominent editorial writers and publishers of Missouri with a file on Boulder Dam and spoke of a "neat little file" to twenty-five editorial writers who were his personal friends. Mr. Sheridan sent out a story of the National Grange, dealing with Boulder Dam, the purpose of which was to inform the farmers and other taxpayers that they would help pay for the irrigation of a distant desert land if the

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48. The Clinton Herald (Iowa), October 24, 1928.

Boulder Dam bill passed. Mr. Sheridan said: "The farmers in Missouri know that there is plenty of land here in Missouri that is for sale."<sup>49</sup> Only one newspaper in Missouri did not use material from the utility committee in that state.

On February 9, 1928, Mr. R. Montgomery, Sales Manager for the Louisville Gas and Electric Company (Kentucky), wrote to Mr. Oxley of the National Electric Light Association, that:

"The only newspapers here with state-wide circulation are the Louisville papers, and for some years my office has enjoyed very pleasant relations with these papers; and in addition to furnishing them with all local and state news, I personally keep the editorial departments informed on all matters of importance to the industry at large, such as the Boulder Dam controversy, the Walsh resolution, etc. . . . as a result, the Louisville papers have continually run news stories and very splendid editorials favoring the interests of the public utilities."<sup>50</sup>

Repeatedly, the press of Ohio was informed by the state utility committee of the government entering business and that those members of Congress who were back of the Swing-Johnson bill were seeking political advertising and would "not stop at anything which they believe might further their own political fortunes."<sup>51</sup>

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49. The Federal Trade Commission, op. cit., pt. 5, p. 157.

50. Gruening, Ernst, The Public Pays, p. 185.

The Federal Trade Commission, op. cit., pt. 8, p. 105.

Mr. Montgomery later wrote a letter to the Louisville Courier-Journal retracting his statements.

51. The Federal Trade Commission, Utility Corporation Reports, Senate Document No. 92, pt. 3, Exhibits, p. 1102.

Special efforts were made by the utilities to arouse the wrath of the American farmer against the Swing-Johnson bill. In the Middle West he was told that, if this legislation passed, it would mean more acres of corn and wheat in competition with those of his own. In Idaho the competitive product was said to be potatoes, while in Florida the market for tomatoes and other winter vegetables was pictured as being under a "flood tide" when the new lands under the Boulder Dam project came into production.<sup>52</sup>

The director of the Florida Bureau of Public Utility Information, Mr. Holly, had been in the newspaper business for thirty years. Mr. Holly, while working for the public utilities, wrote a special column for the Sanford Herald and another paper. He made frequent trips around the state, calling on newspaper men.

The editorial concerning Boulder Dam and tomatoes went to all Florida newspapers, and Mr. Holly testified that most of the newspapers took the editorial "just as I wrote it."<sup>53</sup> He stated that he had read about the tomatoes in The Country Gentleman and from his reading conceived the idea for the editorial. The director of the Florida Bureau of Public Utility Information once said that the editorials

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52. Fed. Trade Commission, op. cit., pt. 3, Exhibits, p. 220.

53. Ibid., pt. 3, p. 496. One hundred copies of this editorial were purchased and sent out by the joint committee.

reflecting his material couldn't be purchased at any price.<sup>54</sup>

The editorial from the San Francisco Bulletin adversely commenting on Boulder Dam as "a monumental gold brick," and which was reflected in the Iowa press, also found publication in Florida.<sup>55</sup> It has been shown that the close contact of the various utility state information bureaus made it possible for any state director to become informed of anything of special interest which might be published in any section of the United States. If he chose, he could send the material out again in his own state bulletin.

It was in the South that the utilities staged perhaps the most effective publicity campaign against the Boulder Canyon Project Act. As is well known, the industrial life of the Southern states is founded upon the production of cotton. The plan of the utilities was to convince the South that the irrigation of additional acreage in the Imperial Valley by the construction of Boulder Dam would bring into luxuriant production so many fertile acres of cotton that

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54. Fed. Trade Commission, op. cit., pt. 3, p. 522.

Regarding the alleged retirement of the Florida director from the newspaper field, the chairman of the Federal Trade Commission said:

"Mr. Holly, it would be a mistake to say you had retired from the newspaper business."

The Witness: "Thank you."

Chairman: "You seem to be editing and operating quite a string of newspapers yet, in Florida."

The Witness: "Yes, Sir."

Pt. 3, p. 500.

55. The Lakeland Ledger & Star Telegram (Florida), August 19, 1928.

the whole southern section of the United States would stand in economic ruin.

This attitude was taken openly by the utilities when, following a meeting of the executive committee of the North and South Carolina Public Utility Information Bureau, Mr. Stuart Cooper, General Manager and Vice President of the South Carolina Power Company of Charleston, denounced Boulder Dam as a subtle plan for the government to enter the power business and deal a heavy blow to the southern cotton trade at government expense, stating that the South and the utilities were to be taxed heavily to set up a competitor in business.<sup>56</sup> The idea has been advanced sometime prior to Mr. Cooper's speech by someone in the Alabama Power Company. This speech was given very wide publicity; but before explaining how it was circulated through the South, it seems proper to describe some of the activities of the Carolina Utility Committee, since it was from this agency that much of the publicity unfavorable to the Swing-Johnson bill came.

As director of the Carolina Utility Information Bureau, the utilities had hired Mr. S. E. Boney, who had been in the newspaper business for sixteen years and was a former member of the press association of South Carolina.<sup>57</sup> He edited the Carolina monthly utility bulletin in which he wrote frequently of Boulder Dam and which he sent to the newspapers,

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56. The New York City Tribune, October 28, 1927.

57. Fed. Trade Commission, op. cit., pt. 4, pp. 128-133.

public officers, the libraries of all colleges in the Carolinas, the public schools, chambers of commerce, and other civic clubs, to leading citizens, bankers, jurists, legislators, and others.<sup>58</sup> Mr. Boney traveled about the Carolinas, calling on editors for friendly chats and passing out cigars. He is said to have spent one-third of his time "in the sticks," and was able to report only one or two of the Carolinas' three hundred newspapers unfriendly toward his committee. Mr. Boney interviewed prominent citizens and got them to sign their names to articles which he had written. He then sent the articles out in the utility bulletin as theirs and had pictures taken of the alleged writers and sent them to the newspapers along with the articles.<sup>59</sup>

Mr. Boney received the Oxley telegram; and shortly afterwards, he wrote the speech for Mr. Cooper, which was delivered and reflected in the press. He prepared special articles against Boulder Dam and treated the subject frequently in the committee bulletins. He testified he did this, not to frighten the southern farmers, but "to inform them."<sup>60</sup>

When the Charlotte News printed an article reflecting a glowing picture of the benefits to be obtained by the

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58. The Federal Trade Commission, op. cit., pt. 4, pp. 128-133.

59. Ibid., pp. 134-137. Mrs. L. H. Jennings, President of the South Carolina Federation of Women's clubs, was "worked" in on this.

60. Ibid., pp. 171-172.

construction of Boulder Dam, Mr. Boney was aroused and sent the newspaper an editorial on Boulder Dam and cotton, written by himself. This was printed in the editorial columns of the Charlotte News with no explanation as to its source. The director of the utility committee was then able to clip the editorial and send it out as what the Charlotte News had said against the construction of Boulder Dam.

When Mr. Cooper made a statement on Boulder Dam and cotton competition to the South, Mr. Boney took a copy of it to a personal friend who was the managing editor of the Charlotte Observer and asked him to put it on the Associated Press wires. The following letter from the editor, Mr. J. A. Parham, tells of the results:

The Charlotte Observer  
Charlotte, North Carolina,  
October 22, 1927.

"Mr. S. E. Boney,  
Utility Information Bureau  
Raleigh, North Carolina.

My dear Mr. Boney:

"You will be interested, I am sure, to learn that Mr. Cooper's statement was carried complete on the North Carolina State Circuit, and also on the Washington-Atlanta Trunk Wire Circuit, which means that it was received by all the leading newspapers in North and South Carolina, Georgia, Virginia, and Washington. It is altogether likely that a goodly portion of it was carried on other trunk-line circuits throughout the country, even into California. I just thought you would be interested to know the outcome of my effort to have the statement distributed.

"When I can be of service to you, do not hesitate to let me know."

Cordially yours,

J. A. Parham  
Managing Editor<sup>61</sup>

In appreciation of this assistance, Mr. Boney wrote the editor:

"That certainly was a wonderful piece of work you did for us. When I picked up the Spartanburg Herald Saturday morning and saw the seven-column streamer across our story, I was pop-eyed."<sup>62</sup>

News of this success seems to have traveled widely to other utility committees and was looked upon as rather clever, Major Richardson, director of the Department of Information of the Joint Committee of National Utility Associations, having written the assistant director of the Illinois Committee the nature of the article and added that "its publication is due to the influence and acquaintance of one individual journalistically known in his state."<sup>63</sup> Mr. P. H. Gadsden, chairman of the executive committee of the joint committee, wrote to both Mr. Boney and Mr. Cooper about the article. To Mr. Boney he said:

"I want to congratulate you on this story. It is just the kind of publicity I had in mind when talking to the state directors in Chicago the other day. There is no limit to the amount of

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61. The Federal Trade Commission, op. cit., pp. 171-172.

62. Ibid., pt. 4, Exhibits, p. 151.

63. Ibid., pt. 2, Exhibits, p. 344.

helpful and constructive publicity that we can secure if we will utilize men like Mr. Cooper all over the country."<sup>64</sup>

Mr. Gadsden suggested to Mr. Cooper that he get a man from the "News and Courier to treat that phase of the Boulder Dam proposition which brings it in competition with the southern cotton planters."<sup>65</sup>

The utility publicity campaign in the South continued unabated throughout 1927. Hundreds of newspapers carried articles to the effect that the South would be ruined by the building of Boulder Dam. The Carolina Public Utility Information Bureau alone was able to get 363 newspaper columns of its material reproduced in the Carolinas in the year 1927.<sup>66</sup> On January 12, 1927, a great number of Carolina papers carried articles on the subject, entitled exactly as the article in the utility bulletin just prior to that date. Soon the Arkansas Utility Committee printed the story of Boulder Dam and cotton in its bulletin, and the newspapers there afterwards ran such editorials as: "The Swing-Johnson Bill is Dangerous to the South."<sup>67</sup>

In Texas, the utility committee director was actually a member of the Associated Press at the same time he was director. Editorials against Boulder Dam were circulated all

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64. Fed. Trade Commission, op. cit., pt. 4, Exhibits, p. 153.

65. Ibid.

66. Ibid., pt. 4, p. 144.

67. Ibid., pt. 5, p. 224.

over Texas. Questioned by the Federal Trade Commission about surreptitiously spreading propaganda, the Texas director said he believed it the function of an industry to protect itself. Reproduction of utility publicity material in the Texas newspapers from May 1, 1927, to May 1, 1928, was said to be about 3262 newspaper columns.<sup>68</sup> The utilities kept a file of Texas newspaper editorials against Boulder Dam.

Soon telegrams and letters began to rain down upon Southern congressmen, calling on them to defeat the Swing-Johnson bill. The Cotton Growers' Association of the South passed resolutions condemning the Boulder Dam project.

The situation became so serious that the officials of the Imperial Irrigation District of Imperial Valley went into action. They sent their southern-born publicity agent, Mr. F. W. Greer, to the South to call on newspaper editors and give them a different story. They paid the fare of members of the Southern Cotton Growers' Exchange to Imperial Valley to view the situation themselves. The Hearst newspaper, The Atlanta Georgian, rushed in to expose the source of the propaganda. While the Georgia utility bulletin explained to the South that cotton acreage in the Pacific Southwest increased 45% in 1928 compared to 11.4% for the entire country,<sup>69</sup> the southern Californians were able to

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68. Fed. Trade Commission, op. cit., pt. 4, p. 446.

69. This magazine stated that it received a letter from a prominent business man showing the folly of irrigating

show that only 4% of the 450,000 acres of land under cultivation in Imperial Valley were devoted to cotton and the rest to the raising of non-competitive agricultural products. Said the Atlanta Georgian, "It is the Mexican extension of Imperial Valley which raises cotton--seventeen million bales of it last year."<sup>70</sup> This paper stated that 67% of Mexico's 217,000 acres were in cotton, 9/10 of it raised by Chinese tenants, and that cotton growing in Imperial Valley was decreasing on account of the Mexican competition. The Atlanta Georgian also stated that: "Every year of delay in the construction of Boulder Dam sees more land in cotton in Mexico."

Mr. Greer was able to leave a trail of articles in the South explaining the situation and usually with the additional comment that, "Mr. and Mrs. Greer are Southerners." Members of the Cotton Growers' Exchange, after their visit to Imperial Valley, went home and rescinded their resolution condemning Boulder Dam. Soon the effects of the wild conflagration of utility propaganda in the Southern states was partially counteracted. In an editorial dealing with the

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69. (Continued) land near Casa Grande, Arizona, at a cost of \$55.00 per acre when land in Alabama and Mississippi could be bought for \$10.00 per acre, where nature pours 65-70 inches of rain on it each year. This individual added: "Every southern senator and congressman should vote against every irrigation project that comes up."

70. Quoted in the Los Angeles Examiner, December 27, 1927.

initiation of the scheme of the Alabama Power Company to stir up southern farmers against Boulder Dam, the Montgomery Journal and Times (Alabama) said:

"It seems as if there ought to be some sort of punishment in store for those who thus covertly operate to mislead the people and to obstruct enterprises conceived in the interests of the public welfare."<sup>71</sup>

It has been shown that the electric power companies of the Colorado River Basin were bitterly opposed by the building of Boulder Dam with provision made for a government controlled power plant. Working in cooperation with the utilities against the Swing-Johnson bill were the Chandler interests of Southern California. Mr. Harry Chandler, owner of The Los Angeles Times, was also head of a land syndicate which owned thousands of acres of land in Mexico that might be irrigated from the Colorado River.\* Mr. Chandler was interested in getting water on this land and in getting as much of it under cultivation as possible so as to gain priority rights to water. He was opposed to the all-American

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71. The Montgomery Journal & Times (Alabama), May 29, 1928.

\* Harry Chandler, publisher of the Los Angeles Times, organized a syndicate which purchased 862,000 acres of land in lower California in 1899. He is president of the California-Mexico Land & Cattle Co., from which property \$18,000,000 worth of cotton was produced in 1919. He owns Tejon Ranch of 281,000 acres in Los Angeles and Kern Co., California, and Bartlett ranch in Colorado containing 340,000 acres. He is an officer and director in 35 California corporations and in 1921 was voted the most useful citizen in Los Angeles by the Los Angeles Realty Board. (Who's Who, 1932-33).

canal provision of the Swing-Johnson bill because it would regulate and limit the water supply to Mexican acres. He was opposed to a high dam for the same reason. Speaking in Congress on January 31, 1927, Representative Swing of California said:

"But worst of all, a low flood-control dam will play directly into the hands of Mexico and guarantee her a sure supply of water sufficient to reclaim her 1,000,000 acres in the Colorado River Delta."

After years of fighting the project, sometime in 1926, Mr. Chandler and the Southern California Edison Company laid plans for the 1927 drive to defeat Boulder Dam. The following letter shows the early discovery of this scheme by the proponents of the Boulder Dam measure:

"Los Angeles, March 5, 1927

Officers and Members of the  
Executive Committee of the  
Boulder Dam Association.

Gentlemen:

"Information comes to me that the organized plan for the summer campaign of those who would defeat the Boulder Canyon bill is to bear down on a compromise bill for construction of a flood control dam at Topoc, to hold 10,000,000 acre feet of water.

"The recent effort of the Times, for an appropriation for flood protection in the valley, is back of this program. The Edison Company, under cover, will furnish all the arguments, engineering data, etc., in favor of the Topoc site. They will work particularly to get the support of Utah towards this plan.

"This information may be of benefit to those

returning from Washington who are able to get publicity in the papers.

M-H

Burdett Moody"<sup>72</sup>

In issue after issue, The Los Angeles Times sought to arouse public opinion for a flood control measure for Imperial Valley. In an editorial on February 6, 1927, this newspaper spoke of Nero's fiddling while Rome burned and said that President Gray of the Union Pacific Railroad had made the statement that the snowfall on the Colorado watershed was the heaviest in twenty years. Those who were "dilly-dallying" over flood control were pictured as modern Neroes.<sup>73</sup>

Mr. Chandler and the utilities broadcast to the country that Topoc dam could be built for \$14,000,000.00 in contrast to \$125,000,000.00 for the construction of Boulder Dam.

Nothing was said of the \$2,500,000.00 additional cost because

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72. Boulder Dam Association, file No. 149 at the Los Angeles Bureau of Power and Light Company (Municipal Company). Mr. Moody was a high official in the Los Angeles Bureau of Power and Light and also secretary of the Boulder Dam Association. So much information concerning its own and the electric companys' activities "leaked" out that the Times gave two of its employees misinformation; and when this turned up in the Los Angeles Municipal light plant, the employees were discharged.

73. The Los Angeles Times, February 6, 1927. The Times propaganda was echoed in the Washington Post (D. C.). An editorial in the issue of February 12, 1927, said: "Instead of struggling over the Boulder Dam project which involves disputed questions of flood control, irrigations, and power, the obvious duty of this session of Congress is to make emergency appropriations by which a flood may be averted next summer." This paper stated that Boulder Dam was a dream and might never be realized. The Washington Post consistently upheld the utility point of view.

the town of Needles, California, would have been flooded out by a dam at Topoc, nor the \$8,500,000.00 required to reimburse the Santa Fe Railroad for the destruction of its property if such a dam were built, or the fact that Topoc Dam would destroy 34,000 acres of fertile government land. Neither was the public's attention directed to the fact that the cost of the dam at Boulder Canyon was less than one-third the \$125,000,000.00, the power plant and the all-American canal being the additional expense. The actual cost of Boulder Dam over Topoc was about \$10,000,000.00 and no power could be generated at Topoc Dam to pay for it.

These same interests got members of the California Development Association to ask Secretary Work to hurry West and find out how badly an emergency appropriation was needed to build levees along the Colorado River. They got Senator Shortridge to call on the President on the same subject. The California Development Association, however, made an investigation at El Centro, California, and then endorsed the Swing-Johnson bill.<sup>74</sup> Mr. Chandler got Congressman Fredericks to introduce the Topoc Dam bill and told floorleader Tilson that a low dam would satisfy California's needs.<sup>75</sup> He induced people to send telegrams to Congress for

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74. The Los Angeles Examiner, December 1, 1926.

75. Ibid., January 24, 1928. The Los Angeles Examiner said Mr. Chandler made a final "grudging surrender to the Boulder Dam bill after seven years of vituperation and prevarication."

the flood control relief of 5,000,000 people.<sup>76</sup> In 1925, Mr. Chandler had paid glowing tribute to the Southern California Edison Company in the editorials of the Times, saying, "These men are not politicians; they are business men."<sup>77</sup> He consistently opposed the building of Boulder Dam from the beginning of its proposal. One of the boldest statements made by the Times was in an editorial on October 21, 1927, after the big utility drive against the Swing-Johnson bill, in which this newspaper so ardently assisted, had gotten well under way. Speaking of what it termed misstatements of Senator Johnson and Congressman Swing concerning power trust activities, the editorial said: "The fact is that the lack of interest one way or the other of the power companies in the Colorado is one of the most outstanding features of the situation." Commenting on this statement, President Evans of the Boulder Dam Association, in Bulletin 101 remarked, "Ye shades of truth, let in some light! . . . If you enjoy a good burlesque, it's time to laugh."

Naturally, Southern California proponents of the Boulder Canyon project made certain efforts to withdraw support from the Los Angeles Times; but the owners of the paper were

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76. In the issue of The Los Angeles Times of February 28, 1927, the people were advised with reference to securing a flood control appropriation to "Telegraph and do it today!" The Times, however, branded the Swing-Johnson bill as a "political bill."

77. The Los Angeles Times, February 9, 1925.

wealthy, and not enough pressure seems to have been made against them to damage their interests seriously.<sup>78</sup> Then the Chandler and Edison interests were able to control other powerful influences in California. The First National Bank was said to be one of these, and it is maintained that the power companies brought pressure through the banks and their branches over Southern California on those who might be influential in defeating Boulder Dam.<sup>79</sup> Men were also hired by the Chandler interests to tour Southern California in opposition to the Boulder Canyon Project Act.

Of course, The Los Angeles Times camouflaged its propaganda as much as possible. In addition to fighting for a flood control measure to save Imperial Valley, it stood solidly against the government's entering the power business. The heaviest of this propaganda came at opportune moments such as when news of flood disasters over the country was prominent in the newspaper columns. It cannot be doubted that The Los Angeles Times was responsible for a great part

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78. A letter found in the Boulder Dam Association files from Mr. Carlton O. Davis of The Los Angeles Examiner to Major Evans of Riverside, California, stated that it was a surprise that one would hand feed to one "biting us." He then referred to long articles in the Times "roasting hell out of the Boulder Dam project and right alongside of it the Riverside advertisement." The Examiner got no Riverside advertisement, he said.

79. Interview, May 2, 1935, with Mr. T. J. Worthington, editor of the Winterhaven News, Winterhaven, California.

of the delay in the passage of the Swing-Johnson bill.<sup>80</sup>

Other newspapers in Southern California were definitely aligned with the utilities on the question of Boulder Dam, The Los Angeles Illustrated Daily News repeatedly lending its columns, especially for the expression of the views of the vice president of the Southern California Edison Company, Mr. R. H. Hallard.<sup>81</sup> Financial aid of thousands of dollars was reported to have been given this newspaper by the First National Bank of Los Angeles. It may be characterized as "a voice of the utilities."

Another Los Angeles newspaper which fought the Boulder Dam measure was The Gridiron. In the issue of August 26, 1927, big headlines on the front page screamed:

Extra! Extra! Extra!  
Colorado River Salty  
Is Boulder Dam Impossible?  
Pumping Cost \$23,652,000.

The paper stated that the facts on Boulder Dam were being withheld by a "political dynasty" and that if the dam were

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80. In an editorial, the Flagstaff Coconino Sun (Arizona), April 8, 1927, stated: "Had it not been for Harry Chandler, publisher of the Los Angeles Times, the

Swing-Johnson bill would have been a law today."  
81. On Washington's Birthday, 1927, Mr. Ballard, writing in this paper under the title of "Washington's great gift to our government," said George Washington's influence removed merely the liberty to exist and helped frame a constitution guaranteeing "life, liberty, and the pursuit of happiness." Said Mr. Ballard, "His government was not intended to restrict, to dictate, or to meddle," and also that it was "to encourage new facilities . . . not to run them." The Los Angeles Illustrated Daily News, February 22, 1927.

built six hundred feet high, engineering reports showed that the water would flood the Virgin River salt beds. If the water were used by the citizens of Los Angeles, diarrhea and vomiting were said to be the results. The paper stated that cattle drinking the Virgin River water died invariably and that the water had been pronounced poisonous.<sup>82</sup> The Gridiron opposed the Swing-Johnson bill consistently and bitterly. On February 3, 1928, its front page was addressed to the members of Congress; and a lengthy series of arguments were given against Boulder Dam.

