

## *Giant Power: A Progressive Proposal of the Nineteen-Twenties*

IN THE ERA of Harding and Coolidge, when progressivism as a broad movement seemed moribund, and some progressives gave up in disillusionment or joined in the current celebration of big business as "service," more dogged reformers devoted their attention to local causes or particular issues such as old-age pensions or the child-labor amendment. Many focused on the demand for public control of electrical energy. Fighting for this, they restated and drew new implications from pre-war progressive themes: public control of large enterprises; concern for country life; government planning for efficient use of natural resources. To this cause scattered veterans rallied.<sup>1</sup>

A common struggle bound them together. In Washington, a determined band supported Senator George W. Norris of Nebraska in the defense of Muscle Shoals as a public project. Here and there throughout the country spirited leaders managed to retain, or even to strengthen, government control over electricity. On the West Coast, J. Henry Scattergood ran an efficient municipal plant for Los Angeles, Rudolph Spreckels and others still fought the utility companies, and J. D. Ross, manager of Seattle's city enterprise, planned and propagandized for a new dam on the Skagit River to

<sup>1</sup> In a well-known article, "What Happened to the Progressive Movement in the 1920's?", *American Historical Review*, LXIV (1959), 833-851, Arthur Link has noted the importance of the power issue. For surveys of the wide range of views on the twenties see: Henry F. May, "Shifting Perspectives on the 1920's," *Mississippi Valley Historical Review*, XLIII (1956), 405-427, and Burl Noggle, "The Twenties: A New Historiographical Frontier," *Journal of American History*, LIII (1966), 299-314. For details of some progressive activities of the decade see: Clarke A. Chambers, *Seedtime of Reform: American Social Service and Social Action, 1918-1933* (Minneapolis, 1963); Paul W. Glad, "Progressives and the Business Culture of the 1920's," *Journal of American History*, LIII (1966), 75-89; J. Stanley Lemons, "The Sheppard-Towner Act: Progressivism in the 1920's," *ibid.*, LV (1969), 776-786; Jackson K. Putnam, "The Persistence of Progressivism in the 1920's: The Case of California," *Pacific Historical Review*, XXXV (1966), 395-412.

expand the publicly owned service. In New Hampshire, Robert Bass, who had once tackled the Boston and Maine Railroad, campaigned for more effective state regulation of private utility companies. In Pennsylvania, Gifford Pinchot and the engineer Morris Llewellyn Cooke put forward a program for "Giant Power."

Technological advance gave the cause new point. By 1920 engineers were learning how to transmit high voltage current over distances of two hundred miles or more. In California one line ran from Caribou to San Francisco 240 miles away. These improvements opened up exciting possibilities to the view of many engineers who claimed that it was now feasible to generate on a huge scale in "superpower" stations and to link large territories into continuous networks. Every household could enjoy electricity.

And yet, although the lines soon ran to almost every urban home, inexpensive power remained beyond the reach of millions. While the city-dweller, who now regarded electric lights and washing machines as essentials of life, might grumble at the size of the monthly bill, the ordinary farmer had no current at all. Most farms retained as standard fixtures the privy, the kerosene lamp, and the well. A prosperous few set up their own generating plants, costly and unreliable. Nine out of ten simply went without.<sup>2</sup>

Progressives blamed the industry for this discrepancy between potential and achievement. It refused to perform its proper function: to disseminate the means, developed by science, to master the material world. Operating under public franchise, profit-seekers in strategic positions were grabbing for themselves the benefits which should flow back to all members of society.

Control of electrical energy was, in fact, being rapidly concentrated in the hands of promoters who cared more for speculative

<sup>2</sup> By 1930, 13.4 per cent of all American farm dwellings were lighted by electricity, as compared with 7 per cent lighted by gas or electricity in 1920. The figures smooth over inequalities: for instance, only 5.4 per cent of tenants had electricity. U. S. Bureau of the Census, *Fifteenth Decennial Census of the United States: 1930: Agriculture*, IV, "General Report: Statistics by Subjects" (Washington, 1932), 533. (On page 504 of this volume, the percentage of all farm dwellings is given as 14.3.) In 1920, according to the Census Bureau, 15.2 per cent of Pennsylvania's 202,250 farms enjoyed electricity or gas. (Gas accounted for 7,085 of these, said the *Giant Power Report*.) *Fifteenth Decennial Census*, same volume, 539; Commonwealth of Pennsylvania, Giant Power Survey Board, *Report of the Giant Power Survey Board to the General Assembly of the Commonwealth of Pennsylvania* (Harrisburg, 1925), 37. This will be cited hereinafter as *Giant Power Report*.

profit than for efficient operation or for the modest returns they might expect from the extension of rural lines. Rushing into this flourishing industry which, in 1924 for example, yielded on the average 7.94 per cent on net investment, they gathered local units into complicated holding structures which often milked the operating companies and whose common stocks yielded 20 or 30 per cent.<sup>3</sup>

Progressives feared it might soon be too late to force the power companies to do their job. "The power combine," said one veteran, "now is more powerful politically than the railroads."<sup>4</sup> Holding combinations escaped the control of cities, often that of states, and disposed of such wealth that they could manipulate the votes or the minds of legislators, professors, and the unwitting public. Through the National Electric Light Association, or NELA, the industry influenced many agencies of information and communication.<sup>5</sup>

In 1922, conservative Pennsylvania, surprisingly enough, opened to progressives a field of action. There Gifford Pinchot, once Theodore Roosevelt's Chief Forester, had been building a political following. His views and his record appealed to women, prohibitionists, labor and farmers, and, first as a member of the State Forestry Commission, then as the State Commissioner of Forestry, he dramatized forestry and gained attention for himself. Chance assisted him

<sup>3</sup> U. S. Federal Trade Commission, *Control of Power Companies, Electric Power Industry: Letter from the Chairman . . . Transmitting . . . a Report. . .*, 69th Cong., 2d Sess., 1927, Senate Doc. No. 213, xxiii. Issuing bonds and preferred stock with low yields, insiders held onto the common; in 1924, and 1925, the F. T. C. found, the common stock of certain companies paid as much as 19 to 55 per cent and 21 to 40 per cent (xxiv). As Forrest McDonald points out, "