As The Gridiron is one of the lesser known papers of Los Angeles, its influence may be questioned as being of much force in delaying the passage of the Swing-Johnson bill. It is the tactics of the propaganda that is important and the fact that these tactics, fitting into the general utility scheme, might have had the purpose of appealing to a certain class of poorly informed citizens.

Since it was in the southwestern part of the United

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82. It must be noted that this propaganda against the high dam is in line with the general utility-Chandler program for a low flood control dam. Concerning the propaganda, the Los Angeles Examiner called attention to other sensational reports of power interests and added: "Who is finding the Boulder Canyon Basin salty is your own guess." The Examiner thought the enemies of the project had put to find ammunition, as the government reports had shown a negligible amount of salt in the river; and if there were, that it could be controlled. The Los Angeles Examiner, September 13, 1927.

States that the opposing interests were more directly affected by the Boulder Dam Project Act, the fight there naturally was more vehement. Arizona's particular interests in the controversy have been pointed out. The position of the state was against the Swing-Johnson bill, and those persons and agencies taking an active part in the struggle made use of many arguments. Many contentions of the electric power companies were reflected in the Arizona press.

A typical utility editorial against Boulder Dam is found in the Prescott Courier,<sup>83</sup> the editorial being quoted from the Manufacturer's Record, which later on at least, was found quoting from the Georgia State Utility Committee bulletin.<sup>84</sup>

About the middle of February, 1927, the Tucson Citizen, the Jerome News, and the Phoenix Messenger all quoted a bitter editorial against the Swing-Johnson bill from the New York Sun, which editorial had a definite utility stamp. An editorial from the Industrial Review emphasizing the cotton situation just as the utilities had pictured it and suggesting that Boulder Dam would increase production of cotton by 1,000,000 bales found reprint in the Phoenix Gazette.<sup>85</sup>

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83. The Prescott Courier, February 11, 1927.

84. The Manufacturer's Record, August 16, 1928.

85. The Phoenix Gazette, March 12, 1927.

When the electric power companies succeeded in getting the Ohio Chamber of Commerce to pass a resolution against Boulder Dam, the Phoenix Gazette said:

"But the surprising thing about the report is that it follows the arguments that have been used by Arizona against the proposed development so closely that one would be tempted to accuse the committee of reading our mail."

The Gazette said, "the report was not hasty and that the committee 'has thoroughly surveyed the situation'."<sup>86</sup> The Phoenix Messenger called the Ohio Chamber of Commerce report "one of the best presentations ever put forth in any of the eastern cities."<sup>87</sup>

The Flagstaff Coconino Sun carried an article entitled: "Danger in the Boulder Canyon Project says Economist of Harvard." Dr. Philip Cabot of Harvard University's utility-subsidized School of Business, and erstwhile spokesman in the utilities' behalf, wrote the typical utility article. He said that the engineering difficulties were staggering and that California wanted to burden the nation to get cheap power.<sup>88</sup>

The Mohave County Miner was said to be the only newspaper in Arizona defending the Swing-Johnson bill.<sup>89</sup> The dam, of course, was to be located in that section.

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86. The Phoenix Gazette, January 31, 1928.

87. The Phoenix Messenger, February 4, 1928.

88. The Flagstaff Coconino Sun, February 4, 1927.

89. The Miami Silverbelt, February 18, 1928.

An investigation of about 2,500 Arizona newspaper articles and editorials covering all sections of the state for the period when power propaganda, as a result of the Federal Trade Commission's investigation, was being given headlines in all parts of the United States, shows that the amount of space devoted to this issue by Arizona newspapers was almost negligible. Whenever it was mentioned, it was hailed as California propaganda. At the same time, utility propaganda was constantly reflected in Arizona's press.<sup>90</sup> Yet Arizona's politicians were so ardently opposed to Boulder Dam that the utilities declared the fight there would take care of itself.<sup>91</sup> Nevertheless, it cannot be denied that practically all of the electric power companies' arguments against Boulder Dam, many of which were later refuted, found their way into the Arizona press, and that also

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90. These facts are set forth by the writer for their value. No attempt is made to infer that any newspaper in Arizona was controlled by the electric companies or that any newspaper knowingly and viciously lent its columns to power propaganda. Such propaganda was so subtle and extensive at the time considered that it was difficult then for it to be detected definitely. It was the aim of the utilities that this should be so.

91. The Hearst New York American said that the minds of Arizonans were "befogged" on the Colorado River issue and further stated: "Nobody claims that Hunt was corrupt. But if he had been corrupt, he could not have been more useful to the power trust, spending its millions to prevent the government from building the great dam." The New York American, November 20, 1928.

news of the power companies' activities against Boulder Dam was not published in Arizona newspapers.

In addition to the propaganda against Boulder Dam in the newspapers of the country, use was made of certain magazines by the utilities. Only a very limited study has been made of this phase of the subject, but even a superficial investigation discloses rather interesting facts.

In 1927, the Arkansas Public Utility Information Bureau made "loans" and "advances" to the Dixie Magazine, which had a circulation of 6000.<sup>92</sup> The total sum advanced the magazine by the utility bureau was \$8,700, and it was hoped the magazine would become a recognized authority on business in the state. During 1927, there was much publicity in the columns of the Dixie Magazine combatting government ownership, and there was nothing contrary to the utility point of view.<sup>93</sup> There was much opposition by the magazine to Boulder Dam and Muscle Shoals. Asked if the utilities would have made the advances to the magazine as an organ of business if the editor had supported Boulder Dam and Muscle Shoals, the Secretary-Treasurer of the Arkansas Public Utility Information Bureau replied: "No, we would not. We have to look after our own interests."

The Electrical World was, of course, a channel for the

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92. The Fed. Trade Commission, Utility Corporation Reports, Sen. Doc. No. 92, pt. 5, 70th Congress, pp. 224-233.

93. Ibid.

expression of utility ideas about Boulder Dam.<sup>94</sup> The New South Magazine lent its columns to utility spokesmen. The joint committee purchased five hundred copies of the September, 1927, issue of this magazine for distribution and in addition reprinted for distribution 2150 copies of the article in that issue entitled "Facts vs. Slander of the Electrical Industry," which had been written by a utility official.<sup>95</sup> Mention has been made of material of a definite utility ring found in the Independent, also of a writer who had been employed by the utilities whose articles appeared in the Industrial Digest.<sup>96</sup>

But perhaps the most interesting work of the utilities in connection with the use of magazines in the propaganda campaign against Boulder Dam was the use made of The Public Service Magazine of Chicago. The preferred stock of this magazine was owned by such men as:

Mr. George W. Williamson, Treasurer, Commonwealth Edison Company

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94. The managing editor of this magazine wrote the chairman of the Public Relations Sections of the National Electric Light Association on October 11, 1927, that feature writers in the Saturday Evening Post and other magazines should be interested in utility material. He suggested having a banquet with one or more feature writers there and that maybe a story would follow. This had worked, he said. Stating that feature writers were as a rule conscientious, the editor said they "shy off of blunt approaches on a payment basis." Colliers' magazine was also contacted by a utility man seeking publication of an article on public ownership. The Fed. Trade Commission, op. cit., pt. 3, Exhibits, p. 759.

95. Ibid., pt. 3, Exhibits, p. 200.

96. Ibid., p. 666.

Mr. Samuel Insul, President, Commonwealth Edison Company  
Mr. Arthur C. Ray, Treasurer, Electric Bond & Share Company  
Mr. William R. Putnam, Vice President and General Manager of the Idaho Power Company  
Mr. W. E. Creed, President of Pacific Gas and Electric Company

and other utility magnates. Mr. Insul owned one-tenth of the stock of the publishing company owning the magazine.<sup>97</sup>

The Public Service Magazine printed news and material unfavorable to Boulder Dam and nothing favorable to it.

These articles were published with such titles as:

"Engineers Say Boulder Dam is not Feasible"

"No Power Trust"

"Analysis of Boulder Dam--Essence of Swing-Johnson bill is Government Ownership. Flood Control by a Bait"<sup>98</sup>

Many other articles on Boulder Dam were written.

The Public Service Magazine was printed monthly and some editions ran as high as 100,000 copies. The utilities themselves paid for the distribution of 26,497 copies and told the publishers to whom they wanted them sent. The management of the magazine suggested a list for utility companies to be guided by when a quantity of any issue was sent them for distribution. This list included public officials, administrative officers, newspaper editors, libraries and clubs, school teachers, stockholders, and leading citizens. The management thought its value for use in

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97. The Fed. Trade Commission, op. cit., pt. 4, pp. 594-612.

98. Ibid., pt. 4, Exhibits, p. 895.

the public schools well expressed by the superintendent of the Iowa City, Iowa, schools who wrote:

"Your magazine has been very highly recommended to us for use in current events work and in social science courses; it also furnishes much data for the preparation of joint debates."<sup>99</sup>

At the close of his testimony before the Federal Trade Commission, the editor of The Public Service Magazine audaciously told the Commission that

"the editorial policy of the magazine has never been influenced by any outside source whatever, and that no minority stockholder or no preferred stockholder has ever even made a suggestion to influence the editorial policy of the publication."<sup>100</sup>

Senator Bruce of Maryland was furnished with anti-Boulder Dam information by this magazine.<sup>101</sup> On November 16, 1925, the editor wrote Mr. Sheridan of the Missouri Committee:

"We have recently supplied U. S. Senator Bruce of Maryland with a great mass of information for his use at the forthcoming session of Congress. We mention this particular instance because it is of outstanding importance to the utility industry everywhere."<sup>102</sup>

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99. The editor of the magazine wrote that the libraries of some five hundred colleges and universities were on its rolls. Fed. Trade Com., op. cit., pts. 5 & 6, Exhibits, p. 913.

Dr. Hugh M. Blain, Director of the Louisiana-Mississippi Public Utility Information Bureau said he caused 337 copies of the Public Service Magazine to be distributed to legislators and other important people in his section at a cost to the Bureau of \$33.70 per month. Ibid., pt. 4, p. 576.

100. Ibid., pt. 4, p. 612.

101. The Brooklyn Citizen, June 16, 1928.

102. Fed. Trade Com., op. cit., pt. 4, Exhibits, p. 893.

The campaign of the utilities to publicize Boulder Dam unfavorably in the press met with little resistance until the Federal Trade Commission exposed these activities. Utility officials, however, were stressing the fact that public relations work should "be carried on with some degree of finesse."<sup>103</sup> Even the Electrical World asked:

"With its propaganda gone conspicuously sour, should the power companies continue to flood the country with self praise in the form of news stories and reprinted speeches? Should they permit themselves to even seem to be going on and on with more and more of the very 'information' that has aroused public indignation?"<sup>104</sup>

The Hearst newspapers made the most of the exposal of the utilities, and one newspaper advised a state utility committee if it were going to boast about how many column inches it had caused to be printed free it would see to it that it wouldn't get any.<sup>105</sup> The Associated Press issued a bulletin warning its editors and correspondents against the propaganda press agents of the public utility organizations and said that many newspapers were already barring the offerings of these representatives.<sup>106</sup> The Associated Press also fined the editor who put on its wires the story of Boulder Dam and cotton competition to the South. In an editorial entitled "Tricky Propaganda," the Kansas City

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103. Fed. Trade Com., op. cit., pt. 3, p. 281.

104. The Boston American, July 31, 1928, quoting from the Electrical World.

105. Fed. Trade Com., op. cit., pt. 3, Exhibits, p. 964.

106. The Los Angeles Examiner, Sept. 5, 1928.

Star said: "Corruption of the news is treason to democratic government."<sup>107</sup> Another newspaper thought the arguments against the government's developing power at Boulder Dam "would be more impressive if the power interests themselves were not so vociferously against it," and that their opposition had "the opposite effect of carrying conviction."<sup>108</sup> It is reasonable to think that the exposal of the propaganda tempered its effect, but the plans of the utilities were very carefully and thoroughly laid. It is possible that they felt strong enough to avoid an investigation. Then the fact must be considered that propaganda of a general nature had been issued by the utilities for years; also that even after the propaganda against Boulder Dam was exposed, the columns of the press throughout the country, still carried news articles and editorials against the project based upon power company material.

Generally speaking, the effects of the propaganda campaign may be summed up in the statement of the director of the Rocky Mountain Public Utility Information Committee who, after claiming "miles of publicity" because the committee bore the confidence of hundreds of newspapers, wrote to a utility executive:

"Bear this in mind, too. Had the utility industry not started its public-relations work when it did,

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107. The Kansas City Star, June 4, 1928.

108. The Hartford Times (Connecticut), May 24, 1928.

had it not inaugurated systematic advertising, educational activities in the high schools, colleges, universities, and grade schools, had it not undertaken widespread speaking activities-- in short, had it not done the things that it has done within the last three years--we'd all be in a hell of a shape today. We built better than we knew when we started this work three years ago. We reared a defense wall that we know now constitutes our first line of defense. Without this, I venture to say that State, Municipal, and Government ownership would have been one hundred per cent ahead of what it is today."

The utility propagandizing machine reached its maximum efficiency in its contact with newspapers in the Boulder Dam fight. There was hardly a single person in the United States, who could read, who did not have the utility point of view presented to him in some newspaper or magazine.

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109. The Federal Trade Commission, Utility Corporation Reports, Senate Document No. 92, pt. 4, 70th Congress, p. 415.

CHAPTER VI.

LOBBYING AGAINST BOULDER DAM

"What new branch of government is this exercising the veto power?" -- Congressman Swing.

A contemporary writer has said that in America

"the departed gangster is at least deemed worthy of a flamboyant funeral, and uproarious crowds cheer the acquittal of a confessed beer runner, but for the lobbyist nothing is audible but scorn and contumely."<sup>1</sup>

Lobbying tactics to defeat legislative proposals, especially when used by corporations, are held in disrepute by the American public, and for this reason such lobbying activities are often guarded with the utmost secrecy. The extent and effect of the work of the power lobby against the Boulder Canyon Project Act will perhaps never be known, but there is enough material on this phase of the utility opposition to the project to indicate the tactics of the lobby, which opposed it and also to give some idea of whether this lobby was responsible for delaying the passage of the bill.

In the previous chapter it has been shown that nationwide utility opposition to the Boulder Dam bill began after the Secretary of the Interior, in 1926, requested permission to construct a power plant at Boulder Dam, to generate power

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1. Bellows, Henry Adams, "In Defense of Lobbying," Harpers Magazine, December 1935.

and sell it at the switchboard, or to lease the rights to use falling water; and provision for this was written into the bill. The House Committee on Irrigation and Reclamation reported the Boulder Canyon Project Act out on December 22, 1926,<sup>2</sup> and the proponents of the act succeeded in having it referred to the Rules Committee for a rule which would allow the legislation to be considered without delay.

The Oxley telegram of January 7, 1927, to the state utility information committees, which is quoted on page 134 of Chapter V, shows the active interest the utilities were taking in the course of the legislation at this time. At the time this telegram was sent out, Congress was feeling the force of a nation-wide utility lobbying campaign, and it was the plan of the utilities to prevent any special rule being given by the Rules Committee which would advance Boulder Dam legislation. That this committee was given special attention by the power lobbyists is shown by the following statements of Representative Swing made before the House of Representatives January 31, 1927:

"When it became known that the committee on rules was to grant a hearing upon the question of a special rule for this bill, a veritable barrage of telegrams was turned loose upon Congress, and particularly upon the members of the Committee on Rules, in an effort to kill the bill, because if it is not given a rule the bill is dead. I have myself seen and read over 100 of these telegrams from various parts of the country. A strange thing

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2. The Washington Herald, Feb. 16, 1927.

about them is that there are certain set phrases and stock expressions running through all of them. Not only that, but I have a telegram of over 300 words that was sent from California, while from half a dozen other places, hundreds and even thousands of miles apart, similar telegrams have been received identical in phraseology, even down to punctuation. Is this merely a coincidence, or is it to be explained on the basis of mental telepathy? Who wrote those telegrams and who paid for them? That is a pertinent inquiry. Let me quote from a colloquy that took place before the Committee on Rules.

"Mr. Davenport was speaking. He said:

'It all seems to suddenly center around the question of who is to control the power. This particular item must be highly important, because already from many different parts of the country long telegrams are coming from plain folks, away back in the hills in the state of Wyoming and in the state of Utah, and from all parts of that great country, protesting against the American people being caught with this power station on their hands --from dear folks, noble folks, as they are, who would hardly know a penstock from a turbine if they saw them rolling down Pennsylvania Avenue.

. . . . .'

"Another coincidence--these telegrams come in largest number from those cities in which the headquarters of some power company is located.

"I hold in my hand a document which I believe furnishes the key to this flood of telegrams. There is not a single identification mark upon it to show where it came from or who wrote it. It is headed: 'Memorandum on Swing-Johnson bill! I read through five pages of incorrect statements of fact and erroneous conclusions and finally came to this paragraph, which furnishes some idea as to who wrote it:

'The only treatment of the power development at Boulder Dam in which the electrical industry can acquiesce is the lease of water rights.'

. . . . .

"By a comparison of this memorandum with letters and telegrams that members have shown me, I find that whole sentences and, yes, whole paragraphs have been lifted bodily out of this specially prepared data for the 'Undercover Men' of the power corporations. They were not supposed to send this memorandum to members of Congress, but only to use it as a basis for telegrams which they were to write and which they were to get their social, fraternal, and personal friends and business associates to sign for them. Some telegrams came from newspaper editors, whose papers carry large advertisements of power companies, and others from bankers who carry the deposits of private power companies in their vaults."<sup>3</sup>

Representative Swing received applause in the House for these statements, and it was at this time that he assumed active leadership of the Boulder Dam lobbyists against the power lobbyists. He contacted the members of the Rules Committee in an effort to get them to grant a rule for his bill, as the Committee waited until January 20, before hearing an appeal for a special rule to permit the House to decide if it favored the bill. Three days were taken up by the hearings, and it was believed that power company representatives had so influenced the Committee that a rule for the Boulder Dam bill might not be granted at all. On January 24, Boulder Dam lobbyists in Washington wrote to the organizations in California sponsoring the bill:

"We are having a desperate fight and it is almost exclusively power company. Just now we are blocked in the Rules Committee."<sup>4</sup>

One member of the Committee flatly told Congressman Swing

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3. The Congressional Record, vol. 68, pt. 3, 69th Congress, 2nd Session, Jan. 31, 1927, p. 2633.
  4. Correspondence in Boulder Dam Association, file no. 149, found at the Los Angeles Bureau of Power and Light.

that a rule would not be granted; another member expressed concern as to agricultural over-production. Representative Williams of the Rules Committee said to Representative Swing, when the latter asked him to vote for the rule: "You know I am personally friendly to you and want to help you, but we will have to follow the organization."<sup>5</sup> On January 11, 1927, Mr. Swing had written to Mr. McIver, Secretary of the Imperial Irrigation District that Herbert Hoover was urging the elimination of the provision for constructing the power plant because of the hostility of the power companies, and that even Secretary Work, who had asked for this provision in the bill, "now seems to have considerably weakened under pressure."<sup>6</sup> It is evident that great pressure was put on the members of the House Rules Committee by the utilities from all parts of the country.

A check of the private interests of the members of the Rules Committee has not been made; proponents of the Boulder Dam measure, however, made much stir over the fact that Representative Snell of New York, Chairman of the House Rules Committee, was privately interested in a power company, he being the sole owner of the Snell Power Company of New York.

The fight to prevent a special rule being granted to the Boulder Canyon Project Act was so desperate that radical

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5. Correspondence in Boulder Dam Association, op. cit.

6. Ibid.

measures were put in force by certain members of Congress in an attempt to support the power companies. The withdrawal of Utah from the six-state compact was a part of this program. This action was virtually dictated by certain members of the Utah delegation in Congress who were friendly to the utilities. The Governor of the state, Mr. George Dern, even wired Representative Leatherwood asking if Utah couldn't withdraw from the compact at any time before the Swing-Johnson bill passed and demanded to know why repeal was so important before a special rule was granted. To this the Congressman answered that repeal of Utah's ratification would "go a long ways to prevent granting the rule," and said: "If the rule is granted, nothing, in my judgment, can stop passage of the bill."<sup>7</sup>

The excuse was given that Utah's repeal of her ratification to the six-state compact was necessary in order to protect her rights in an equitable development of the Colorado River. The Reclamation Committee, however, had asked Representative Leatherwood to submit his amendments, without which he refused support of the Swing-Johnson bill, and the three amendments he proposed did not attempt to protect the upper basin states as to water rights, but rather to

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7. The San Francisco Daily News, Jan. 29, 1927. This newspaper said that in 1925 when the Federal Power Commission was about to grant the Girand application for power at Diamond Creek, Arizona, Utah realized her danger and ratified the six-state compact.

eliminate the government power plant and put all control of power under the Federal Power Commission where private corporations could make the developments.<sup>8</sup>

The power companies through friendly members of Congress were constantly seeking to amend the Swing-Johnson bill. However, only one change in the bill resulted from these efforts. As first written, private companies were not mentioned among the agencies to share the power generated at Boulder Dam, but after protest by the power companies they were included among the purchasers of this power. None of the Leatherwood amendments were adopted, but their importance lies in the fact that they show the extent to which the power interests were willing to go in order to gain their object.

Judson King of the National Popular Government League, writing in the New York City Leader, said that the power com-

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8. The Los Angeles Examiner, Jan. 21, 1927, stated that Representatives Ramseyer of Iowa and Bankhead of Ala. cleverly maneuvered Rep. Leatherwood into a corner and made him admit the real reason Utah repealed ratification to the six-state compact was the refusal of the House Committee on Irrigation and Reclamation to accept his power amendments to the Swing-Johnson bill. Rep. Taylor of Colorado told President Coolidge that the "power trust" was playing for a potential stake of 100 billion dollars, and was solely responsible for the defeat of the Swing-Johnson bill in early 1927. He said applications for power sites along the Colorado River had been filed by 30 private corporations, and urged the President to bring the states that the power companies got to withdraw from the compact back into it. The Los Angeles Examiner, March 24, 1927. On Jan. 22, 1927, the Examiner said: "All roads lead to power in this controversy."

panies, "bringing their local pressure to bear, have gotten Utah to withdraw from the interstate compact as to the allocation of Colorado waters."<sup>9</sup> Mr. King stated that Governor Dern before the Senate Committee on Irrigation and Reclamation professed ignorance as to why Utah withdrew from the compact, when Senator Johnson whipped out copies of telegrams from Senators Smoot and King of Utah "virtually ordering this action."<sup>10</sup> Governor Dern had sent a message to the legislature urging withdrawal and the repeal was made, the whole action taking but a few hours. Mr. King said that the incident showed how Senator Smoot and the power interests dominated Utah.

Senator Auerbach of the Utah legislature was said to be the driving force behind Utah's withdrawal from the interstate compact.<sup>11</sup> Mr. Auerbach was a director of the Utah Power and Light Company, the largest power company in the state and a subsidiary of a subsidiary of the Electric Bond & Share Co. In a speech in Idaho on the Swing-Johnson bill Mr. Auerbach said that the revelations of the attempt of the Reclamation Bureau to fasten control on water resources

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9. The New York City Leader, February 11, 1928.

10. The Utah State Senate wired Senator Smoot for more explicit directions, and the Senator wired back: "Pass bill Monday."

11. Benson, George, a manuscript entitled, A Study of Public Opinion with Reference to Boulder Dam, submitted in partial fulfillment for an A. B. degree in Political Science at Pomona College, Claremont, California.

Mr. Benson gave as his authority an interview with the city editor of the Salt Lake Telegram, April 30, 1928.

of states "reads almost like pages from the history of autocratic Russia."<sup>12</sup> His views on the Swing-Johnson bill were typically utility views.

That the action of Utah was effective may be gathered from the remarks of Representative Smith of Idaho, Chairman of the Committee on Irrigation and Reclamation, who said that members of the Rules Committee attached much significance to Utah's withdrawal, and that, had it not occurred, the Committee would have granted a rule for action on the Swing-Johnson bill early in the session.<sup>13</sup> The policy on the part of the utilities seemed to be to break up the interstate compact and then convince Congress that action on the Swing-Johnson bill was impossible until the compact was rebuilt.<sup>14</sup>

But while the power companies were bringing pressure on the Rules Committee in an effort to prevent a rule being granted for the Swing-Johnson bill, the sponsors of the bill were also busily engaged in an attempt to force the Committee to grant the rule. It was in this work that the Hearst and Scripps-Howard newspapers made one of their greatest fights for Boulder Dam. The spotlight was turned

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12. The Salt Lake Tribune, Oct. 26, 1927.

13. The Los Angeles Times, Feb. 11, 1927.

Representative Smith appealed to the Utah legislature to again ratify the compact. This was said by Senator King to be an insult, and he and Rep. Leatherwood made it known that they thought the Idaho representative would look after his own affairs.

14. The Washington Daily News, Jan. 22, 1927.

on the committee from every city in which one of these papers was issued. The Washington Herald published the names of representatives favoring the bill, with their comments to the effect the bill should be reported out.<sup>15</sup> The tactics of this newspaper in the fight are indicated by the column headlines:

"Six More Join Fight For Boulder Dam Bill"

Statements of representatives scourging the power trust were then given.<sup>16</sup>

So much was said about the power companies blocking the Boulder Dam bill in the Rules Committee and such insinuations were made concerning Chairman Snell's private interests that the latter, perhaps to escape additional criticism, said:

"I am sick of this power lobby. It ought to be kicked out of Washington. The way in which the Boulder Dam bill has been held up is nothing less than an outrage.--The bill has been held up by the power interests for years."<sup>17</sup>

Still no action was taken by Mr. Snell's committee.

On February 16, the Washington Herald asked:

"What is there in Washington stronger than the President, the Cabinet, the Republican Party platform, five Western states, the House and Senate Irrigation Committees, the unanimous approval of the engineering world and the peril of 65,000 Americans ready to pay for protection if only their government will give it to them?"

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15. The Washington Herald, Feb. 17, 1927.

16. Ibid., Feb. 18, 1927.

17. The Los Angeles Evening Herald, Jan. 26, 1927.

Shortly after this Chairman Snell promised a rule early the next week. Many friends of the bill were embittered by this time and said the Rules Committee's action was delayed so long that its decision to grant a rule was only a gesture.<sup>18</sup>

At that session of Congress the Boulder Dam bill was stopped by a filibuster in the Senate.<sup>19</sup>

Senator Norris of Nebraska is reported as saying that the power interests spent over \$200,000.00 lobbying in that session of Congress, and that the senators were deluged with telegrams, many coming from states over 2000 miles away from Boulder Dam. Mr. Norris said that one senator from the Middle West, who had assured Senator Johnson of his vote for cloture on the measure, "suddenly switched at the last moment when he received a long-distance telephone call

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18. The Yuma Sun, (Arizona), March 1, 1927.

19. The Tombstone Epitaph (Arizona), March 17, 1927.

Senators Ashurst and Hayden maintained a Senate filibuster for 37 hours. It was spoken of as the greatest filibuster since the Civil War. These senators were assisted by Senator Phipps of Colorado, who was grilled on the floor of the Senate by Senator Johnson regarding his private interests which he admitted but said he would refrain from voting if he thought that would influence him. His son was president of the Southern Sierras Power Company and he had formerly been president of this corporation. He objected to the government constructing a power plant at Boulder Dam. Senators were aroused for a quorum and appeared grumblingly. Some matched pennies, lounging around in tuxedos and dress suits and it was said that they kept rummaging through their desks and acting like schoolboys on a rampage. The Washington Daily News, Feb. 23, 1927.

This filibuster kept Congress from acting on some essential supply bills and led to much embarrassment in connection with many government activities.

The Roanoke News (Va.), May 23, 1928.

from power interests in his state."<sup>20</sup>

In that session of Congress, almost all of the Texas delegation favored the Boulder Dam bill, and they were heavily bombarded with telegrams urging its defeat.<sup>21</sup> It was said that President Coolidge was much angered because of the activities of the power lobby and that several Congressmen characterized the situation by saying: "It looks like the power lobby is trying to pull us around by the nose."<sup>22</sup>

It was about two months after the Senate filibuster in March 1927 that the Joint Committee of National Utility Associations was revived and a lobbying office opened two blocks from the White House. Its manager, a former progressive from the State of New York, Senator Josiah T. Newcomb, had been active in the power lobby prior to this appointment. Regarding the Boulder Dam bill he had said: "The bill has no chance to pass. It will not pass as it is. If changed, it can go through at this session."<sup>23</sup>

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20. Los Angeles Examiner, April 13, 1927.

21. Ibid., Jan. 26, 1927. Senator Shipstead of Minnesota, on Jan. 17, 1927, received a deluge of telegrams from Mankato, Minnesota, where it was rumored a power company conference was in session.

22. The New York American, Jan. 26, 1927. This is a Hearst Newspaper, and the psychological effect of such reports must be considered in the light of the knowledge that the Hearst Syndicate was intensely boosting the bill.

23. The Washington Herald, Jan. 25, 1927. Mr. Newcomb sent out a wire with reference to a senator saying: "He did not need to be persuaded, as I discovered over the telephone." Ibid., May 22, 1928. Concerning Mr. Newcomb's activities the New York Evening Post on October 25, 1928, said:

The work of getting people in the home territory to bring pressure against Boulder Dam on members of Congress was continued by the joint committee. Mr. Newcomb thought if the public understood the bills, Congress would understand them in two or three sessions.<sup>24</sup> It was denied, however, that the Washington office was a lobbying office of the type that contacted Congressmen directly. The chairman of the executive committee, of the joint committee, Mr. Philip Gadsden, said:

"We don't propose to 'gumshoe' in Washington. --We are not going to wear out the secret back stairs of Congressmen. We are going to their constituents, which is our constitutional right."<sup>25</sup>

However, the chairman of the joint committee, Mr. Stephen Davis, a former government official, indicated contacts with members of Congress when he wrote Mr. Gadsden on Feb. 10, 1928, regarding a new draft of a Boulder Dam bill which he said would be sponsored by Senator Phipps of Colorado,<sup>26</sup> and would be presented to Senator Smoot. Mr.

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23. (continued) "You could not count on the fingers of both hands all the ex-progressives who draw nice stipends in Washington for convincing Senators and Representatives of the truth, beauty, and goodness of oil companies and water power corporations."

24. The Federal Trade Commission, Utility Corporation Reports, Sen. Doc. no. 92, pt. 3, 70th Cong., pp. 132-133.

Mr. Newcomb said that this campaign against Boulder Dam and also against a utility investigation accounted for the size of the telephone and telegraph bills incurred by the joint committee.

25. The Chicago Herald and Examiner, Oct. 13, 1927.

26. Attention has been called to the fact that Senator Phipps was interested in the Southern Sierras Power Company.

Davis wrote: "The bill has not been introduced. It is still in the conversational stage."<sup>27</sup> Later a fight was made to substitute this bill for the Swing-Johnson bill and Senator Johnson was forced to compromise somewhat to escape the substitution. To protect his bill against the Phipps bill, Senator Johnson accepted an amendment allowing Arizona and Nevada royalties on the sale of power from Boulder Dam.

It can hardly be questioned that the utilities privately presented their views on the Boulder Dam issue to certain members of the national legislative body. There were in Congress a number of men whose private interests identified them with those of the power companies, and invariably they were found actively opposing the Boulder Dam bill. Congressman Eaton of New Jersey addressed the National Electric Light Association convention in 1927, and between references to the glories of the Constitution said: "To put our federal government into the power business is not an American idea. It is Russian."<sup>28</sup> Congressman Eaton, who was actively connected with the General Electric Company,<sup>29</sup> thought the time when the Boulder Dam bill was before the country "an hour of momentous decision," and pictured dire consequences if America were left to the "undisputed guidance of the political demagogue, the chronic agitator, the professional purveyor

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27. The Fed. Trade Com., Utility Corp. Reports, Sen. Doc. no. 92, pt. 3, Exhibits, 70th Cong., p. 439.

28. Ibid., pt. 1, Exhibits, p. 338.

29. Who's Who in America, 1927.

of socialistic sentiment, prejudice and theory."<sup>30</sup>

One of the most consistent and bitter foes of the Boulder Dam measure was Congressman Elmer O. Leatherwood of Utah. It has been noted that Mr. Leatherwood introduced amendments to the Swing-Johnson bill which would have left all power development to private corporations. He was president of a number of corporations in Utah and one of his most powerful constituents was the Utah Power and Light Co.; also his constituency included Ogden and Salt Lake City, the financial centers of Utah.

The connection with the utilities of Senator Bruce of Maryland has been discussed. His objections to making the Swing-Johnson bill the unfinished business of the Senate so it could be brought up at the next session of Congress, were so persistent that the Senate was put in an uproar.<sup>31</sup>

Senator Smoot of Utah opposed Boulder Dam, his 40,000 word speech against the measure, in the Senate in 1928, being largely responsible for its failure to pass. In this speech much evidence of utility data is seen, and the Washington Herald ran a story to the effect that Senator Smoot was president of a Utah power company. In reply to the Senator's denial of this, and his statement that he had sold out in 1902, the Herald, showing a clipping from Who's Who,

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30. The Fed. Trade Commission, op. cit., pt. 1, Exhibits, p. 331.

31. The New York Evening World, May 29, 1928.

1926-1927, said: "We must believe the Senator, but it is unfortunate that he allowed that misstatement in Who's Who to stand for 25 years without any recorded correction of it."<sup>32</sup>

This paper, however, blamed Congressman Snell and Senator Phipps for blocking the Boulder Dam bill in 1927. For years Senator Phipps represented the power companies. He even called for more engineering data after the government engineers were satisfied and representatives of 2,000 members of the engineering council in his state of Colorado had recommended that Boulder Dam be built.<sup>33</sup> Five advisers to the Secretary of Interior with reference to this matter were subsequently appointed<sup>34</sup> as a result of a Phipps resolution, thousands of dollars of expense being put on the government as a result. As Chairman of the Senate Irrigation and Reclamation Committee Senator Phipps was an influential man on the question of Boulder Dam. In the committees and on the floor of Congress this power company magnate consistently sought to eliminate any provision for a government owned and

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32. The Washington Herald, May 5, 1928.

Senator Smoot had wide business interests and personally "pulled" a lot of money into the big New York banks from the members of the Mormon Church. He was the ranking member of the twelve apostles of the Mormon Church, being in line to succeed Heber J. Grant to the presidency of the church. Mr. Grant was a director of Utah Light and Traction Co. One of the most prominent Mormon Bishops was also a director of the Utah Power and Light Co.

33. Ibid., Feb. 21, 1927.

34. The New York City Evening Journal, Jan. 9, 1928.

operated power plant at Boulder Dam.

While the Boulder Dam bill was under consideration Mr. Herbert Hoover spoke a great deal about socialism and government ownership. It was said that he did quiet missionary work for the Leatherwood power company amendments among various Congressmen while publicly supporting the bill. His half-hearted public support of the bill came as a result of a compromise for Senator Johnson's assistance in putting the State of California behind his candidacy for president.<sup>35</sup> At Los Angeles, Mr. Hoover said he favored "the highest of dams that our engineers will recommend, and I am hopeful that the project will receive favorable action by the present Congress."<sup>36</sup> Prior to this time he had proposed to a California group that the government construct a 300-foot dam as a donation to flood control and that the private corporations build from the 300 foot level up and receive the power. Mr. Mark Rose of Imperial Valley objected to this proposal whereupon Mr. Hoover, irritated, shouted: "Send him off to Russia. There's where he belongs."<sup>37</sup>

In their propaganda the power companies used many quotations from Mr. Hoover, and two of his former secretaries,

35. The Honolulu Star Bulletin, Oct. 4, 1927, and other papers.

36. The Atlanta Georgian, Aug. 21, 1928.

37. Interview, April 23, 1935, with Mr. McIver, former Secretary of Imperial Irrigation District at El Centro, California. The National Popular Government League said Hoover had been on the side of the power trust for 8 years.

Messrs. Paul S. Clapp and Stephen Davis were high officials in the utility propaganda organization. Former Senator Lenroot, noted utility lobbyist, was Mr. Hoover's counsel at the Kansas City Republican convention.<sup>38</sup> There is no doubt that Herbert Hoover opposed a government owned and operated power plant at Boulder Dam even at great financial sacrifice to his government, but since 1922 he had attempted to use the Colorado River issue to build up his political prestige. Publicly, he was silenced by the great political power of Senator Johnson in California and a fear of being closely identified openly with the power interests.

No thorough study of the private interests of members of Congress and their position on the Boulder Dam bill has been made. It has been shown, however, that many members of the national legislative body who led the fight against the bill, the Arizona delegation being excepted,<sup>39</sup> had power company connections. In the lobbying activities of the utilities these friendly legislators were said to have been enlisted, and the evidence supporting this contention seems conclusive.

The utilities were ever alert to build up resistance to the Swing-Johnson bill. In one case a Congressman was con-

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38. The New York World, Sept. 23, 1928.

39. When accused of fighting the battle of the power trust, Senator Ashurst disclaimed the inference and said: "Insinuations are the refuge of cowards." The Washington Herald, April 29, 1928. In the Boulder Dam fight of early 1927, Senator Hayden wired the Arizona Colorado River Commission, asking them to appeal to citizens to wire senators from friendly states, requesting the defeat of the Swing-Johnson bill. Arizona Republican, Feb. 25, 1927.

tacted by a utility man while traveling. Mr. Hodges of the H. L. Doherty Co. told, before the Public Speaking Committee of the National Electric Light Association, In July 1927, of how he had met a Congressman while traveling in the Middle West, and happened to speak about a bill in Congress. He said the Congressman was uninformed and undecided how to vote, but that he listened to the facts and economics of the movement and wanted to write a friend in the utility business. Later, Mr. Hodges received a letter from the congressman saying that the facts and statistics from his utilities friend checked with those of the national organization and that this had helped him to make up his mind how to vote. The utility official said this incident showed how important it was to bring the facts to the public.<sup>40</sup>

In addition to bringing pressure against the Boulder Dam bill on members of Congress, the power companies had a special "under cover" representation working, in at least one conference, among the states on the Colorado River project.

The Governor's conference in Denver, in August 1927, was called for the purpose of coming to an agreement among the Colorado River basin states, on the question of developing the river. At this conference, posing as a man deeply concerned about the interests of his state, was an ex-judge

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40. The Fed. Trade Commission, op. cit., pt. 3, Exhibits, p.623.

and former governor of New Mexico, Mr. Merritt C. Mechem of the Albuquerque law firm of Mechem and Vellacott.<sup>41</sup> What his services at, and just following this conference, were to the utilities is not fully and definitely known, but for these services he received, from the joint committee, the sum of \$5299.66.<sup>42</sup> The sessions of this conference were secret and a compromise worked out by the upper basin states was not acceptable either to Arizona or California. Further attempts at compromise failed. Congressman Taylor of Colorado, charged directly, long before Mr. Mechem's payments from the utilities were exposed, that the electric power companies by their secret agents had blocked all efforts toward a compromise at this meeting.<sup>43</sup>

Utility records showed that reports had come to them directly from the Denver conference. A memorandum on the Colorado River situation was found in the files of the Director of the Rocky Mountain Public Utility Information Bureau, with notations on the last sheet in the director's handwriting.<sup>44</sup> It was admittedly written by someone in the

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41. The United States Daily, May 7, 1928.

42. The Fed. Trade Commission, op. cit., pt. 3, Exhibits, p. 356.

43. The Electrical World, Sept. 3, 1927. When interviewed concerning Judge Mechem's activities at this conference, two members of the California Colorado River Commission who attended the conference said, with a chuckle:

"Yes, Mr. Mechem was much in evidence around there and he was always exceptionally nice to everybody.

Interview with Mr. Earl Pound and Mr. N. H. McIver at El Centro, Calif., January 1935.

44. The Fed. Trade Com., op. cit., pt. 4, pp. 391-399.

Denver conference. Judge Healy of the Federal Trade Commission grilled the director of the bureau, Mr. Lewis, persistently, and again and again showed him by certain relationships between himself and the memorandum that he should remember something about it. Though only about eight months had elapsed since the notations were made, Mr. Lewis maintained that the matter was "old and stale" with him and succeeded in maintaining his position in spite of Judge Healy's persistent inquiries. Judge Healy asked if it would be "perfectly fair to say you at one time knew a great deal more about the Boulder Dam situation than you are now able to recall?" The witness replied:

"Various phases of the Boulder Dam situation arose from time to time--new phases, new complications, new complexions, and I possibly rode with the new aspect of it."<sup>45</sup>

No letters from ex-governor Mechem, who was said to have reported by word of mouth, were found in the joint committee's files. There was found, however, a charge of

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45. The Fed. Trade Com., op. cit., pt. 4.

In the memorandum it was stated that the Denver conference "gave a splendid opportunity for intimate contact with the agents of all seven states" and that the author was able to discuss matters pertaining to the Colorado River "very intimately and frequently." The author had several interviews with Senator Waterman and others. The Senator was said to be open to conviction on the power phase of Boulder Dam and the memorandum stated he was given some figures. A unique feature of the memorandum shows that the author knew of Arizona's proposition to California on power allotment before it was made.

(Exhibit no. 1910, pt. 4, p. 340.)

\$27.75, made for a telephone conversation between Mr. Mechem and the director of the joint committee, which conversation took place on December 22, 1927. Although the charge was made to the joint committee, the director of the committee insisted it was a matter of personal business. When the counsel for the Federal Trade Commission suggested that a \$27.75 telephone conversation might leave some lingering memories, the director of the joint committee said he didn't know what it was for.<sup>46</sup>

There is no doubt that the utilities were much concerned lest the states of the Colorado River basin should reach an agreement among themselves. As shown by Utility Corporation Exhibit no. 937, a utility writer, who had been told by Governor Dern of Utah that the Swing-Johnson bill would pass in case of an agreement among the states of the basin, expressed his opinion as follows:

"In this connection, it occurs to me that there is opportunity for some effective work in the Colorado River States prior to this conference of seven governors. If Utah and perhaps one other state can be influenced to continue the battle against Boulder Dam, it is going to be much more difficult to obtain approval in Congress on any appropriation bill of such proportions as will be required for the Boulder Dam development."

The preceding discussion indicates that attempts were made to follow these suggestions.

Political parties also received attention from utility

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46. Fed. Trade Com., op. cit., pt. 3, pp. 148-149.

lobbyists against Boulder Dam. The Boulder Dam bill was before the country in the election year of 1928, and California interests were seeking a pledge from the two leading parties to support the bill.<sup>47</sup> The power companies saw to it "that nothing rude and annoying should appear in the platform."<sup>48</sup> Two officials of the joint committee handled the matter at Kansas City, and significance was attached to the fact that at the Democratic convention at Houston the Illinois State Democratic boss arrived in a private car with the director of the Illinois Public Utility Information Bureau, Mr. B. J. Mullaney, Mr. Samuel Insul's right-hand man. Neither the Republican nor the Democratic party mentioned Boulder Dam or Muscle Shoals in its platform, although these were two of the outstanding issues before the country at that time. Senator Norris said that the silence of the parties on these issues was due to power trust influence.<sup>49</sup>

Summing up the lobbying activities against Boulder Dam, it may be said that after June 1927 the Joint Committee of National Utility Associations was largely responsible for these activities. It deliberately set out to defeat the project, and spent hundreds of thousands of dollars in the attempt. Remarking that the joint committee was "the spearhead of the power trust propaganda lobby," a Canadian news-

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47. The New York Times, June 12, 1928.

48. The New York American, July 16, 1928.

49. The Springfield Miner (Illinois), July 21, 1928.

paper, after expressing surprise that Americans should hesitate so over public ownership, said: "But is it any wonder the public appears so indifferent and the politicians so antagonistic to state development of power and other national resources?"<sup>50</sup>

Had it not been for the very efficient lobbying of the proponents of Boulder Dam the power lobby would have been much more effective than it was. Even with counteracting powerful forces existent the utilities were so able to impress Congress in the early session of 1927 that the Boulder Dam bill could not be passed, and only after the Federal Trade Commission's investigation revealed the nature of utility activities against the project did lobbying against it by the power interests seem to lose its effect.

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50. The Ottawa Evening Citizen (Ontario, Canada), May 28, 1928.

CHAPTER VII.

UTILITIES DISTRIBUTE PAMPHLETS AND BOOKS IN  
OPPOSITION TO BOULDER DAM

Pamphleteering is an old device for influencing public opinion, but it is doubtful if this method of gaining publicity was ever before used so widely and efficiently as it was used by the utility propagandizing machine in its efforts to defeat the Boulder Dam bill and prevent the government from entering the power business. So much of this material was sent out within the electrical industry itself that many complaints were made by employees that it was impossible to read all of the literature distributed.<sup>1</sup>

The printed and mimeographed material distributed by the utilities teem with phrases designed to strike terror in the readers' minds on the subject of government ownership. Boulder Dam, of course, was specifically treated in this material, but even utility witnesses who appeared before the

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1. The Federal Trade Commission, Utility Corporation Reports,  
Sen. Doc. no. 92, pt. 2, Exhibits, 70th Congress, p.266.

The assistant director of the Illinois utility committee wrote:

"This criticism is probably caused by the increasing quantity of printed matter disseminated by the Joint Committee of National Utility Associations and this committee in anticipation of important national situations affecting this industry."

Federal Trade Commission admitted that any argument against the government in business was one against Boulder Dam.<sup>2</sup>

The government was pictured as a complete failure in business enterprise. Much was said of its failure in handling the railroads and the merchant marine. Great burdens of debt piled up by government ownership schemes in far-away Australia and other lands were dangled before the people.<sup>3</sup> In New South Wales with 1,650,000 people the debt of almost one billion dollars was said to have been caused by public ownership. The pamphlet from which these statements were drawn is a reprint of an address on government ownership made by Herbert Hoover. The expense accounts of the National Electric Light Association show that it cost the Association almost \$4,000.00 to send out 457,500 copies of this address.<sup>4</sup> The joint committee made use of this address in the Boulder Dam fight.

193,500 copies of a reprint of an editorial from The Nation's Business entitled "Bureaucracy in Fine Flower," were sent out by the joint committee. The editorial begins:

"Government grows and grows and grows. Bureaucracy is a dead hand on industrial endeavor. It fattens on the moor of stupidity, political favoritism, economic fallacy. When government leaves its rightful field of endeavor and enters the field of business, all real incentive to serve the public gives way to red tape, to political skullduggery, and to mediocre performance."

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2. The Fed. Trade Com., op. cit., pt. 4, pp. 555-556.

3. Ibid., pt. 3, Exhibits, p. 225.

4. Ibid., p. 109.

Speaking of America's economic problems the editorial closes:  
"The way out is not easy. But American business must find an answer, and it is not government ownership."<sup>5</sup>

The joint committee distributed 9000 copies of a pamphlet written by Congressman Elmer O. Leatherwood of Utah, entitled "Forcing the Government into Industry." Some of the points covered by Mr. Leatherwood, who bitterly assailed Boulder Dam, were:

"Real Purpose of the Bill"  
"Topoc Dam Sufficient"  
"Political Issue in California"  
"A Government Experiment"  
"Domestic Water Supply for Los Angeles"  
"A Dream of Fame"  
"Deadening Hand of Bureaucracy"<sup>6</sup>

The joint committee also distributed 9,500 copies of a pamphlet written by Samuel Ferguson, president of the Edison Electric Illuminating Association called "Political Sharpshooting". In this pamphlet Boulder Dam was said to be heralded "in its humanitarian garb of flood control,"<sup>7</sup> but that flood control could be had for "a sum which is barely equal to the single item of interest during construction on the proposed expenditure of \$150,000,000.00. Mr. Ferguson also maintained that it was to be expected that "when an industry becomes great and prosperous and thrives through the service it gives to the public, it becomes subject to the

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5. The Fed. Trade Com., op. cit., pt. 3, p. 215.

6. Ibid., pt. 2, Exhibits, p. 639.

7. Ibid., pt. 3, Exhibits, p. 245.

attacks of theorists, visionaries and other radicals."

14,600 copies of a reprint of an article, "Why Government Fails in Business," by Arthur S. Dewey of the utility subsidized Harvard Business School were distributed by the joint committee, as were also 5,350 copies of the editorial taken from the Los Angeles Times entitled: "The Colorado Will-O'-the-Wisp." Thousands of copies of the utility sponsored Utah Fact-Finding Committee bulletins were also distributed by this committee. 55,000 copies of "The Menace of Federal Control," and 19,000 copies of "The Tyranny of Government in Business," were sent out by the joint committee.

In this material is found almost every conceivable argument against the government generating power at Boulder Dam. The utility plan was to convince the public that Boulder Dam was merely the opening wedge for the government to socialize industry, and that the idea was of Russian origin. In an address entitled: "The Santa Claus Idea of Government," printed and distributed by the joint committee, Mr. Henry S. Ives, vice president of the Casualty Information Clearing House of Chicago said:

"The political Christmas tree, indeed, is now being trimmed and festooned with such gewgaws and baubles as railroads, insurance companies, electric light and power plants, coal mines, gas plants, street railways, grain elevators, oil wells and the like, awaiting the day when the red-clad Kris Kringle will appear and pass them about among the faithful. He promises a golden age of luxury, idleness, and wastefulness in which govern-

ment deficits will be substituted for private profits and in which politics instead of business and work will become the national dividend producer."

The inevitable consequence of government ownership was said to be "despotism", and that such a movement was "an attempt to transform the state into a benevolent Santa Claus, doing everything for everybody at no cost to anybody."<sup>8</sup> In this pamphlet the public was also told that: "No material benefit has ever reached mankind except through the agency of private enterprise. To deny its potency is a confession that democracy is a failure."

Exhibit 841 of the Utility Corporation Reports shows that 95 different publications were distributed by the joint committee, and that altogether 2,061,422 pieces of literature were circulated by this one organization between its revival in June 1927 and April 1928.

But the joint committee was only the capstone of publicity against Boulder Dam. The National Electric Light Association also was circulating vast quantities of material designed to defeat the measure. 17,500 copies of the address by Congressman Eaton previously referred to were circulated by this association. The activities of the joint committee are discussed in some detail, not because they cover the field of publicity, but because they are representative of the activities involved in the vast distribution of propaganda.

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8. The Fed. Trade Com., op. cit., pt. 3, Exhibits, p. 207.

In Chapter III was given some of the classes of persons on the joint committee's mailing list, which included members of Congress, newspaper editors, those in political life, chambers of commerce, etc.

The joint committee and other members of the utility propaganda structure managed also to get material before the public without its origin becoming known. On July 18, 1927, it mailed to the state utility information directors an article entitled "Communism's Stepping Stone," in which Boulder Dam was called "the fetish of the socialist and the stepping stone of the communist."<sup>9</sup> Accompanying this article was a statement by the committee advising:

"If you are to publish this article in your bulletin or reproduce it otherwise for distribution to newspapers, kindly do not quote the joint committee in reference to it or credit us with what is said."

The joint committee intended for its statements concerning the Boulder Dam project to appear as disinterested on the part of the utilities as possible, and sometimes the committee schemed to lend the propaganda an authoritative atmosphere by certain shrewd practices. At the annual meeting of the National Electric Light Association in April 1927, Dr. H. A. Morgan, president of the University of Tennessee delivered an address which seemed a conscientious appeal

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9. Walsh, Thomas, "Tampering with Education," Congressional Record, vol. 70, pt. 1, 70th Congress, 2nd Ses., Dec. 5, 1928, p. 43.

for the electrical industry to branch out and aid "the sick man of America"--the farmer. This address by a university president was printed and sent out by the utilities. One of the pamphlets happened to be sent to an official of the Boulder Dam Association in California, and when he opened it there fell out a double column article dealing severely with Boulder Dam. The article was said to be authoritative and sent "for your information".

That steam power could be generated for less than hydroelectric power was a major argument the utilities used in 1927-28 for a flood control dam. This pamphlet showed the cost of Boulder Dam power at the switchboard to be three mills per kilowatt hour and 5.7 mills delivered in Los Angeles, which, it was said, "is higher than the present cost of steam power delivered at that point." The trend of the cost of steam power was said to indicate a price of 4.5 mills before Boulder Dam could be completed, and even less in the future by the use of a new mercury process. "To compete with this power," ran the article, "Boulder Dam power would have to be sold at the switch-board at one-third of the estimated price, or at one mill per kilowatt hour." It was said that twenty years must pass for Boulder Dam to reach full earning power on account of not being able to market the energy produced. In conclusion it was emphatically stated:

"In other words, Boulder Dam power as fuel replacement will return the government nothing. As power for new load it will return not more than 2 mills per kilowatt hour. This 2 mills price would not pay the interest on that development. To say nothing of operating charges and amortization."<sup>10</sup>

When the contracts were made later by the Secretary of the Interior the actual contract price for Boulder Dam power at the switch-board was 1.62 mills per kilowatt hour, and the Southern California Edison Company offered to take all the power produced at that price. This price not only will enable the government to earn the original cost of its investment in fifty years, but all interest and upkeep, pay certain royalties to Arizona and Nevada, and have a surplus besides.

The Boulder Dam Association answered this particular article, stating that no connection was seen between it and the address of the President of the University of Tennessee, but that

". . . doubtless it indirectly would seem to the uninitiated that it had some direct relationship, and that here was a university president joining his economic and save the country idea to those of the other writers who have contributed the dozen or so pamphlets which in large numbers and at tremendous cost, 420 Lexington Ave. (the address of the joint committee) has sent out to all of our newspapers in this section and we hear of their distribution all over the land. Why all this now-- What is the big idea, except to DEFEAT Boulder Dam."

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10. Material found in Boulder Dam Association files at the Los Angeles Bureau of Power and Light.

The utilities had just circulated a news story throughout the United States with headlines running: "Utilities not opposed to Boulder Dam." This of course was provided the government was not allowed to do the power business.

In answer to the article accompanying the University of Tennessee President's address, the utilities were told:

"You are wonderful at figures, but you use a bent pencil--it slips. . . .

"Honest, would not there be bidders to build Boulder Dam tomorrow, if we withdrew--and would the same bidders not take on every available development on the river?-- Sure they would and they have said so,--- only they don't want to pay any material price. . . .

"No one out here is fooled . . . we offer a square deal to you--we offer to divide--you don't want us to get any of it. Why not come over and get better acquainted and be reasonable?"

Regarding the "parentless circular" the Boulder Dam Association official, after pointing out that it bore no name or date wrote:

"And so the unnamed and undated child is orphaned. We write to its relatives, and don't think we miss it far. And in the meantime Boulder Dam comes nearer realization. It will not harm you or your interests. Why then try to prevent a great benefit to this wonderful land of the West?"<sup>11</sup>

The joint committee also published a Weekly Digest which constantly ran material against the Boulder Dam project. Although the purpose was said to be to acquaint the public with the facts, there was nothing favorable to Boulder Dam

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II. Material found in Boulder Dam Association files at the Los Angeles Bureau of Power and Light.

which was ever published in the Digest.

Perhaps the most damaging propaganda disseminated by the electrical industry dealing specifically with the question of Boulder Dam were the two booklets "Boulder Canyon Dam" and "Boulder Dam" edited by Frank Bohn, who had gained some reputation as a writer for The New York Times. For briefing the material for these booklets the joint committee paid Mr. Richard Washburn Child, writer and former ambassador to Italy, the sum of \$7500.00.<sup>12</sup> Mr. Bohn was then chosen to prepare the material for presentation to the public and was paid \$1800.00 for these services.<sup>13</sup>

A news release concerning the two booklets was sent to the press marked: "For publication upon receipt." One booklet was described as:

"An analysis of the Los Angeles Water and Power Measure, as the Swing-Johnson bill is known in California," and the other as a "compilation of essential data which has been assembled by governmental and other authoritative agencies."<sup>14</sup>

It was stated that a high dam was necessary only to secure

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12. The United States Daily, May 5, 1928.

13. Mr. Bohn was spoken of in the New York Utility Information Bureau bulletin as being "of The New York Times." He called the joint committee's attention to many papers and articles which could be published advantageously. U.C.R., pt. 3, p. 177. A Hearst newspaper said Mr. Bohn was formerly a prominent I.W.W. leader and wrote a book on revolutionary socialism in collaboration with "Big Bill" Haywood who was arrested later, jumped bail, and fled to Russia where he was then residing. The Washington Herald, May 5, 1928.

14. The Fed. Trade Com., Utility Corp. Reports, Sen. Doc. no. 92, pt. 2, Exhibits, 70th Congress, p. 355.

water for Los Angeles at the expense of the rest of the country and at a probable cost greater than the Panama Canal. The news release closed by saying that government ownership advocates were lined up with the California delegation, seeing in the bill a chance to put the government in industry and that "those opposed to the bill believe that, were the project a feasible enterprise and could be made a commercial success, ample private capital would be available to build and operate it."

Advocates of the high dam said this news release was "replete with misstatements" and that government data had been ignored.<sup>15</sup> The object of the publications were said to be to reduce to understandable terms the vast amount of material on the subject, and to give the public the facts. The contents of the booklets are typical utility propaganda against the Boulder Dam, but arranged so subtly and in such authoritative and apparently honest fashion that the unwary reader would be almost sure to become much concerned lest the politicians were bringing his government to ruin. In the foreword of the booklet, Boulder Canyon Dam,<sup>16</sup> Mr. Bohn says that it was

"created for the use of the taxpayer, the editor, the legislator, or the federal officials who may

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15. The Los Angeles Evening Herald, Nov. 28, 1927.

16. The booklet itself may be found in the library at Pomona College, Claremont, Calif. The booklet, Boulder Dam, is in the writer's possession, having been sent to him by the United States Chamber of Commerce.

desire to see the matter stripped to the bare bones of basic facts. . . ."

"Let there be no mistake; this brief, though it will set forth the case of those who favor the legislation,<sup>17</sup> is partisan in the sense that it opposes the legislation."

Mr. Bohn said "accuracy and clearness of statement only" would be depended upon to convince, and that it was amazing that powerful minorities were organized to put the government in business while

"there is in existence no national militant organization to combat these forces." He said the booklet must "fill the void of taking the mask off of the Swing-Johnson bill in lieu of no national public organization to do it."<sup>18</sup>

Upon opening the booklet, Boulder Dam, which is represented as a complete bibliography with references, engineers' charts, studies, reports etc., one reads statements from a British Commission, from Mr. William Green, President of the American Federation of Labor, and some tabulated figures concerning the amount of horse power of electrical energy in the United States for each wage earner--all designed to show the great benefits brought to working people under a system of privately owned utilities. The booklet serves to place the blame for the delay in providing flood control to Imperial Valley on government ownership advocates, and states that their arguments lead "logically to government ownership of

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17. Their case was set forth as one of socialism and political expediency.

18. Bohn, Frank, The Boulder Canyon Dam.

everything."<sup>19</sup> A table of great losses and under-estimates of the Bureau of Reclamation was printed to further arouse the reader's skepticism concerning the Boulder Dam estimates.

One of the most impressive parts of the booklet is a learned legal treatise on the Boulder Dam bill and states' rights.<sup>20</sup> Sixteen pages of argument, and quotations from several famous men, with many court decisions cited, were given in support of the idea that the government of the United States was becoming a tyrannical bureaucracy. Senator Borah's views as to the future were thus quoted in this article:

"Every conceivable activity of mind and body will be under the direction and surveillance of a bureau. Inspectors and spies will leer upon the citizen from every street and corner and accompany him hourly in his daily avocation. Taxes will be a hundred dollars per capita. Forty per cent of the national income will be demanded for public expenses.

"We will still have a republic in name but a bureaucracy in fact--the most wasteful, the most extravagant, the most demoralizing and deadly form of government which God has ever permitted to torture the human family."<sup>21</sup>

This whole legal treatise was based upon, and mostly quoted verbatim, from the work of a Mr. Mullendor, an attorney from the Southern California Edison Co., though nowhere in the booklet was any indication of this fact given.

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19. Bohn, Frank, Boulder Dam, p. 17.

20. Ibid., p. 24.

21. Ibid., p. 37.

The names of men of reputation and prominence were, however, used conspicuously in other parts of the booklet with the material with which they were connected.

The opinions of several engineers, and minority reports on the Swing-Johnson bill, such as Rep. Leatherwood's, were included, all very unfavorable to the bill. The article from the Independent, entitled: "WILL A COLORADO FLOOD SUBMERGE HONEST HIRAM?" which pictured California's senior senator as blocking relief to Imperial Valley unless the government were put in the power business and Los Angeles given water, was also printed in this booklet.

The booklet, Boulder Dam, closed with an article taken from the Annalist:

"Danger In The Boulder Canyon Project"  
By Philip Cabot  
(Lecturer on Public Utility Administration,  
Harvard Business School)

Dr. Cabot repeated in parrot fashion much of the utility propaganda against Boulder Dam, saying a great deal about the difference between statesmanship and political expediency, and that Californians knew that the power from Boulder Dam would have to be sold cheap if sold at all; consequently, they were for it at government expense.

The close of Dr. Cabot's speech is also the close of the booklet and is rather interesting. He said:

"It is disheartening to find some of our ablest government leaders favoring such a scheme. They must know that it is economically unsound, and

their position can only be explained as a piece of political expediency before a presidential election.

"'Rough are the steps, slow hewn in flintiest rock,  
States climb to power by; slippery those with gold  
Down which they stumble to eternal mock;  
No chafferer's hand shall long the sceptre hold,  
Who, given a fate to shape, would sell the block.'"<sup>22</sup>

Dr. Cabot's activities against the Boulder Dam and Utility investigation were conspicuous. More than once did he lend his name as a Harvard professor to the utility cause. At the time of his activities in this connection the Harvard Business School, in which Dr. Cabot was employed, was drawing more than \$30,000.00 annually as a donation from the utilities.

The Joint Committee of National Utility Associations printed 16,000 copies of these two booklets, nearly all of which were distributed at a cost of nearly \$5,000.00. This represents only a fraction of the total cost, which is difficult to estimate, since highly paid utility officials such as Mr. Mullendor spent much time on the material.<sup>23</sup>

Concerning utility propaganda Senator Norris of Nebraska said that in the statements themselves not so much fault could be found, but that

"the point is that they use every one of those things in a misleading way. They are converting, or trying to convert the rank and file of the

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22. Bohn, Frank, Boulder Dam, p. 103.

23. It has been stated that Mr. Child received \$7,500.00 for his work on the booklets.

people of the United States by this kind of insidious legislative propaganda."<sup>24</sup>

Senator Norris said that in a certain pamphlet the public's attention was called to the wonderful possibilities of water-power development, but that nothing was said as to who would do it, and that the arguments given were to the effect that "these radicals are trying to prevent that kind of thing." With further reference to the pamphlet Senator Norris said:

"I am familiar with most of the things that are mentioned here. They are very shrewd in the way they put it up. If the thing were standing alone, no one would suspect, even, that it was propaganda; and the kind of propaganda that is effective is that kind of stuff, put in in connection with something else that is misleading.

"Here is a heading, 'TWO BEAUTIFUL BRIDGES', and just a paragraph. It goes on and says:

"'In Potomac Park, Washington, D. C., there are two beautiful parallel bridges, built under exactly the same conditions. The plans for both bridges were prepared by the same engineer, the estimated cost for each bridge was \$1,000,000.00 and the time estimated for completion of each was one year.

"'One of those bridges was built by private enterprise in less than one year and for less than the estimated cost. The other bridge was built by the United States Army in three and a half years and at a cost of \$3,250,000.00.'

"What they want to convey there is that everything the government does is a failure. The Senator and all of us are familiar with Potomac Park, and we

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24. The Congressional Record, vol. 69, 70th Cong., 1st Session, Feb. 15, 1928, p. 3018.

know that there is not any such thing there as two parallel bridges just alike; but what person who has not been to Washington and reads that will not believe that they are identically the same--two bridges just alike? If you pin them down, technically, they will get out from under that.

"I took up the matter with the War Department. I have been here for 25 years every winter. I did not know of any such bridges. I have walked and ridden all over Potomac Park. I did not believe there was such a thing, and of course, there is not. The nearest thing to it is a wagon bridge down here, and, a quarter of a mile or so from it, a railroad bridge. They are the only two bridges that can possibly be referred to here; and, of course, nobody can compare those two things and say that the cost ought to be equal, or that one ought to be constructed sooner than another.

"I only give that as a sample. These other things are samples, and this book is full of just such stuff.

. . . . .

"That is the kind of propaganda that is going on. It is a shrewd propaganda; and that is the way they get the support of such honest men as the Senator from New York, by influencing public opinion, by influencing and buying newspapers, and writing these misleading editorials and stories and accounts of things that are only partly true."<sup>25</sup>

In addition to the many pamphlets circulated, certain books also constituted a part of the utility propaganda campaign against Boulder Dam. Ernest Greenwood, former member of the board of education of the District of Columbia, wrote a book called Aladdin U. S. A., which was published by Harpers Brothers. The material was furnished by the National Electric Light Association, and the joint com-

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25. The Congressional Record, vol. 69, 70th Cong., 1st Ses., Feb. 15, 1928, p. 3018.

mittee advanced the author \$5,000.00 while he was writing the book, the committee taking a contract from the author for royalties on it to that amount.<sup>26</sup> To secure the publication of this book, the National Electric Light Association agreed to take 5,000 copies from the publishers. Mr. Oxley, Director of the Department of Public Information of this association wrote that the book "should be made available to every public, commercial, university, college and school library in the territory served by each of our member companies."<sup>27</sup> The Association did purchase 25,000 copies of the book for such distribution,<sup>28</sup> it being recommended to schools for use in debates on government ownership. Local electric companies were urged to assist in getting the book in the libraries.<sup>29</sup>

Aladdin U. S. A. is, generally speaking, a glorification of the electrical industry and an appeal against government ownership. Regarding Boulder Dam the author asks:

"What would the government do with Boulder Canyon Dam should it get it? . . . What will it do if the companies prefer to market their own product which they can manufacture more cheaply than they can buy it from Boulder Canyon Dam?"<sup>30</sup>

A book called The Story of Public Utilities written in 1928 by Edward Hungerford makes an appeal for private owner-

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26. The Fed. Trade Commission, op. cit., pt. 1, Exhibits, p.371.

27. Ibid., pt. 3, Exhibits, p. 665.

28. Walsh, op. cit., p. 44.

29. The Fed. Trade Com., op. cit., pt. 5, p. 422.

30. Greenwood, Ernest, Aladdin U. S. A., p. 91.

ship.<sup>31</sup>

Other books in behalf of private ownership were circulated by the National Electric Light Association.

In partial fulfillment of requirements for his doctor's thesis at Harvard University, Mr. Ruel Olson of Southern California wrote a book entitled The Colorado River Compact. No definite information establishing Mr. Olson's book as being connected with utility propaganda has been obtained. The author, however, suggested a Colorado River Authority similar to the Port of New York Authority to carry on the development of the river. This was in line with the wishes of the utilities at that time. A Los Angeles newspaper called Mr. Olson a conscious or unconscious tool of the power trust, and stated that

"Nothing so puerile, inadequate and essentially false as this Olson book has been written on the Colorado River situation since the power trust came to grips with the valiant farmers of the Imperial Valley and their ally, the city of Los Angeles. . . .

"As a piece of accurate historic interpretation, Olson's book is worthless, but IT IS VALUABLE TO THE POWER TRUST."<sup>32</sup>

In a prospectus announcing his book, Mr. Olson said: "I wish also to thank Judge Stephen B. Davis, Acting Secretary of Commerce . . . (and) Mr. Paul S. Clapp, Assistant Secre-

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31. The Fed. Trade Com., op. cit., pt. 3, Exhibits, p. 1167.

The book has not been examined for specific references to Boulder Dam.

32. The Los Angeles Record, April 8, 1927.

tary of Commerce."<sup>33</sup> Mr. Davis soon afterwards became director of the Joint Committee of National Utility Associations, and Mr. Clapp shortly became managing director of the National Electric Light Association. Dr. Roscoe Pound and other Harvard University professors praised the thesis almost as enthusiastically as Doctors Cabot and Dewey of that school had spoken against Boulder Dam and the government in business.<sup>34</sup>

In an interview with the author in Los Angeles Dr. Olson expressed an interest in this thesis, but contributed nothing toward uncovering the material for this work. Regarding the utility fight against Boulder Dam he said: "I'm sorry I'm not able to help you," and added that when he wrote his book he was afraid to deal much with utilities, and that in so writing one should be very careful or one might get into trouble, even in a Master's thesis.<sup>35</sup>

In addition to lobbying and the circulation of books and pamphlets against the Boulder Canyon Project Act, this subject directly, and indirectly as the government in business, was frequently made a topic for discussion by utility public speakers. In fact, during the 1927 drive to defeat Boulder Dam, most any outstanding utility speech

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33. Boulder Dam Association, file no. 122 found at the Los Angeles Bureau of Power and Light.

34. Ibid.

35. Interview with Dr. Ruel Olson at the Athletic Club, Los Angeles, Calif., August 1934.

might be expected to contain references to this subject, if such did not constitute the major point in the speech.<sup>36</sup> Even before the Boulder Dam issue became so prominent, as stated in the annual report of the Michigan Public Utility Information Committee, more than 90% of the speeches made by national figures in the electrical industry were confined to political aspects.<sup>37</sup> National Electric Light Association officials said 31,042 speeches were made under their auspices in 1927.<sup>38</sup> The new edition of the speakers' handbook contained a stirring speech on government in industry.<sup>39</sup>

The officials of the National Electric Light Association

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36. Mr. Ernest Gruening says in his book, The Public Pays, p. 144: "Much of the material propagated through the platform aimed to discredit any and all attempts at public ownership and operation of utilities,--federal, state or municipal--to urge in every way possible that the two great pending power projects, Boulder Dam on the Colorado River, and Muscle Shoals on the Tennessee River, be turned over to private operation, and to condemn, as demagogues, "politicians", agitators, theorists, "pinks", "reds", "radicals", Socialists, Communists, and Bolshevists, not merely those who held opposing views, but were in any way critical of the conduct of utility affairs, and deemed more stringent governmental supervision or regulation advisable."

The chairman of the Public Relations Section of the Great Lakes Division of the National Electric Light Association wrote that "in 75% of the talks given, the subject of the Government in business was touched upon." Utility Corp. Reports, pt. 5, p. 343.

37. The Fed. Trade Commission, op. cit., pt. 3, Exhibits, p. 1072.

38. Ibid., p. 641.

39. Ibid., p. 774.

and other utility organizations spoke against Boulder Dam before civic and other clubs.<sup>40</sup> Bankers and other leading business men were invited to luncheons to hear utility speakers.

Particular efforts were made to disseminate propaganda against Boulder Dam through the women's committees of the various utility organizations and such national figures as Mr. Paul Clapp, managing director of the National Electric Light Association, and Mr. Martin Insul, addressed the women on this subject and that of government in business. After introducing the subject of Boulder Dam, Mr. Insul told the members of the women's committee gathered at Atlantic City in June 1927:

"It is a question of the turning point as to whether a democratic form of government is a successful form of government or not. Private enterprise, private initiative, has been successful. Why should we try any other change? We know that wherever the Government takes up business there is apathy, ignorance, laziness that one never finds in the business we are engaged in under the control of private enterprise. Why take such a chance? A chance of the door of opportunity being closed. Women can do a great deal in this work; women have

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40. Mr. Thorne Brown, managing director and Sec.-Treasurer of the Middle West Division of the N.E.L.A. said that every opportunity he got to talk before a gathering that he expressed his opinion on the Swing-Johnson bill as a government ownership measure, and that he had more opportunities to talk than he could fill. Mr. Brown was president of a local Kiwanis Club and talked to other clubs, even in other states, receiving his expenses from electric sources when this occurred. He said he also talked to individuals against the bill. Utility Corp. Reports, pt. 4, p. 103.

the vote. It is the children who will suffer from any such program as Senator Norris is trying to put over."<sup>41</sup>

Women were urged to get acquainted with the Boulder Dam issue so they could communicate their ideas to local women's clubs, and privately in the homes. The 1928 program of the Women's Committee of the National Electric Light Association included a thorough study of Boulder Dam.<sup>42</sup>

The editors of the Electrical World and the Public Service Magazine spoke against the Swing-Johnson bill.

Mr. Frank Bohn aided the utilities in various lectures. Before the East Chicago Chamber of Commerce, June 9, 1927, he said:

"We must say to the captains of our electrical industry that they will not be hampered. Let us assure them that they will not be embarrassed by tax supported competition; above all, let us give over that dog-in-the-manger policy under which government, unable and unwilling to develop these resources itself, denies the benefits of their use to the public."<sup>43</sup>

According to a letter from the director of the Nebraska Public Utility Information Committee to Mr. Oxley of the National Electric Light Association, Mr. Bohn was to receive \$200.00 from the Ad-sell League in Nebraska for making an address before that organization on the subject of Boulder Dam and Muscle Shoals.<sup>44</sup>

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41. Fed. Trade Com., op. cit., pt. 4, p. 630.

42. Ibid., p. 544.

43. Ibid., p. 206.

44. Ibid., p. 773. The Nebraska Public Utility Information Committee director asked the National Electric Light Association or the joint committee to sponsor 3 or 4 other addresses in Nebr. by Frank Bohn on Boulder Dam and Muscle Shoals.

The utilities also engaged university professors as speakers against the government in business, and the building of Boulder Dam. In 1925 Dean Heilman of the Northwestern University School of Commerce spoke on "Government and Business" before Indiana State Teachers' Associations,<sup>45</sup> and he also spoke before five Illinois Teachers' Colleges and normal schools.

Outstanding among speeches delivered by university professors in behalf of the utilities were those of Professor Theodore J. Grayson, Associate Professor of Finance in the University of Pennsylvania, delivered in New Orleans, Richmond, Virginia, and Ithaca, New York, during the last three months of 1927. For these speeches and his expenses the utilities paid Professor Grayson \$987.16.<sup>46</sup> At New

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45. Fed. Trade Com., op. cit., pt. 5, p. 296. For three speeches for the Indiana Public Utility Information Bureau, Dean Heilman was paid \$389.48. Professor Heilman's speeches were delivered before the Boulder Dam issue became a nation-wide utility problem, and while he spoke definitely against government ownership it is not known that he spoke with the intention particularly of discrediting the Swing-Johnson bill which was being studied by Congressional committees at that time. Northwestern University also received funds from the utilities.

46. The United States Daily, May 5, 1928. Professor Grayson caused laughter when he testified before the Federal Trade Commission that he was paid \$250.00 for each speech and that he did not think he was overpaid. Apparently irked, Professor Grayson said: "I appreciate the compliment of the applause, but that is my firm belief." This professor told the Commission there were two things that were especially precious to him, the reputation of the University of Pennsylvania and that of his own. He secured a second hearing before the Commission for the purpose of clearing up some of the facts of his

Orleans his speech was delivered to from 300-400 of the leading business men, and there were not more than a half dozen utility men there. In line with utility policy this speech was given very wide publicity, column headlines running:

"SAY MAJORITY AGAINST U. S. UTILITY WORK  
----- Want Government to Stay Out of Utilities  
Organized Minority Blamed for Uproar"<sup>47</sup>

In the New Orleans speech delivered October 20, 1927, Professor Grayson said:

"A most dangerous feature of the political conditions today is the fact that in many ways we are at the mercy of well organized minorities. This is a time of nation-wide propaganda, a period of extensive advertising, and it has been ascertained through political experience that a small group of determined men with plenty of money back of them and unlimited use of a number of printing presses can cajole and frighten Congress into passing most unwise and dangerous legislation."<sup>48</sup>

Professor Grayson then warned his audience against Communists, Socialists and independent groups such as Senators Norris and Brookhart represented. He denounced the investigation of public utilities as part of a scheme to put the government in business; and the Boulder Dam Project Act, which he said was a camouflaged Los Angeles water supply scheme at government expense.

Professor Grayson was also employed by the utilities to

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46. (Continued) case. After being asked a great number of pertinent questions by Judge Healy of the Commission, taking up several pages of testimony, during which time he became very "wrought up", Professor Grayson left the stand more involved in public utility affairs than before. It developed that he had even appeared as an attorney for utility companies while serving on the staff of the University of Pennsylvania.

47. The Charleston Gazette (S.C.), Oct. 23, 1927.

48. Ibid.

teach a night school for utility employees, to train them to combat the government ownership idea.<sup>49</sup>

Perhaps one of the most sensational speeches made during the Boulder Dam fight was that delivered on the subject of "Government and Business" before the Mattoon Independent Chautauqua at Mattoon, Illinois, on August 19, 1927, by Mr. Bernard J. Mullaney, the director of the Illinois Public Utility Information Bureau.<sup>50</sup>

Mr. Mullaney reminded his audience of the comparative comforts and luxuries of the American people; that with 1/17 of the world's population, Americans had 1/2 the world's wealth, more than 1/3 of the railroad mileage, 85% of the passenger automobiles and over 1/2 the telephones of the world.

"But what, (Mr. Mullaney said) has all this to do with government and business? Just this:

"Government rightly applied assures maximum opportunity for the orderly transaction of business and enjoyment of its fruits, with a minimum of governmental interference."

Saying that conditions which fostered such bountiful prosperity could not be taken for granted, Mr. Mullaney told his listeners that:

"None but the blind, deaf and dumb are justified in doubting the existence of efforts insidious and

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49. The United States Daily, May 5, 1928. The joint committee mimeographed excerpts from Professor Grayson's address and distributed 1000 copies of these excerpts.

There were many other instances of the employment of university professors in utility publicity campaigns.  
50. The Fed. Trade Com., op. cit., pt. 2, Exhibits, p. 134.

deliberately promoted, to change the intrinsic character of our Government, and eventually its form. . . .

"It has been reasserted most recently in connection with Sacco-Vanzetti agitation. It is assisted, consciously or unconsciously, by many pretentious reformers and by some United States Senators.

"The subversionists would first of all reverse the so successful American policy of keeping the Government out of business, and would put the Government more and more into business. Their efforts wear various masks. . . .

"Some in this minority are communists of deepest Russian 'red'; others are a lighter socialist 'red', shading into 'parlor pink'; still others come in delicate mauve tints and call themselves 'progressives'. And they all pull together whenever 'Government and Business' are at issue.

"If you think this minority is harmless and negligible, please recall its recent manifestations in the Sacco-Vanzetti affair. Riot, bombs, and murder have been disclosed as the ready weapons of its deep 'red' element, and you have not heard the use of those weapons protested by the lighter 'reds', the 'pinks', or the 'mauves'."

The speaker referred to Russian Communistic activities in the United States as "boring from within" and said:

"A perfect example of this was the Boulder Canyon Dam proposal in the last Congress."

After criticising adversely the proposed legislation, Mr. Mullaney stated:

"But there was a Government ownership scheme hitched on this proposal, with the specious plea that the Government could make the dam pay for itself out of the water power to be developed. On that all the 'mauves' and 'pinks' and 'reds' rallied and raised a ballyhoo that nearly passed this unsound, wasteful and doubtfully practicable proposal.

"The circumstance is illuminating. Whenever the full strength of the mauve-to-red elements is mustered, it is in support of some scheme that would put the Government into ownership and operation of a business.

"Scratch any aggressive Government ownership advocate, no matter in what guise he may appear, and the deeper you go the redder you will find him. He has to be fundamentally 'red' if he is sincere, because all Government ownership proposals lead logically to the ultimate 'red' objective, which is complete Government ownership and Communism. . . .

"The malignant cancer appears at first to be but a harmless wart or pimple, and the only sure cure is to cut it out then."<sup>51</sup>

It was in this speech that references were made to the two bridges in Potomac Park, Washington, D. C., as commented upon by Senator Norris. Nineteen thousand copies of this address were circulated by the Illinois Public Utility Information Bureau, and 32,350 copies of addresses by Mr. Mullaney on the subject of "Government and Business" were distributed by the Joint Committee of National Utility Associations. Some idea may be gathered as to the use made of such material by citing the request of Professor Jenkins of the University of Georgia for 14 copies of Mr. Mullaney's address on "Government and Business" for use in a course he was teaching there,<sup>42</sup> the request being made of the director of the Carolina Public Utility Information Bureau.

The speech of Mr. Mullaney is in line with the purpose of

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51. The Fed. Trade Com., op. cit., pt. 2, Exhibits, pp. 134-140.  
52. Ibid., pt. 4, p. 138.

the utilities in 1927 to pin the Bolshevik idea on politicians advocating Boulder Dam.<sup>53</sup>

The distribution in pamphlet form designed to defeat Boulder Dam, and the wide publicity such speeches received in the newspaper columns of the country, made public speaking a very effective means of disseminating propaganda against the Swing-Johnson bill.

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53. The Fed. Trade Com., op. cit., pt. 5, p. 74.

From the private correspondence of Mr. Sheridan, director of the Missouri Public Utility Information Bureau, was taken the following statement by Mr. Sheridan:

"The thing about the utility industry that disgusts one is the lying, trimming, faking, and downright evasion of trust, or violation of trust, that marks the progress toward enormous wealth of some of the so-called big men in the industry. When I see some of these fellows waving the flag, I am filled with not only disgust but rage, for they are anything but patriots." Utility Corp. Reports, Exhibits, pt. 5, p. 157.

With Mr. John Colton, editor of Aera, an organ of the National Electric Railway Association, Mr. Sheridan resented the idea, for the moment, of connecting with Socialism any attempt to impose on private utilities. Mr. Sheridan wrote:

"Possession of property breeds liars and cowards. The man who invented private ownership was a mortal enemy of the human race. . . .

"Damn it all, John, they never can make hypocrites and cowards of all the people. T'ell mit 'em." Utility Corp. Reports, pt. 5, Exhibits, p. 156.

Mr. Sheridan, however, schemed to prevent the appearance of Mr. Carl B. Thompson, Secretary of the Public Ownership League of America, on Chautauqua platforms in Missouri.

## CHAPTER VIII.

### FACT-FINDING COMMITTEES AND APPEALS TO ECONOMIC GROUPS

In June 1927 the organization of the Utah Colorado River Fact-Finding Committee was announced. The Utah Farm Bureau had invited the Associated Industries of the state to join in studying the Colorado River question "dispassionately and free from sectional and other prejudices," so that the findings of the committee would have great weight with the members of the state legislature and members of Congress,<sup>1</sup> and this invitation was accepted.

In Bulletin No. I reporting the organization of the committee, the representatives of these two organizations stated they had "proceeded with caution and care," and had chosen men "of rich successful experience" who could "distinguish between facts and fiction,--men of ability and character" who had been selected because of the "necessity for an intelligent, unprejudiced and courageous investigation."<sup>2</sup> The bulletin stated that the members of the committee represented "a complete distillate of the thought of

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1. The Federal Trade Commission, Utility Corp. Reports, Sen. Doc. no. 92, pt. 3, Exhibits, 70th Congress, pp.1149-1152.  
2. Ibid.

the people of this state." In the report in which is given the wide range of occupations of the committee's personnel, not a single member is shown to be connected with public utility interests.<sup>3</sup> Great emphasis was placed upon the Colorado River Fact-Finding Commission of Utah as being an impartial body. Bulletin No. I, issued July 1, 1927, was prefaced with the following quotation from Abraham Lincoln: "When the people know the facts, the country is safe."

That the committee concealed some of the facts, however, is hardly open to question. Mr. James J. Burke was chairman of this committee, and in the first bulletin his occupation was given as that of "engineer and contractor." The Los Angeles Examiner, however, exposed Mr. Burke and the committee as being closely connected with the Utah Power and Light Company.<sup>4</sup> In fact, it was said that Mr. Burke was a director of the Utah Light and Traction Company, the largest subsidiary of the Utah Power & Light Co.<sup>5</sup> Moreover, the

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3. The Fed. Trade Com., op. cit., pt. 3, Exhibits, pp. 1149-1152. It was also said that the committee's investigation would "stay any precipitate action that may later prove an economic blunder and an unwarranted burden upon tax payers, and open up the flood gates of exhausting litigation and recurring collisions between otherwise friendly states and neighbors."

4. The Los Angeles Daily News, Nov. 10, 1927.

5. Benson, George, a manuscript entitled A Study of Public Opinion with Reference to the Development of the Colorado River, submitted in partial fulfillment for the requirements for the degree of bachelor of arts in political science, Pomona College, at Claremont, California, 1928. Mr. Benson gave as his authority an interview with Mr. Burke at Salt Lake City, April 30, 1928.

organization of Associated Industries of Utah was dominated by the power companies, six of the eighteen directors of the organization being power company officials, and the office of the Fact-Finding Committee of Utah adjoined the Utah Power and Light Co. offices.<sup>6</sup> The Los Angeles Examiner inferred a possible visit of the man behind the fact-finding committee to the offices of the Joint Committee of National Utility Associations in New York, since, as the paper contended, the bulletins of the joint committee contained most of the statements and misrepresentations found in the fact-finding committee's bulletins.<sup>7</sup>

The contents of the bulletins issued by the Colorado River Fact-Finding Committee of Utah emphasize the following points in common with utility propaganda with reference to the development of the Colorado River:

1. That the statements made are factual and impartial.
2. That flood control should not be delayed.<sup>8</sup>

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6. The Los Angeles Examiner, Oct. 22, 1927.

7. Ibid., Oct. 24, 1927. The Fact-Finding Committee of Utah refused to make public its evidence on what persons furnished data. The Los Angeles Examiner said it should be named "the Colorado River Fact-Finding Committee of the Utah Power & Light Co." This paper stated that Mr. Burke misquoted a report and that he said he referred to another to which he had access. He later admitted he didn't have it but said someone had told him about it, the name of the informer being withheld.

8. Bulletin No. 2 dwelt on this subject and stated that "continued delay to take appropriate action for protection against river outbreaks in the Imperial Valley may do away entirely with the problem of the Imperial Valley flood control for the very reason that another inundation may write the last chapter of that great experiment in intensive fruit raising, dairying and agriculture."

3. That a seven state compact should be signed before other action on the development of the Colorado be taken
4. That politics should be eliminated
5. That additional power was unnecessary
6. That water for Los Angeles was not needed
7. That the project was extravagant for taxpayers
8. That the All-American Canal "would be an engineering blunder and an economic disaster"<sup>9</sup>
9. That there should be an understanding with Mexico concerning the river
10. That "maudlin sentimentality and wild imaginings," should be eliminated<sup>10</sup>
11. That the Topoc Dam ought to be constructed
12. That there were great dangers in the project.

The tone of statements in all of the bulletins is very definitely that of utility propoganda. It must be noted that the Utah Power and Light Company was among those private corporations that filed applications for power sites on the Colorado River. In this connection the following statement taken from the last page of the final bulletin issued (No. 5) by the fact-finding committee is of interest. "If the power plants are erected, beginning should be had in the upper reaches of the river." A further conclusion on this page of the bulletin was that

"In the light of all pivotal facts here simply but truthfully told, the reader must already have seen (what practical, technical men have long since known and promulgated) that Boulder Dam has no place whatever in a program for the economic development of the Colorado River."

Thousands of the bulletins issued by the Utah Fact-Finding Committee were widely distributed by utility propoganda

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9. Colorado River Fact-Finding Committee of Utah, Bulletin No. 4, p. 10 (Dec. 24, 1927).  
10. Ibid., Bulletin no. 5, April 20, 1928.

organizations, and it cannot be denied that each of the five bulletins issued by the committee was in spirit and harmony with the objectives and plans the utilities had formed for the purpose of defeating the Swing-Johnson bill.

Another "fact-finding" committee which was connected with utility propaganda was the Colorado River Fact-Finding Committee of the University of Colorado. The utilities in Colorado had taken much interest in the Colorado River Compact as early as 1925, and were urging members of their organizations to make known their views to the newspapers and to Colorado's delegation in Congress.<sup>11</sup> Subsequently, they were very active in that state in opposition to the Swing-Johnson bill.

In cooperation with the University of Colorado the Rocky Mountain Public Utility Information Bureau had established a three year fellowship at the university. After the director of this bureau had looked over the qualifications of the various candidates for the fellowship, Mr. Hubert Wolfe, formerly a student at Northwestern University was selected, his allowance of \$100.00 per month being shared equally by the university and the utility bureau. The allowance was later increased \$25.00 monthly, which increase was paid by the bureau. Mr. Wolfe traveled to the National Electric Light Association convention at utility expense.

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11. The Fed. Trade Com., op. cit., pt. 4, pp. 389-401.

University officials had accepted the utility proposal that the business interests of the state and the university cooperate more fully, as one of sincerity and for the best interests of the state.<sup>12</sup>

After coming to the University of Colorado, Mr. Wolfe soon began making a study of the Colorado River development project to ascertain "the facts" concerning this question. The Rocky Mountain Public Utility Information Bureau supplied him with material on the subject.

After a study of this subject had been made by Mr. Wolfe, who was working in the extension department of the university, the utilities proposed to the board of regents that the Extension Department of the University of Colorado,

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12. The Fed. Trade Com., op. cit., pt. 4, pp. 337-343.

The utilities, however, more than once sought to use the university's good name to spread propaganda. A poster was used to advertise correspondence courses put in by the utilities at the university, but the words on the poster were subtly arranged so as to disclose the fact that rates were still at "before-the-war levels." When the poster was used in the street cars it was changed a little in accord with the fact that car fares were higher. Utility Corporation Reports, pt. 3, Exhibits, p. 722.

On Feb. 25, 1926, the director of the Rocky Mountain Committee wrote that: "We now have 24 public utility company executives as members of the university faculty." (University of Colorado) Utility Corporation Reports, pt. 4, pp. 350-351.

Dr. Charles A. Lory of the agricultural college, after having expressed his opinion that the utilities were sincere, said: "I thought I'd never live to see the day when the utilities would be providing educational material for our universities." Gruening, Ernest, The Public Pays, p. 39.

because of its study of the subject, should head a fact-finding body to investigate the best means of developing the Colorado River.<sup>13</sup> The National Electric Light Association was also interested in this scheme. A letter which was written by the director and probably for distribution to newspapers was found in the files of the Rocky Mountain Public Utility Information Bureau stating:

"A fact-finding committee, composed of prominent citizens of the state should be formed for the purpose of presenting the facts in this case to the public.

"Inasmuch as economical, engineering and legal matters are involved, the committee should be headed up by the state university so that all of the information disseminated may be absolutely authentic and unbiased. . . .

"The University of the State of Colorado can render the people of the state the greatest possible service in heading up such a committee and rallying to its support representative citizens from all parts of the State. In addition to the reasons above cited, the university is peculiarly well adapted to undertake such a work, because it has very properly been making an extended study of the Colorado River situation for a number of months past."<sup>14</sup>

The following letter listing twelve "suggestions for questions pertinent to the position of Colorado in the Colorado River controversy, which might well be investigated by a fact-finding committee," is from Mr. Hubert Wolfe to the director of the Rocky Mountain Public Utility Information

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13. The Fed. Trade Com., op. cit., pt. 4, Exhibits, p. 343.

14. Ibid., p. 398.

Bureau, Mr. George Lewis.

"Dear George: These were written by 'yours truly', so Peterson (Sect-Director of the Extension Division of the University of Colorado) could talk intelligently to the board of regents. No doubt this will be just a start towards the continuance of such conditions."<sup>15</sup>

The fact-finding committee of 14 members was authorized in December 1927 by the board of regents.<sup>16</sup> Mr. Wolfe was a member of the committee; and its chairman, who was active in the selection of members, was the dean of the Colorado Law School, Mr. James Grafton Rogers, a former utilities lawyer.<sup>17</sup> Judge Healy of the Federal Trade Commission offered the suggestion that: "this so-called fact-finding committee is not a fact-finding committee at all, but is simply a committee to state certain conclusions from the facts that have already been found by others."<sup>18</sup>

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15. The Fed. Trade Com., op. cit., pt. 4, Exhibits, p. 343.

16. Mr. Petersen in a letter to the Federal Trade Commission sought to clear up the "misunderstanding" which he said had arisen regarding the fact-finding committee. He said the facts had been found and needed to be interpreted and that the committee was not a fact-finding committee at all. Mr. Peterson wrote: "We have tried to avoid anyone who might be prejudiced in any direction." He said no one had been named on the committee who had any relation to public utilities or to the government service. Such letters of defense very often followed the Commission's exposal of irregular practices.

18. The Fed. Trade Com., op. cit., pt. 4, p. 400. The investigation of the committee by the Federal Trade Commission came before its first meeting was scheduled and no effort has been made to determine what recommendations the committee made, if any.

The Extension Department of the University of Colorado was also active in high school debates on the Colorado River issue. This department sent out a bulletin to members of the high school debating league on the question: "Resolved: that the United States government should construct and maintain the Boulder Dam Project according to the current Swing-Johnson bill." The high schools were informed that:

"Mr. Hubert P. Wolfe, of the business and government research bureau of the extension division who is making an exhaustive and impartial study of the Colorado River question for the university, has written a few introductory comments for us as follows:"

One thought which Mr. Wolfe gave the high schools was that:

"there are schools of thought which feel that the government is overstepping its duties and power in its approval to take the resources from the seven states, because, they agree, the river is under State control and the use of the water belongs to the states."<sup>19</sup>

The director of the Rocky Mountain Bureau, Mr. George Lewis, sent out a form letter to local utilities telling them that if they were asked for material on the subject of the Colorado River by the high schools, to inform the inquirer that the University of Colorado "would gladly" provide material opposed to the Swing-Johnson bill.<sup>20</sup> To the debate coach at Leadville High School Mr. Lewis wrote: "I feel confident that your team can very readily 'sell' itself on the negative side of the bill after a perusal of the evidence that

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19. The Fed. Trade Com., op. cit., pt. 4, Exhibits, p. 342.

20. Mr. Lewis had contacted Mr. Wolfe and made arrangements for negative material to be sent. The pamphlets of Frank Bohn were among that used.

shows the fallacy of the project."<sup>21</sup>

It was characteristic of the utilities in their opposition to the Swing-Johnson bill to have propaganda endorsed by a person or institution of authority, which they kept in the background as much as possible. This was the case with the fact-finding body formed in Utah and also with the one organized in Colorado. Both of these committees were formed especially to help defeat Boulder Dam. In addition to these there were also many existing business organizations which were brought in as utility allies in the Boulder Dam fight.

Among these organizations were the chambers of commerce. The Chamber of Commerce of the United States had a special committee to deal with Boulder Dam.<sup>22</sup> In a letter to the chairman of the Irrigation and Reclamation Committee of the House of Representatives, the organization vigorously voiced its disapproval of the government's generating power in competition with private industry as outlined in the Swing-Johnson bill. This letter was sent as a result of a recommendation made in the report of the special committee which had made a study of the bill.<sup>23</sup>

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21. The Fed. Trade Com., op. cit., pt. 4, Exhibits, p. 330.

22. Mr. Dwight Heard, editor of the Arizona Republican, was a member of this committee. A communication from Mr. Heard to the President of the Chamber of Commerce of the U. S. was passed on to the Joint Committee of National Utility Associations. The joint committee was a member of the Chamber of Commerce of the U. S. and was told about Mr. Heard's great influence in Arizona by that organization. Utility Corp. Reports, pt. 3, Exhibits, p. 399.

23. The Chamber of Commerce of the U. S. had in its files many

The Boulder Dam Project Act was also opposed by many state chambers of commerce. After his attention was directed to the Oxley telegram calling on the electrical industry to rise against Boulder Dam legislation, Mr. Charles H. B. Chapin, Secretary of the Empire State Gas and Electric Association of New York took the matter up with the President of the New York State Chamber of Commerce, who asked for it to be presented in writing so the chamber could act upon it. The Chamber of Commerce of New York reported against the Swing-Johnson bill. The organization was told by the utilities that New York's share of federal taxes was 22.7% of the total, and that on this basis Boulder Dam would cost the taxpayers of New York \$25,000,000.00.<sup>24</sup> Concerning this method of approach, Mr. Oxley of the National Electric Light Association wrote to state committee directors that "it might be possible to apply it in several of the other states, particularly in connection with the opening of additional land to irrigation and cultivation."<sup>25</sup> The utilities were also active in opposing the Swing-Johnson bill through the chambers of commerce of the states of Illinois and Virginia.

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23. (Continued) pamphlets and other printed matter that have been definitely established as utility propaganda.

Mr. Phillip Gadsden, one of the most active men in the utility propaganda organization, was a member of the National Chamber, and the utilities campaigned vigorously for his re-election at the time the Boulder Dam bill was before the country.

24. The Fed. Trade Com., op. cit., pt. 4, p. 245.

25. Ibid., pt. 2, Exhibits, p. 575.

The most damaging utility propoganda issued through an organization of this type, however, came from the Chamber of Commerce of Ohio. Three weeks after the Oxley telegrams calling on the electrical industry to rally against the Swing-Johnson bill were sent out, the Ohio Chamber of Commerce authorized its Committee on Federal Affairs to study the bill. This committee reported unfavorably toward the bill and the chamber of commerce engaged Mr. Samuel S. Wyer, whom it described as "a consulting engineer of high standing," to write a technical report on the Boulder Dam project.<sup>26</sup> Mr. Wyer, who had told the committee in advance that his report would be unfavorable toward the project, wrote a pamphlet which purported to be a study of Boulder Dam, but which, in reality, was a disguised utility appeal for its defeat.

A yellow leaflet entitled "Why Ohio is Interested" was circulated with the pamphlet by the Ohio Chamber of Commerce. The leaflet sets forth the chamber's position in seven conclusions, which it pronounces justifiable. In these conclusions are the outstanding utility arguments against Boulder Dam, a part of the sixth being:

"The directly benefited region pays about 1% of the taxes of the United States Government. Ohio

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26. The source of this information is the leaflet accompanying the pamphlet. A Study of the Boulder Dam Project, by Samuel S. Wyer, sent out by the Ohio Chamber of Commerce. Mr. Wyer had been engaged on prior occasions to make studies for the utilities. In fact, he made a survey of textbooks for them in Pennsylvania.

alone pays six times the taxes of said region. Seven non-benefited states, namely, Ohio, Illinois, Massachusetts, Michigan, Pennsylvania, New Jersey and New York pay 69% times those of the benefited region."

The leaflet concludes:

"Ohio is willing to do its share cheerfully in any federal project that is economically sound and consistent with our traditions. It is not against a properly conceived Boulder Dam project, or any other project that will protect property and reclaim desert regions. Ohio does protest against opening this wide crack in the door for entry of state socialisms."

The Secretary of the Ohio Chamber of Commerce, Mr. George B. Chandler, was very active in seeing that the Wyer pamphlet was widely distributed. To Mr. John N. Cadby of the Wisconsin Utilities Association he wrote:

"Under separate cover we are sending you 100 copies of the Boulder Dam report which you request. We trust that you will distribute them to responsive people and organizations, and that if they agree with our views they will so notify their U. S. Senators and Congressional Representatives."<sup>27</sup>

A western newspaper in an editorial estimated the cost of circularizing the Ohio pamphlet to be \$25,000.00 and stated that 100,000 copies of the pamphlet had been sent out.<sup>28</sup> The pamphlet and inclosed leaflet went to the National Editorial Association representing thousands of small daily and weekly newspapers in the country.<sup>29</sup>

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27. The Fed. Trade Com., op. cit., pts. 5 & 6, Exhibits,  
p. 1072.

28. The Tonopah Times (Nev.), Feb. 1, 1928.

29. The Fed. Trade Com., op. cit., pt. 3, Exhibits, p. 748.  
A wide survey of newspapers from all sections of the

The Ohio Chamber of Commerce also sought to influence other state chambers on the subject of Boulder Dam. At a meeting of fifteen such organizations in Atlantic City, New Jersey, Mr. Chandler recommended Ohio's resolution against Boulder Dam as a model which could be used by these other organizations.<sup>30</sup> To the Connecticut Chamber of Commerce Mr. Chandler wrote:

"I am sending you a Macedonian call for help. . . . We certainly have given the supporters a jolt. . . . It seems to me the State of Connecticut ought to be lined up on this. Can't you get some action on this?"<sup>31</sup>

In another letter to the Allied Printing Trades Council of Philadelphia, Pa., Mr. Chandler advised them to contact their representatives in Congress on the Boulder Dam subject, and said, "It is necessary that this action be prompt."<sup>32</sup> In response to the request from Ohio the Connecticut Chamber of Commerce drew up against the Swing-Johnson bill some resolutions which included a clause that a copy of the resolutions be sent to the representatives in both houses of Congress.<sup>33</sup>

The action of the Chamber of Commerce of Ohio in denouncing the Boulder Dam bill caused its proponents a great

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29. (Continued) country indicates that news with reference to the position taken by the Ohio Chamber of Commerce was printed by almost every newspaper of importance in the United States. The subject provided the material for a Hofer editorial and the study in Ohio was widely heralded in the Arizona press as an impartial investigation.

30. The United States Daily, April 28, 1928.

31. The Fed. Trade Com., op. cit., pt. 3, Exhibits, p. 520.

32. The Boston American, May 25, 1928.

33. The Fed. Trade Com., op. cit., pt. 3, Exhibits, p. 522.

deal of annoyance. The attorney for the Imperial Irrigation District, Mr. Charles L. Childers, together with an engineer from Los Angeles, appeared before the chamber in opposition to the Wyer pamphlet. The matter was referred to the chamber's public utility committee. The report from this committee is so worded as to give the impression that a very thorough and most profound investigation had been made of the Boulder Dam proposal and indicates an attempt to prejudice the main body against the speech of Mr. Childers by the use of sarcasm and the characterization of his speech as an encroachment on the prerogatives of the chamber.<sup>34</sup> It was said that Mr. Childers took the attitude that it was none of the chamber's business. Naturally, the resolution was not rescinded.

Among other business organizations opposed to Boulder Dam was the Merchants' Association of New York, Inc., its public

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34. The Fed. Trade Com., *op. cit.*, pt. 3, Exhibits, p. 1125.

The committee said: "If the Ohio Chamber of Commerce is to be limited to mere academic utterances upon the principles of government without applying those principles to particular projects, there is little left for the organization to do. It should only express an opinion. It should never try to pass a good bill or beat a bad one. It needs no research department. It needs no legislative department. All it needs is occasional meetings of the board of directors and a stenographer and a secretary."

The committee suggested it would be 1940 before Boulder Dam could be completed and 1950 before any income would be realized from it. It further stated that Ohio taxpayers would be called upon for from  $7\frac{1}{2}$  to 12 million for the financing of the project.

utility committee having reported against the project in early 1927.<sup>35</sup> The arguments advanced by the Association in opposition to the Swing-Johnson bill were those of the utilities, the Association making a plea for a dam at Topoc.

Both the electric power companies and the proponents of Boulder Dam sought to ally the influence of labor with their positions on the Swing-Johnson bill. It has been noted that William Green, President of the American Federation of Labor was extensively quoted in the booklet, Boulder Dam. The Joint Committee of National Utility Associations, at an expense of \$1587.95, printed 33000 copies of Mr. Green's address at the 1927 convention of the association, the greater part of which was distributed.<sup>36</sup> In this address Mr. Green said: "Let us hope that our nation will always remain free from governmental, autocratic, and dictatorial control of its industries and its workers."

The joint committee also distributed 200 copies of an editorial in the Birmingham (Ala.) News of July 1, 1927, entitled "Capital and Labor Unite in Silencing 'Agitators'."

The President of the American Federation of Labor in January 1928 wrote the Chairman of the Interstate Commerce Committee that the executive committee of the American Federation of Labor believed in a utility investigation but that

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35. The New York Times, Feb. 13, 1927.

36. The Fed. Trade Com., op. cit., pt.3, Exhibits, pp. 195-202.

"such investigation should be made by competent experts free from political influence and without political significance."<sup>37</sup> The utilities made use of all these opinions from the labor group to build up their own case with regard to Boulder Dam legislation.

To maintain and foster the good spirit existing between the utilities and the labor organizations and also to make its propaganda more effective, the joint committee was advised by a special utility speaker to have its printing done in a union shop. The speaker, Mr. F. G. R. Gordon, on Nov. 17, 1927, wrote Mr. Oxley of the National Electric Light Association:

"Imagine me making a speech before 500 union men and then passing out some booklet that hasn't the union label on it!!!

"The unions are radical enough; we have done a wonderful job in taming them, too, and today Senator Norris can't get the American Federation of Labor with him to any great extent. We should never forget all these facts; our fight will be hard enough (as all will learn) in the next two years; and it's worth doing the right thing and the loyal thing to our best friends all the time."<sup>38</sup>

At the 1927 convention of the American Federation of Labor both California and Arizona asked the support of the organization for their positions on the Boulder Dam issue,<sup>39</sup> but the resolutions they offered were tabled.<sup>40</sup>

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37. The Congressional Record, vol. 69, p. 3026.

38. The Fed. Trade Com., op. cit., pt. 3, Exhibits, p. 728.

39. The Laramie Republican (Wyoming), Oct. 10, 1927.

40. The Twin Falls Times (Idaho), Oct. 15, 1927.

There was some rumor that, prior to this convention the power interests approached the leaders of the American Federation of Labor with the proposition that no interference would be made with the policies of labor organizations in Southern California power companies provided the organization did not endorse the Swing-Johnson bill.<sup>41</sup> Evidence as to the truth of this rumor is not available, but it may be said factually that the power companies made efforts to hold the influence of labor in their fight against Boulder Dam.<sup>42</sup>

The farmer also was appealed to and the utilities attempted to make their influence against the Swing-Johnson bill effective in the National Grange and the National Farm Bureau. The Farm Bureau, however, endorsed the bill several times.<sup>43</sup>

Customer ownership played a great part in the struggle over the Swing-Johnson bill, as the utilities were constantly seeking to make it appear that the interests of their stockholders were at stake. Two of the big Insul companies,

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41. Benson, George, op. cit., p. 38.

42. It must not be forgotten that the labor organizations were under a cross-fire on the Boulder Dam issue. Senator Johnson of California spoke at the 1927 convention of the American Federation of Labor vigorously urging that the Federation support him in his fight against the "power trust."

43. Interview with Mr. F. N. McIver at El Centro, Calif., Jan. 9, 1935. Mr. McIver said that the Farm Bureau did marvelously well but that "every now and then something very suspicious would turn up."

the Middle West Utilities Company and the Central and Southwest Utilities Company, sent letters to stockholders protesting against Boulder Dam and saying that "the entry into this field by the government is politically unwise, economically unsound and completely unfair."<sup>44</sup> The Insul companies also sent speeches against the Boulder Dam project in pamphlet form to their stockholders. The President of the Southern California Edison Company issued a bulletin to stockholders telling them that the Swing-Johnson bill contained "the unnecessary feature of government financing and construction of power houses as well as a dam," and that it was believed that the bill would be amended to eliminate the government's entrance into the power business.<sup>45</sup>

It was the plan of the utilities to make the soil for propaganda more fertile by selling "stock certificates all the way from the hut in the hollow to the mansion on the hill;"<sup>46</sup> the primary purpose being to build up political influence. Financial matters were a secondary consideration.<sup>47</sup> With a vast army of stockholders the electrical

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44. The Chicago Daily News, Oct. 20, 1927.

45. The Los Angeles Record, Jan. 3, 1927.

46. The Fed. Trade Com., op. cit., pt. 2, Exhibits, p. 510.

47. It was said by the utilities that: "A stalwart army of sound-thinking owners of private property is the nation's greatest defense against socialism or communism."  
Utility Corp. Reports, pts. 10-16, Exhibits, pp. 267-269.

Mr. John B. Miller, President of the Southern California Edison Company, thought "this customer-ownership is the answer to a great deal of the radicalism and communism which we find all throughout our

interests were able to tell the public during the time that legislation unfavorable to their interests was being considered that: "Assaults upon public utilities amount to nothing less than attacks on the hard-won savings of millions of men and women."<sup>48</sup> A letter from the managing director of the National Electric Light Association, Mr. Paul Clapp, to the director of the joint committee, Mr. Stephen B. Davis, is enlightening as to the use the utilities made of customer ownership. Mr. Clapp wrote:

"Information directly submitted to the Congressional Representatives of the respective states as to the number of security holders within their particular state should be effective in emphasizing in their minds the importance to their local constituents of any matters which affect these securities."<sup>49</sup>

Mr. Clapp advised that such data be made and submitted to each Congressman.<sup>50</sup>

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47. (Continued) country." Utility Corp. Reports, pt. I, Exhibits, pp. 136-138.

Utility officials claimed that the ownership of America's utilities had "passed from Wall Street to Main Street."

48. The Electrical World, Sept. 24, 1927. The title of the editorial from which this quotation was taken is: "Attacking the People's Savings."

Mr. Ernest Gruening in The Public Pays, said:

"The allegation so persistently found in the propaganda that the public owns the industry is a myth.--The allegation that the industry is adequately represented by the state commissions is another fiction."

49. The Fed. Trade Com., op. cit., pt. 3, Exhibits, p. 417. The utilities pictured the owners of utility stock as saying: "This is my company; I am one of its stockholders."

50. Senator Johnson read a photostatic copy of a letter broadcast by the President of the National Association

It was said that in March 1926 seven million people owned stocks and bonds of utility companies.<sup>51</sup> Many of these were in influential positions, of course.<sup>52</sup>

Outstanding among the economic groups that came to the aid of the utilities in their work of propaganda against government ownership were the insurance companies. The utility bulletins from time to time carried articles to the effect that anyone holding a life insurance policy should have a very material interest in legislation affecting utilities.<sup>53</sup> Mr. George Oxley of the National Electric Light Association arranged with the Metropolitan Life Insurance

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50. (Continued) of Owners of Railway and Public Securities to owners of these securities calling for united efforts for protection "against unsound public discussion and unwise legislation," and asking for \$1.00 contributions to this end. Such a fund, if all contributed, would rival any ever collected, said the Senator. The New York Times, March 22, 1928.

51. The Federal Trade Commission, Utility Corporation Reports, Sen. Doc. no. 92, pt. 2, Exhibits, 70th Congress, p. 703.

52. A member of the Texas Public Utility Information Bureau wrote the director of the Michigan Committee that "there is not a newspaper publisher known in West Texas who does not own stock in some public utility company." Utility Corp. Reports, pt. 5, p. 414.

Whether there is a relationship between the publishers of Texas newspapers owning utility stock and the great number of editorials in the Texas press against Boulder Dam cannot be said, but opposition to the project in Texas newspapers was an outstanding feature of the utility propaganda in that state.

53. The Federal Trade Commission, Utility Corporation Reports, Sen. Doc. no. 92, pt. 5, 70th Congress, p. 157. One of these articles was under the title, "Your hidden interests in your public utilities."

Company to send out 21,000,000 messages to policyholders concerning utility securities and government ownership. The policyholders were told:

"You, the policy holders in the Metropolitan are the real governing body in this Republic because you elect legislatures and executives. You are the foundation of political power. You have the right to fair treatment on the part of supervising and regulating officials: When an electric light and power corporation is unfairly treated, it is the people of the community, the voters and their descendants who suffer. It is their savings that are depleted."<sup>54</sup>

A part of this message also appeared in advertisements of the Metropolitan Life Insurance Company, which, in 1928, owned over \$75,000,000 worth of the securities of electric light and power companies.<sup>55</sup>

On March 14, 1928, Mr. Henry Swift Ives, Vice President of the Casualty Information Clearing House of Chicago told his audience:

"If insurance is socialized the public utilities will lose one of the best markets for their bonds and other securities and will be at the mercy of the bureaucrats in all matters pertaining to insurance protection. On the other hand, insurance companies and their policy holders are sure to lose through government ownership of public utilities because of impairment of insurance reserve funds.

"We who are engaged in the insurance business are thus doubly affected, and I can assure you, that the sound stock companies writing casualty and surety lines will do all in their power to legitimately assist in preserving the integrity

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54. The Fed. Trade Com., op. cit., pt. 3, Exhibits, p. 656.  
55. The Mobile Register, (Ala.), July 19, 1928.

of all privately conducted business enterprises. We are with you in this fight against government ownership."<sup>56</sup>

The company of which Mr. Ives was Vice President also distributed material to policy holders in behalf of the utilities.

Regarding the function of industry this insurance company official told the electric light and power companies at a convention of the National Electric Light Association that:

"There can be no higher service than the preservation of republican institutions. . . . It is just as much the business of the electric light and power industry to preserve these Republican institutions as it is for it to give its patrons service and to make profits for its shareholders. . . . The country can't exist half socialist and half free."<sup>57</sup>

In addition to the insurance companies, the investment bankers came to the aid of the utilities in their fight against government ownership. Most of the investment bankers issue bulletins, and in copies of these, utility propoganda is very evident. An idea of the contents of these bulletins may be gathered from the following statements concerning Boulder Dam which were taken from bulletin No. 310, dated November, 1927, of the firm of Nelson, Cook & Co. of the

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56. The Fed. Trade Com., op. cit., pt. 3, Exhibits, p. 209. In 1925 Mr. Ives had spoken of utilities as "the prey of the spoilsman" and said they had furnished food for every "feast of the demagogues." The utilities and other industries he thought were "furnishing the shock troops in the continuing struggle between democratic and socialistic ideals." The N.E.L.A. distributed 25,000 copies of a reprint of an address by Mr. Ives entitled, "The Key Issue in America," in which he said: "But every advocate of a convert to one kind of government ownership is just so much more grist for the socialist mill because he is making the task of erecting a socialized state on the ruins of democracy just that much easier." By 1926 it was said that over \$800,000,000.00 of insurance company money was invested in public utility securities.

57. Gruening, Ernest, The Public Pays, p. 26.

Baltimore Stock Exchange:

"The unsavory wrangle over Muscle Shoals in Alabama is too recent to permit the politicians to foist another such squabble upon us."  
-- "let us scrutinize with magnifying glasses this scheme to dam Boulder Canyon, before we allow its vicious experiments to be foisted upon the country,--let Southern California secure sufficient water supply for present and future needs--her real needs, not her visions of greatness--but let Southern California foot the bill! By all means forestall future encroachment by the Salton Sea upon the prosperous Imperial Valley.<sup>58</sup> But by all means too, let us keep the Federal government out of the light and power business."

A study of the methods used by the utilities in propagandizing against the Swing-Johnson bill indicates that wherever influential business interests could be allied in the opposition it was the policy of the utilities to enlist their aid.

The utility propagandizing machine was so thoroughly devised that business men, wherever electric power was sold by private companies, could be prevailed upon to object to the government encroaching upon business. It was the fear of a tyrannical government reaching down to interfere with their own business, which fear had been cultured by his utility friends, that caused many American business men to voice their disapproval of the Swing-Johnson bill.

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58. This constituted the major point in the utility opposition to Boulder Dam, since a flood control dam at Topoc would have eliminated the power plants.

CHAPTER IX.

THE FORCES WHICH SPONSORED THE BOULDER DAM BILL

"Boulder Dam must go over" - William Randolph Hearst

Very powerful forces opposed each other in the Boulder Dam struggle. The discussion in the preceding chapters indicates to some degree the nature and methods of utility propaganda against the Swing-Johnson bill. The utility propagandizing machine was so extensive and so all-inclusive that Senator Walsh of Montana maintained that history could not produce its equal outside of areas over which reigned autocratic governments. The propaganda campaign was so designed that every man, woman and child that could read would be likely to be reached with the utility message, and use was also made of films and the radio. In fact, the director of the National Electric Light Association, in answer to the question as to whether any means of disseminating propaganda had been overlooked, answered that the utilities had tried every method except "sky-writing". Senator Johnson of California stated that never before were the use of so many billions of wealth and such intense efforts set in the path of an act of Congress. Some of the keenest minds in the business, political, and journalistic world were intensely active in

opposition to the Swing-Johnson bill. This opposition was not only intensive and wide-spread, but it was very carefully planned. Especially was this the case when the utilities seized the publicity of the proponents of Boulder Dam for the need of flood control, and, at an opportune moment, turned it toward a flood control dam at Topoc which would develop no power, and which could be built immediately at less cost. The utilities almost succeeded in putting over this program in 1927, and it is said that no greater struggle over legislation in Congress ever took place than that which occurred in the years 1927-1928 over the Swing-Johnson bill.

However, the bill passed by an overwhelming vote of Congress, and it passed with the provisions to which the utilities had objected. The government was given authority to construct a power plant at Boulder Dam, to sell power at the switch-board, to lease water rights for the generation of power, or lease the plant. The utilities had only been able to prevent municipalities from obtaining exclusive rights to the power, since the bill was changed so that private companies could share the energy produced.

Against the utilities were the combined interests of Southern California and, in addition, the Hearst and Scripps-Howard newspapers, but more than this, the sentiment and pioneer spirit of America was amenable to irrigation projects and flood control measures which would return the capital

invested within a reasonable time. On the other hand, the American people are easy to convince that big business heartlessly exploits the country, and the soil was fertile for stories to the effect that private corporations were gobbling up all of the natural resources to the detriment of the public. Then, too, utilities had to fight under cover, for the mere fact that they were opposed to the Swing-Johnson bill, if known, would have strengthened sentiment for the bill. The situation of the utilities may be compared to that of an army which was stronger in numbers, funds, and organization, but whose positions were vulnerable while their opponents were solidly entrenched under excellent and indomitable leadership. Then it must not be said that the opponents of the utilities were unworthy, for while they, for the most part, represented only a small section of the country, it was that section which is famous for civic spirit and high efficiency in the promotion of enterprises.

This thesis would not seem complete without some discussion of the forces which opposed the utilities in the struggle over the Swing-Johnson bill and of the nature of their activities in promoting this legislation. To this end this final chapter is devoted, in order that it may be better understood that the utilities lost in the titanic struggle because they faced a superior combination of forces, a great factor of which was that their own publicity campaign was

cleverly and sensationally turned against them.

The history of the Swing-Johnson bill has been traced in the first chapter, and it was shown that the legislation originated with the idea of an all-American canal to water the Imperial Valley.<sup>1</sup> The next thought was to build a dam for flood control. The Bureau of Power and Light of the City of Los Angeles then became interested in a dam at which power could be generated, and also a water supply to the city was made a part of the program.<sup>2</sup> The municipalities of Southern California were promised both water and power. The whole area

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1. A high official of the California Edison Co. said to the writer: "I doubt if you have the right slant on that." He then related that Mr. Mark Rose, political boss of Imperial Valley, and some associates, acquired some high level mesa lands on which they wanted water. "They invented the All-American Canal which they propagandized very skillfully by making an attack on Mexico, and succeeded in selling the idea to Imperial Valley. The curious thing is that Imperial Valley already has a good thing of it. The minor frictions between Mexico and Imperial Valley caused the soil to be fertile for this promotion."

After granting an hour interview, the Edison official, who did "not want to be quoted even in conversation on this stuff," said, "I'd like to talk to you further on this matter, but I have run past an appointment. I have to go over right away and quarrel with the income tax people." Prior to this statement he had said he didn't see why people thought the utilities such propagandists. "I don't know where they get all the money to propagandize with." Interview in Los Angeles, April 1935. Officials of the Imperial Irrigation District maintained Mr. Rose made no money out of the high mesa lands in question. This was an outstanding controversy in the Boulder Dam fight, but no thorough inquiry has been made into the matter for the purpose of this thesis.

2. The Edison official referred to said the people of Los Angeles would vote for anything if water were connected with it, and that prior to the water issue they weren't much interested in "these schemes."

of Southern California was thus allied for the Swing-Johnson bill. The Los Angeles Bureau of Power and Light was mostly responsible for binding these several interests together in a united front.<sup>3</sup>

Nearly everyone whom the writer interviewed in Southern California who had any connection with the promotion of Boulder Dam spoke of the great background of building up publicity for the project. In May 1923 the Boulder Dam Association was organized for this specific purpose.<sup>4</sup> This association had a membership of 200 organizations consisting of counties, cities, chambers of commerce, and patriotic and civic organizations.<sup>5</sup> The Boulder Dam Association worked in cooperation with the Imperial Irrigation District, which was governed by a board of directors and other officials, the political area under their supervision taking in practically the whole of Imperial Valley. The power companies of Southern California made great efforts to get control of the board of directors of the Imperial Irrigation District, so as to prevent the promotion of Boulder Dam, but they had only

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3. Interview, in Los Angeles with Mr. Burdette Moody, business manager for the Los Angeles Bureau of Light and Power and former secretary of the Boulder Dam Association, January 1935.

4. The Mayor of San Diego, California, Mr. John L. Bacon, was president of the Boulder Dam Association. Mr. S. C. Evans, Mayor of Riverside, was executive director, and Mr. Burdette Moody of the Los Angeles Bureau of Light and Power was secretary and treasurer.

5. Hearings Before the Committee on Immigration and Reclamation, United States Senate, Sixty-eighth Congress, second session, s. 727, pt. 1, p. 143, Dec. 23, 1924.

partial success in these attempts. Both of these organizations mentioned represented the medium through which powerful forces promoted Boulder Dam, the Los Angeles Bureau of Power and Light having furnished much of the economic data which gave force to the legislation. Both organizations distributed publicity on their own initiative, but their battle lines represented a solid front which hardly wavered throughout the struggle.<sup>6</sup>

The treasury of the Imperial Irrigation District was opened to further the Boulder Dam project, while funds were liberally poured into the coffers of the Boulder Dam Association from the Los Angeles Bureau of Power and Light, from private subscribers, and by donations from organizations and contributions from political areas such as counties and cities.<sup>7</sup> In the money-raising campaigns in Southern California many contributors asked that their names be withheld in order not to offend the power interests. Among these were lumber and ice companies, manufacturers, department stores, and the Wholesale Metal Dealers' Club.

First it was necessary to arouse widespread enthusiasm in Southern California for the Boulder Dam project. The newspapers of influence were favorable, with the exception

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6. There was a time when representatives of the back country and municipalities sounded a warning that the power provisions of the bill must remain intact or they would cease their support.

7. It is said that the State of California itself contributed funds toward the promotion of Boulder Dam. It will be

of The Los Angeles Times, and the untiring efforts for Boulder Dam of the Hearst paper, The Los Angeles Examiner, must ever be kept in mind. Civic leaders and other people of influence were kept informed with reference to developments regarding Boulder Dam by frequent meetings and by membership letters. Community educational trips to Boulder Canyon Dam site were sponsored,<sup>8</sup> and such enticing messages as: "All aboard for a Turkey Dinner" were sent out with invitations to make one of the journeys to Boulder Canyon.

Fancy booklets picturing the grandeur of Boulder Dam and of Imperial Valley were sent out to members of Congress and other influential people. The booklets were individually far more expensive than those sent out by the utilities. The following chapter headings taken from a rich multicolored, illustrated booklet entitled "The River of Destiny," issued through the Boulder Dam Association by the Los Angeles Department of Water and Power, give some idea of the thorough discussion of the subject in the literature sent out.

- I. Spanish Discoverers
- II. American Explorers
- III. The Flood Menace
- IV. A Plan of Action
- V. Imperial Valley

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7. (Continued) recalled that the Imperial Irrigation District contributed \$120,000.00 to the government toward an initial survey of the Colorado River for the purpose of locating a dam site.

8. Boulder Dam Association, file no. 112.

- VI. Golden Resources
- VII. Boulder Dam
- VIII. The Aqueduct
- IX. In Washington
- X. Self-Financing.

In Chapter Three is the statement that, "The Colorado River is one of the most terrifying forces for wholesale destruction in the United States."<sup>9</sup> The booklets issued by the promoters of Boulder Dam contained a definite psychological appeal that was carefully planned. Executives of those organizations promoting the project would often make criticisms of such publicity, saying there should be more pictures of devastating floods, or that such a pamphlet centered too much upon the problems of Los Angeles, or some other careful criticism designed to secure the greatest psychological effect. This effective psychological appeal is very definitely noted in one of the most ornate and expensive booklets, which was entitled "The Last Call." On the front cover of this booklet is the picture of a wolf howling from a promontory above the desert. The booklet is an ingenious appeal to the pioneer and creative spirit of America as well as to its fear of floods. To the last page it is filled with romance and glamour, on the first page being the poem, "Out Where the West Begins." Among its illustrations are the following, with titles as indicated.

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9. Kinsey, Don J., The River of Destiny, issued by the Los Angeles Department of Water and Power, p. 19.

A picture of a beautiful canal bordered by shrubbery.

"Diverting water to thirsty farms."

A picture of the desert.

"Waiting for water that will set the desert in bloom."

A picture of a luxurious crop.

"Once a sage brush plain--water made this change."

A picture of a melon field

"Where cactus once grew luscious melons now thrive."

A picture of a large flock of turkeys

"(Oh! ye shades of Thanksgiving and Christmas)"

Pictures of other luxuriant crops, such as strawberries, grapes, alfalfa, oats, lettuce, etc., were given appropriate titles. This booklet, after cleverly building up the case of Imperial Valley, ended with the following paragraph:

"After reading this book it is utterly impossible for the tingling pioneer blood of America to fail to see the wonderful possibilities, and the greatness of the opportunities that are to come with the opening of this huge irrigation development."<sup>10</sup>

Of course, the utility and Chandler interests in Southern California objected to the publicity campaigns on

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10. In Bulletin No. 310, Los Angeles and the Boulder Dam Project, issued by the investment bankers, Nelson, Cook & Co., of Baltimore, Maryland, it was said: "The Los Angeles booster is in a class all by himself. To visualize him one must come into direct contact with him and feel the influence of his radiation. He is, in the flesh, the very personification of optimism, energy and civic loyalty. For him the United States consists of two sections--first, Los Angeles, and second, the rest of the country."

behalf of Boulder Dam and sought as much as possible to combat them and even to make them appear ridiculous. In one instance a taxpayer's suit was brought by a Los Angeles real estate operator, supported by Harry Chandler, against the Los Angeles Bureau of Power and Light to recover \$12,415.15 which this organization had paid in support of a publicity campaign for Boulder Dam, one of the items of expense being, "a brand new marcel for every parading beauty" taking a part in the publicity campaign. The California Supreme Court upheld the suit and employees of the Light and Power Company were forced to reimburse the treasury to the amount of the suit out of their salaries.<sup>11</sup> Many in Southern California thought that the utilities also joined in this suit.

As did the utilities in their opposition to the Boulder Dam project, so did the Southern Californians in their promotion of it make use of every means which was feasible in furthering their interests. Commenting on the efforts of the sponsors of the Boulder Dam project to get publicity for it, the Phoenix Gazette (Arizona) stated:

"The tactics are comparable to those utilized by fake stock salesmen that usually land in a federal prison for using the mails to defraud the public."<sup>12</sup>

Proponents of the project continually sought its endorsement

11. The New York Sun, June 7, 1928. This paper was decidedly anti-Boulder Dam. Economic coercion was used by both the proponents of Boulder Dam and the utilities.

12. The Phoenix Gazette (Arizona), Feb. 16, 1928.

by organizations supposed to have great political power. The American Legion posts of Southern California actively favored the project and were able to secure its endorsement by the national organization at the national convention in San Francisco in 1923. Speeches were made throughout the country on behalf of Boulder Dam. Women's clubs and civic organizations in Southern California made the passage of the Swing-Johnson bill their responsibility.

The organizations promoting Boulder Dam also made effective use of the business interests in Southern California. For the most part these interests took their part in the financial and publicity campaigns because they felt they were working toward a greater Southern California and a greater Los Angeles. However, a recalcitrant business firm could expect a loss of trade if its position were against Boulder Dam. A writer for the New York Sun commented on this when he said that the day he arrived in Los Angeles he discovered an Imperial Valley purchasing agent making calls on manufacturers and other firms, telling them that unless they supported Boulder Dam the Imperial Valley would cease trading with them.<sup>13</sup>

The ready cooperation of the business firms of Southern California in the efforts to pass the Swing-Johnson bill are indicated in the attempts of these firms to have mem-

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13. The New York Sun, June 7, 1928.

bers of Congress favorably contacted on this subject. Correspondence in the files of the Boulder Dam Association discloses that one firm, Ferris and Ferris of San Diego, California, received replies from thirty-four business houses, of which it was evidently a customer, in response to letters asking these business concerns to write their members of Congress in behalf of the Boulder Dam bill. These replies came from twelve different states.<sup>14</sup> Among the firms responding to the request of Ferris and Ferris was the Gillette Safety Razor Company, which wrote that its officials were personally acquainted with their senators and representatives and would write them requesting them to get behind the Swing-Johnson bill. In response to a request from the Lions Clothing Company of San Diego, the Hart, Schaffner and Marx Clothing Company of Chicago wrote members of Congress regarding Boulder Dam, and sent the replies they obtained to the Lions Clothing Company. The Merchants' Association of San Diego wrote to their business houses asking them to help put over Boulder Dam. In this letter-writing campaign even business firms in San Francisco were writing business friends back east in an effort to bring about sufficient pressure to pass the Swing-Johnson bill.

A splendid example of this activity was the work of J.

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14. Boulder Dam Association, file no. 142. It is not known that Ferris and Ferris sent all of the replies received to the Boulder Dam Association.

Jessops & Sons, jewelers of San Diego, California. This firm wrote diamond cutters, watch manufacturers, wholesale jewelry firms, silversmiths and publishers of magazines of the jewelry trade, asking them to contact their representatives in Congress and give a boost for the Boulder Dam project, and the jewelry firm referred these various interests to favorable articles on the subject, such as one in the Review of Reviews. In response to the request of J. Jessop & Sons the Hamilton Watch Company of Lancaster, Pennsylvania, wrote the following letter to Senator David Reed of Pennsylvania:

"February 26, 1923

Honorable David Aiken Reed  
Senate Office Bldg.  
Washington, D. C.

My dear Senator Reed:-

There is pending before Congress a bill which we believe should be passed at the earliest possible opportunity, the Swing-Johnson bill, having for its object the construction of the Boulder Canyon Dam on the Colorado River.

We believe this bill should be passed for the following reasons:

1st, it provides for flood protection, urgently needed;

Secondly, it provides for power development which would be an asset to the government, to the Southwest, and indirectly to the entire country, by creating an increased demand for eastern goods.

This project will mean real national development, a big statesmanlike project which we believe will reflect credit in every way to the men putting it through. There seems to be nothing against this bill and everything in its favor; and we would

appreciate very much any effort you may make to further this project.

Respectfully yours,

HAMILTON WATCH CO.

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Vice Pres."<sup>15</sup>

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The Waltham Watch Company promised to write representatives in Massachusetts, and the Elgin Watch Company replied that they were taking the matter up with the president of the company for his consideration.

These letter writing campaigns were not limited to business firms. Citizens coming from back east where they had friends urged these friends to contact members of Congress on the Boulder Dam issue. Thus we find the publicity agent of the organizations sponsoring the project wiring to El Centro, California, for officials to get a rancher in Imperial Valley named Stephens to have his brother-in-law in Maine get behind Congressman White, a member of the Rules Committee, whose attitude was unfavorable toward the Swing-Johnson bill.<sup>16</sup> Senator Edwards of New Jersey received a communication urging him to vote for the bill, from the New Jersey branch of Federated State Societies in Los Angeles representing 40,000 former New Jerseyites.<sup>17</sup>

Officials of the Los Angeles Bureau of Light and Power,

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15. Boulder Dam Association, file no. 142.

16. Letter from F. W. Greer to Earl Pound, Jan. 14, 1927, found in Boulder Dam Association files.

17. The Bayonne News (New Jersey), Oct. 6, 1928.

those of the Imperial Irrigation District and those of the Boulder Dam Association all, at one time or another, acted individually as publicity agents for the organizations sponsoring Boulder Dam, and in the closing years of the struggle a high salaried special publicity agent traveled widely over the country in the interests of the Boulder Dam project.

Opponents of the Boulder Dam measure made many charges concerning the lobby behind the legislation. In a minority report Congressman Leatherwood stated that the lobby in favor of the Swing-Johnson bill was and had been one of the largest and most active in Washington. He doubted if any Congressman escaped being "buttonholed either in the halls of Congress or at some social gathering by a Boulder Dam lobbyist."<sup>18</sup> Both Representative Douglas of Arizona and Representative Leatherwood, bitter opponents of the bill, estimated that lobbying activities in connection with the Swing-Johnson bill had up to 1928 cost Southern California one-half million dollars or more.<sup>19</sup>

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18. Leatherwood, Congressman E. O., Boulder Canyon Power Project, Minority Views (to accompany H. R. 5773), p. 45. The Congressman said:

"The manner in which such a measure has been thus lobbied, propagandized, traded and jockeyed into its present position is a notable example of the skillful use of these means of advancing legislation, if not complimentary to legislative sagacity or discernment."

19. The New York Sun, an anti-Boulder Dam newspaper quoted M. C. W. Brockman, an independent director of Imperial Irrigation District, as saying the District had spent between \$900,000-\$1,000,000 directly and indirectly lobbying and propagandizing for the Swing-Johnson bill since

When the Boulder Dam bill was being blocked by the power companies in the House Rules Committee in January 1927, many of the leading California boosters for the bill were in Washington. Among these were F. W. Greer, publicity agent for the Boulder Dam Association and the Imperial Irrigation District.<sup>20</sup> His salary was \$750.00 per month and in addition

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19. (Continued) it was drafted. The Sun thought that even a greater amount was spent by Los Angeles and spoke of letters and telegrams in "huge daily floods." (The New York Sun, June 6, 1928). The New York Sun let its columns freely to utility propaganda, and the estimates may be taken for what they are worth. They seem exaggerated, and the estimates of the Congressmen more nearly correct.

20. Mr. Greer is a newspaper man of long experience, which was gained in many parts of the country. He is a man whose statements have the ring of sincerity, and some of his tales concerning his work as a Boulder Dam lobbyist are interesting enough to be related, and Mr. Greer, when the writer told him he wanted to take down his dictation accurately to be used in a thesis said: "If your thesis has no more fiction in it than what I am telling you now, it will be fiction-free." He then related the following incidents.

"On one occasion unanimous consent was needed to get the Boulder Dam measure out of a Senate committee, but the power companies, working through a member of the committee, were blocking this unanimous consent. Mr. Greer related the situation to a Washington newspaper man who was sympathetic toward the bill and also a friend of the senator who was blocking it in the committee. The newspaper man asked the Boulder Dam lobbyist for \$25.00 to stage a party at which he promised to get the senator referred to so inebriated that he would be unable to appear in committee the next day. As a result of this episode the Swing-Johnson bill went out of the senate committee the next day by unanimous consent."

In another instance, a Congressman from Texas was causing the proponents of the Boulder Dam measure much disturbance by his activities against it. This Congressman was a member of a committee before which the Swing-Johnson bill lay deadlocked by a 5-5 vote. Mr. Greer, who had worked in the newspaper business in Texas, wired two old newspaper friends there setting forth the details, and they wired the Congressman to come home at

his expenses were paid. With Mr. Greer in Washington was another Boulder Dam lobbyist, a Dr. Walker, who, for that session of Congress, was to receive \$3500.00 plus his expenses for his efforts to put the Swing-Johnson bill through.

This lobby was very active in Washington. On January 13, 1927, Mr. Greer wrote Mr. Earl Pound, a director of the Imperial Irrigation District, that they were then about to try for a solid Texas delegation. Regarding this, he said: "We may not get away with it, but we will at least put some pep into them."<sup>21</sup>

The boosters for the Boulder Canyon project made good use of their many opportunities to contact Congressional delegations and individual members of Congress that came to Southern California. At a cost of \$15,000.00 to the Imperial Irrigation District,<sup>22</sup> the House and Senate Committees on

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20. (Continued) once as his opponent was making rapid inroads upon him in his campaign for re-election. The next day the Congressman took a train for Texas and shortly afterwards the Swing-Johnson bill went out of the committee by a vote of 5-4.

Interview, with F. W. Greer at Brawley, California, April 30, 1935.

21. Letter, from F. W. Greer to Earl Pound, Jan. 13, 1927, found in the Boulder Dam Association files. In this letter Mr. Greer said a Mr. Glasscock, an attorney for the power interests, was then making a lot of trouble in Washington. Besides Mr. Greer and Dr. Walker there were a number of other Boulder Dam lobbyists in Washington at this time.
22. Interview, with F. H. McIver at El Centro, Calif., January 9, 1935. In providing expenses for their return trips, members of the Congressional delegation were given the choice as to the cash for the return to Washington, D. C., or to their homes. Without exception the journey of the members was to the point of greatest distance.

Irrigation and Reclamation in 1923 traveled to California where they could study the Boulder Dam project at first hand. In Los Angeles they were met by a reception committee of mayors and other chief executive officers of all the leading communities of Southern California. They were provided with special luncheons, visits to the motion picture studios and auto trips through the region. A big banquet was given in their honor at the Hotel Biltmore in Los Angeles which was attended by hundreds of the leading Boulder Dam boosters, and at which the Mayor of Los Angeles addressed the delegation on the merits of the Swing-Johnson bill.<sup>23</sup>

But a member of Congress did not have to be on the Irrigation and Reclamation Committees to receive special attention from Boulder Dam boosters. There was a blanket order in Washington given by the Southern California interests for Senators and Representatives to come to their section, so they could be taken over the project. Boulder Dam boosters in California knew in advance of his arrival any Senator's or Representative's history and that of his family; also his hobbies, his favorite food and beverages.

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23. Boulder Dam Association, file no. 103. In behalf of the chairman of the Senate Committee on Irrigation and Reclamation Mr. Edwin A. Halsey wrote to Mr. Burdette Moody, secretary of the Boulder Dam Association, that: "Every member of the Committee was greatly pleased with the arrangements in Los Angeles, and everyone has been most complimentary to our stay there."

Even a study had been made of his personality, so the best manner in which he might be approached could be determined.<sup>24</sup> A man particularly adaptable was then selected to take the lead in interviewing and entertaining the member of Congress. In one case a clerk of the Imperial Irrigation District who had excellent qualifications in special knowledge and personality which would enable him to deal successfully with members of Congress, was given the title of "Assistant Secre-

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24. The story was told of a dignity-encumbered Senator who smoked a certain brand of tobacco in a pipe privately, but who smoked cigars in public. It was known also that he partook of alcoholic beverages occasionally. When he came to Imperial Valley the senator was unapproachable on the subject of Boulder Dam and appeared disinterested when mention was made of the fact that Mexico nearby did not have prohibition. However, when his entertainer dragged out a sack of the favorite tobacco in the preparation of filling his own pipe and casually asked the senator if he cared to "light up," the latter, taking the tobacco enthusiastically, stuffed his pipe and then said: "Hell, let's go across the border and get a drink of that Scotch." Before leaving Imperial Valley the senator expressed a very sympathetic interest in Boulder Dam.

Another instance of "warming up" a member of Congress was that of an Illinois representative whom Imperial Valley officials knew to be financially interested in a plow company. After the representative was told of the vast additional acreage Boulder Dam would bring under cultivation and was shown farms on which plows from his company had been conspicuously placed he is said to have taken an immediate interest in the project.

These stories were told to the writer in all sincerity by officials of the Imperial Irrigation District whose names are withheld. One of them said: "Legislation doesn't just happen; it is brought about, and there's little romance behind the scenes. A bill passed is the result of good hard work and a great deal of intensive thought on the part of someone."

tary," so he could contact them with some dignity.<sup>25</sup>

It is said that many members of Congress changed their attitude toward the Swing-Johnson bill after they had made trips to Southern California. Notable among these was Representative Tilson, who was floorleader of the House of Representatives at the time he was taken down the Colorado River and over adjacent territory.<sup>26</sup> The aim of the Boulder Dam boosters was to give Congress as thorough an acquaintance with their needs as was possible, and in addition to this, every courtesy was extended to individual members of Congress, as well as to Congressional delegations. On a visit to Los Angeles a senator or representative was always lavishly entertained, and he was given many opportunities to express himself favorably on the Swing-Johnson bill. After his return home the Congressional member would likely receive many letters overflowing with phrases of courtesy in appreciation of his visit and interest in Boulder Dam, and, in addition, perhaps a box of grapefruit or oranges which would repeatedly direct his attention to the possibilities of California's irrigated lands.

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25. Interview, with an official of the Imperial Irrigation District in El Centro, California, April 1935.

26. A favorite stunt was to take members of Congress to the Colorado River during a flood if this were possible. The dangerous appearance of the whirling, muddy waters usually lessened the explanations necessary to make the senator or representative take any interest in Boulder Dam.

In 1926 the Secretary of the Interior, Honorable Hubert Work, and party prepared to journey to California and make an inspection of the Boulder Canyon Dam site. Senator Shortridge of California advised the Boulder Dam Association officials of this fact and asked that they do everything they could to impress him.<sup>27</sup> Secretary Work's party was met at Yuma and taken over the Boulder Dam project, after which entertainment was provided in Los Angeles.<sup>28</sup> Concerning this visit Mr. M. J. Dowd, chief engineer and general superintendent of the Imperial Irrigation District, said:

"I well remember Secretary Work who was only luke warm toward the development project until he went to the dam site and then had a banquet at Los Angeles. Following that we didn't have a stronger friend than Work."<sup>29</sup>

Mention has been made of wires and written messages to members of Congress. President Coolidge was also the recipient of hundreds of wires asking him for his help in putting through the Swing-Johnson bill.<sup>30</sup> The President

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27. Letter from Senator Shortridge to S. C. Evans, Executive Director of the Boulder Dam Association, April 5, 1926, found in the files of the association.

28. Ibid.

29. Interview with Mr. M. J. Dowd at Imperial, California, January 1935.

30. It was said that orders from the lobby in Washington often came into Southern California asking for telegrams to be placed on the President's desk immediately. In response to these requests, sometimes 1500 telegrams at a time would be sent out from Southern California.

Interview with Mr. F. H. McIver, former Secretary of Imperial Irrigation District at El Centro, California, May 1, 1935.

was also prevailed upon by F. W. Greer to assent to certain visitors coming to him and asking his views on Boulder Dam, so he could issue a statement in favor of it.<sup>31</sup> Of course, the wire and letter writing campaigns were well organized and came at such times as pressure was needed to get the Swing-Johnson bill out of a committee, or when the bill was being considered on the floor of Congress.

It is difficult to obtain a complete insight into the work of any lobby for or against legislation, but there is enough evidence in the case of the lobbying for Boulder Dam to warrant the conclusion that more than the ordinary tactics of lobbying and vote trading were made effective. An indication of this is the understanding between the California and the Texas delegations in Congress regarding Boulder Dam legislation. Four-fifths of the water for the Rio Grande projects in Texas and New Mexico rises in the country of Mexico. Texas was interested in getting the rights to more water for these projects, and Mexico was anxious to reserve water from the Colorado River, as only 250,000 acres of Mexican lands were under irrigation from the Colorado River and 1,000,000 acres could be reclaimed if water could be furnished.<sup>32</sup> Instead of being favorable to the Swing-Johnson bill, the strong Texas delegation in Congress would have been against it had California yielded to Arizona's demands

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<sup>31</sup>. Tout, Otis B., The First Thirty Years in Imperial Valley, California, p. 155.

<sup>32</sup>. The Salt Lake Tribune (Utah), Oct. 27, 1927.

to appropriate the water unallocated by the Colorado River Compact in which case Mexico would get no additional water. The Texas delegation was assured by Congressman Swing that California favored a Mexican treaty for water rights and that any division of water between California and Arizona must come under the Colorado River Compact.<sup>33</sup> Correspondence in the files of the Boulder Dam Association shows that the lobbyists worked consistently with the Texas delegation in Congress. There was also much talk of vote trading between the advocates of Boulder Dam and those of Mississippi River flood control and also those who wished to advance dry legislation.

Even the persistency and enthusiasm in behalf of the Boulder Dam project of California's senior senator, Hiram Johnson, had a definite political tinge. In September 1925 the senator's attitude toward the Swing-Johnson bill was characterized in Southern California as "neither vigorous nor satisfactory,"<sup>34</sup> and it was stated by Boulder Dam boosters that "anyone trying to soft pedal the Boulder Dam issue or placate the Los Angeles Times, has only hope for a political trimming, in Southern California."<sup>35</sup> The Senator, already adamant in the region of San Francisco, saw

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33. Letter, Congressman Swing to F. H. McIver, Jan. 11, 1927, found in Boulder Dam Association, file no. 149. In this letter the Congressman said, "Keep up and increase the letter writing campaign to intensity, but make the letters come from the East."

34. Boulder Dam Association, file no. 103.

35. Ibid.

the opportunity to put Southern California in his political knap-sack and, with Congressman Swing, became the leader of the Boulder Dam forces. Throughout the length and breadth of the land the senator's voice thundered the merits of Boulder Dam and the iniquities of the "power trust."<sup>36</sup> He was the dominating oratorical power of the Congressional forces that made the Swing-Johnson bill a statute of Congress.

The success of the Boulder Dam bill of course is due to a great number of contributing factors. There are Californians who maintain that "the Johnson filibuster"<sup>37</sup> on the bill so attracted the country's attention to it that this was an outstanding factor in the success of the bill. Looking more deeply into the subject, and beyond outstanding incidents such as this filibuster, it seems clear that perhaps the greatest single force in the success of the Swing-Johnson bill was the Hearst newspaper syndicate, composed of twenty-six newspapers in metropolitan cities. These newspapers

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36. Senator Johnson told the delegates to the National Convention of the American Federation of Labor at Los Angeles in October 1927 that the government was bigger than the electrical industry and that "it was never meant that the few men were sent into this world booted and spurred, ready to ride, and millions waiting saddled and bridled, to be ridden." The Los Angeles Examiner, Oct. 5, 1927.

37. The filibuster was really by Senators Ashurst and Hayden of Arizona and Senator Phipps of Colorado and Senators Smoot and King of Utah, but the opposition to the filibuster by Senator Johnson and his fight for cloture caused Southern Californians to speak of the incident as "the Johnson filibuster."

were solidly behind the Swing-Johnson bill. In a featured article written for the Hearst syndicate just after the Boulder Dam bill passed in December, 1928, it was stated that, "To put Boulder Dam over was one of the biggest assignments the Hearst papers ever received from their chief."

The Hearst newspapers cooperated heartily with Boulder Dam boosters. In the early hearings on the Swing-Johnson bill a representative from the Hearst syndicate sat just outside the committee room where the House Committee on Irrigation and Reclamation was considering the bill, so he could receive immediately from Congressman Swing the news regarding the progress of the legislation. The publicity agent of the Southern California interests, Mr. F. W. Greer, was given a letter by Mr. Hearst to all Hearst editors asking for their cooperation. It is significant that, during intervals when Mr. Hearst would leave word not to disclose his whereabouts, and those very close to him in business did not know where he was, Mr. Greer knew where to find him.<sup>38</sup> Mr. Hearst was always ready to listen to any plan which would advance Boulder Dam legislation. When the power interests got the upper hand of the proponents of the Swing-Johnson bill during the Congressional session of early 1927, several

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38. Interview, with Mr. F. W. Greer at Brawley, California, April 30, 1935. Mr. Greer said he once called Mr. Hearst over long distance at 1:30 A.M. to force an editor to remove a part of an editorial on Boulder Dam.

directors of the Imperial Irrigation District drove by Los Angeles for other leading Boulder Dam advocates and, after having driven all night in the rain, they called on Mr. Hearst, who was then at his California ranch. Although a number of celebrities were his guests, the newspaper magnate immediately gave the Boulder Dam delegation his attention, and very shortly secretaries were busy sending wires and long distance phone calls on behalf of Boulder Dam to every section of the United States. Among these wires was one to Mr. William Thompson, Mayor of Chicago, in which the Mayor was told to get a crowd together and take a special train to Washington where a drive could be made on Congress. The closing words of this telegram were: "Boulder Dam must go over."<sup>39</sup> Shortly after this a trainload of Boulder Dam boosters composed of bankers, engineers, and business men, and influential citizens of Chicago with Mayor Thompson at the head, moved out toward Washington. They were armed with the names of every senator known openly to oppose Boulder Dam, and they expected to approach each of these and also the President of the United States, and urge that the Swing-Johnson bill be passed.<sup>40</sup> Hearst newspapers throughout the country carried the story in prominent headlines.

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39. Interview, with Mr. F. H. McIver, former Secretary of the Imperial Irrigation District at El Centro, Calif., April 24, 1935.

40. The Phoenix Messenger (Ariz.), March 5, 1927.

Mention has been made of the activities of the Hearst newspapers in giving prominence to the scandal growing out of the investigation of the utilities by the Federal Trade Commission. The efforts of the utilities to defeat Boulder Dam as revealed by this investigation were given merciless publicity by the Hearst newspapers; especially was this true at about the time the House of Representatives passed the Swing-Johnson bill in May 1928.<sup>41</sup> Exhibit after exhibit which indicated the opposition of the utilities to Boulder Dam was photographed and reprinted in Hearst newspapers throughout the country. There is no question but that Congress felt the effects of the Hearst spotlight both in 1927 and in 1928. After the Swing-Johnson bill had passed the House of Representatives in May 1928 the Hearst syndicate immediately turned its attention to the Senate. Typical headlines in the Washington Herald were: "Lobby Gold Glitters at Congress as Boulder Dam Foes Fight to End."<sup>42</sup> In an editorial

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41. In the Sunday issue of the Washington Herald, April 29, 1928, page 3 is headed: "Power Lobby Opens Money Bags to Beat Boulder Dam." Over the pictures of ex-senators Lenroot and Thomas, who lobbied for the utilities, are the words: "Two of a kind won the pot." Over that of Judge Stephen B. Davis, who left the United States Department of Commerce at a salary of \$6,000.00 to become head of the joint committee at \$30,000.00 per annum is the phrase: "So I took the \$30,000." "Ambassador" and "School Leader" designated the scandalous nature of the activities of Mr. Richard Washburn Child and Mr. Ernest C. Greenwood, whose pictures were also printed. Photostatic copies of checks and an expense account were headlined: "Here's the money bags" and "Big Party at the Mayflower."

42. The Washington Herald, May 21, 1928.

under the heading: "Can the Power Lobby Adjourn the Senate?" "the craven surrender [of the United States Senate] to the 'power trust'"<sup>43</sup> was mentioned in connection with the inertia of the Boulder Dam bill. The following paragraphs are taken from the editorial to demonstrate further how Hearst publicity was used in behalf of Boulder Dam.

"Look up into the gallery, Senators, and see the smiling face of Ex-New York State Senator Josiah T. Newcomb, \$35,000.00 power lobbyist paid to send you home without a vote on Boulder Dam.

"Do the Federal Trade Commission's disclosures regarding the power trust mean so little to you?

"We assert that the United States is too courageous, too independent and too American to let Newcomb with his \$400,000 slush fund send the Senate crawling home in surrender."<sup>44</sup>

The Hearst newspapers appealed to the patriotism of America on the one hand, and ridiculed the "selfish interests of the power trust" on the other.<sup>45</sup> The Los Angeles

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43. The Washington Herald, May 28, 1928.

44. Ibid., May 28, 1928. The personal attack type of a Hearst editorial is that in the Atlanta Georgian, May 30, 1928, which described the harm Boulder Dam would do was to Representative Leatherwood's rich Utah Light and Power Company which sold electricity at 9¢ per kilowatt hour when the city of Los Angeles was able to sell power to its householders at 5¢ per kilowatt hour.

Mr. Leatherwood had demanded of his colleagues to stand up and vote on whether William Randolph Hearst and his cohorts ran the United States.

45. In the Washington Herald, April 25, 1928, was a cartoon which showed a huge fat man labelled "power trust" carrying a basket of eggs marked "unwarranted profits." Nearby was a goose on her nest labelled "The Public's unfamiliarity with the power business." A man named "Congress" was walking by leading a dog called "Boulder Dam Bill." The man carrying the eggs said: "Hey! For the luva Pete get that pup away from here--Do you want to scare my bird to death?"

Examiner often sent a booming call to the citizens to rally to the Los Angeles colors by their support of Boulder Dam which, it was said, would "enhance its the city's allure-ment" and "have it become with London, Paris, Rome, and New York, one of the irresistable cities of the world."<sup>46</sup>

Regarding the Hearst newspaper syndicate's part in the Boulder Dam fight the Los Angeles Examiner said:<sup>47</sup>

"It was the misinformation, the subtleties, the massed attacks, and the wealth and strength of power that these newspapers had to meet in the final stages of this fight. . . .

"During the years of this contest, which at times has assumed such heroic proportions, these newspapers have sent out literally hundreds of tons of material--maps, letters, documents, reports, etc."

In addition to the Hearst syndicate, the Scripps-Howard syndicate, a chain of forty newspapers, stood solidly behind Boulder Dam. The publicity agent of the Southern California interests usually gave the word to both chains of newspapers when he wanted publicity for the Swing-Johnson bill. Their services in getting the bill passed were invaluable to those promoting the project.<sup>48</sup>

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46. The Los Angeles Examiner, Oct. 20, 1927.

47. The Los Angeles Examiner, Dec. 22, 1928. For an account of the vast enterprises of Mr. Hearst, see The Reader's Digest, December 1935.

48. At the governor's conference in Denver in 1927 a Scripps-Howard paper in that city was primed to report favorably the California side of the question. However, the Arizona delegation is said to have taken along several gallons of liquor and upon arrival invited the newspaper reporters to make the Arizona headquarters a temporary home. Mr. Greer, who was at the Denver conference, soon had occasion to object to the news concerning the

One of the most important assignments given to Mr. F. W. Greer, the publicity agent for Boulder Dam, was to combat utility propaganda against the Swing-Johnson bill. Having been born in Mississippi and reared and schooled in Tennessee and Texas<sup>49</sup> and a newspaper man of long experience, he was an ideal man to send to the south to stop the story of Boulder Dam's being the means of furnishing water for lands to produce cotton in competition to the southern farmer. There he made a series of speeches and distributed literature. At Waycross, Georgia, he campaigned for a Congressman against an opponent who was unfavorable to Boulder Dam. In 1928 Mr. Greer went to Ohio to fight the utility propaganda that had been issued through the Ohio Chamber of Commerce. On this trip he was armed with formidable statistics as to how much Southern Californians spent for Ohio's farm and manufactured products and left the message that the growth of Southern California meant also the growth of Ohio. Mr. Greer set the Christian Science Monitor back on the Boulder

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48. (Continued) situation as was reported by the Scripps-Howard paper. When the editor told him he would look to "the boys to write the news" and not to Mr. Greer, the latter wired Mr. Howard, an owner of the syndicate, to come to Denver at once. Mr. Howard arrived by plane the next day and after a talk with the editor the situation was "ironed out" in such a manner as to favor the promotion of Boulder Dam.

Interview, with Mr. F. H. McIver, in El Centro, California, April 24, 1935.

49. The Greenville Piedmont (North Carolina), July 18, 1927.

Dam path after it had been side-tracked by the utilities.<sup>50</sup>

Of course, until the Federal Trade Commission's investigation of the utilities, they constantly denied that they were active in fighting Boulder Dam. They could then only be suspected of disseminating propaganda in various parts of the country.<sup>51</sup> The Hearst newspaper syndicate had made several attempts to "dupe" Josiah T. Newcomb, head of the Washington lobbying office of the utilities, and obtain an admission that the utilities were fighting Boulder Dam, but they were unsuccessful. But one morning Mr. Newcomb's secretary observed a short, stocky man wandering carelessly up and down the hall past their offices, and looking distractedly at numbers on the doors, as though he were in earnest quest of someone. He was shabbily dressed and unshaven. When in-

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50. Mention has been made of the banquet given this newspaper's staff by Mr. Greer. An outstanding characteristic of Mr. Greer's letters and wires to officials of the Boulder Dam Association and the Imperial Irrigation District is his frequent requests for funds. When asked about this, Mr. F. H. McIver, who was secretary of the Imperial Irrigation District during the promotion of Boulder Dam said: "He spent a lot of money, but he got results. Greer's work in Washington was simply great."

51. Mr. McIver said: "We knew who was setting these fires, but they broke out so suddenly and in so many places that the main object was to stamp them out. We didn't have time to stop and try to prove definitely and in detail who the incendiators were, which would have been very difficult at the time, as they worked under cover." Interview, with Mr. F. H. McIver, in El Centro, California, April 24, 1935.

quiry was made as to his business there, he said he was a farmer from Imperial Valley and was looking for a man by the name of Newcomb. When the latter appeared, he said:

"Mr. Newcomb, us farmers down there in Imperial Valley hear you are holding up our All-American Canal, and we want to know what we can do to get that canal."

In the course of the conversation, Mr. Newcomb said:

"I represent an investment of seven billions of dollars, and we do not propose to let the government enter the power business at Boulder Canyon."

A few moments later a phone call from Senator Johnson's office informed Mr. Newcomb that he had just been interviewed by the chief publicity agent for Boulder Dam--Mr. F. W. Greer. The utility lobbyist denied his statements, but hung up his receiver when he was told that Mr. Greer was there ready to talk to him about it.<sup>52</sup> Soon Senator Johnson was making

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52. Interview, with F. W. Greer at Brawley, California, April 30, 1935. In the book by Otis B. Tout entitled, The First Thirty Years in Imperial Valley, California, p. 155, the following comment is made concerning Mr. Greer's work for Boulder Dam.

"Being an 'old timer' in the publicity field, he was already acquainted with many public officials and had entry into the private offices of such men as the then Secretary Hoover, Secretary Works, Secretary Wilbur, many United States Senators and Congressmen and even in the White House itself. . . . He made a trip through the Mississippi Valley one summer and in his wake appeared full pages, illustrated, telling of Imperial Valley's wealth and the flood menace that hung over it in all the big papers from Canada to Baton Rouge. . . . During his work he traveled over 203,000 miles, worked in 33 states and Washington; visited every large city in the United States and had personal interviews with practically every editor and publisher of the Metropolitan newspapers, magazines and other periodicals; personally conveyed more than a dozen high

speeches demanding to know if "a seven billion dollar trust" were bigger than the United States government. In an editorial in a Washington, D. C., Scripps-Howard newspaper on February 3, 1927, the Senator is quoted as saying:

"What could be more insolent than for this man to march down Pennsylvania Avenue and knock at the door of Congress and say, 'you shall not be permitted to decide' whether you shall build a power plant, because it will interfere with seven billion dollars.

"I place in opposition to his seven billion dollars 60,000 men, women and children. . . .

"I place against his seven billion dollars 2,000,000 people who are asking potable water to drink. . . .

"When this challenge comes to me as a Senator of the United States and threatens that my people must drown in the Colorado River unless seven billions are allowed to swell into more billions, then I accept that challenge, and I appeal to the courage and manhood of you senators to say whether seven billion dollars shall prevail in this chamber or 60,000 men, women and children."

The statement of Mr. Newcomb was of course the kind of material which was made the subject of headlines in all of the newspapers which were favorable to Boulder Dam. Its damage to the utilities was incalculably great. It was one of the incidents leading to the demand for an investigation of the

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52. (Continued) government officials, fifteen United States Senators, more than fifty Congressmen and five state governors on trips which were used to advantage in an educational way. He also made personal calls on ninety per cent of the members of Congress. . . . Mr. Greer is credited with turning a hostile press throughout the nation into a friendly one. He was the correspondent who secured the famous interview with Josiah T. Newcomb, who stated that he represented seven billion dollars and would not permit the Boulder Dam to pass!

utilities, and when this investigation came, it largely removed the effectiveness of utility propaganda against Boulder Dam.

Thus the very intensity of utility opposition served eventually only to defeat them. The proponents of Boulder Dam had, from the early days of its proposal, sought to demonstrate the attitude and activities of private corporations against it.<sup>52</sup> That these interests were bitterly and very actively opposed to the project could not be denied, plausibly, after the Federal Trade Commission's investigation of the utilities, and it is hoped that an understanding of why they failed to gain their objectives has been given in this chapter. It was the indomitable spirit of Southern Californians that "Boulder Dam Must go Over," which culminated

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52. (Continued) That interview alone caused the nation's attention to be centered on the intent of the big power concerns and turned the tide finally in favor of the Valley's program.

53. As to the tactics of Californians in this regard the Arizona Daily Star (Tucson), in an editorial on April 14, 1927, said: "Thus, week in and week out, sometimes almost daily, the press of the country receives news items of the fight that California is supposed to be making against the greedy and selfish 'power trust.' . . . The interests behind the Swing-Johnson bill realize that this phantom bout by a few of the good, the pure, and the true against the Goliath of the 'power trust,' will swing more opinion to their side than any debate on the best plan to develop the Colorado River."

The editorial also stated that Governor Pinchot of Pennsylvania had sent a letter to every governor in the United States telling him the "power trust" defeated the Swing-Johnson bill in 1927 and calling on the governor to help fight these selfish interests.

in the passage of the Swing-Johnson bill by Congress in December 1928 after ten years of struggle, during the last two years of which the utilities represented the most formidable organized opposition that had ever obstructed legislation.

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- Mr. F. W. Greer, former publicity agent for Boulder Dam Association, at Brawley, California, April 30, 1935.
- Mr. F. H. McIver, former Secretary of the Imperial Irrigation District, at El Centro, California, January 9, 1935, And April 24-May 1, 1935.
- Mr. Burdette Moody, former Secretary of Boulder Dam Association, at Los Angeles, California, January 1935.
- Dr. Ruel L. Olson, author of The Colorado River Compact, at Los Angeles, California, August 1934.
- Mr. Earl Pound, former President of the Imperial Irrigation District, at El Centro, California, January 9, 1935.
- Mr. Carl Thompson, Secretary of the Municipal Ownership League, at Tucson, Arizona.
- Mr. T. J. Worthington, Editor of the Winterhaven News, at Winterhaven, California, May 2, 1935.

#### Private Records

The files of the Boulder Dam Association at the Los Angeles Bureau of Power and Light, Los Angeles, California. These files contain much material on the promotion of the Swing-Johnson bill.

#### Notations regarding material on the development of the Colorado River

1. There is an extensive bibliography of material related to the general development of the Colorado River at the public library in El Centro, California.
2. During the school year 1934-1935, Mr. Coleman, a student in the graduate college at Claremont, California, was preparing a bibliography on the Colorado River and related problems which was to be submitted in partial fulfillment of the requirements for a master's degree at that institution.
3. The author of this thesis has donated his private collection of material on the Colorado River to the library of the University of Arizona.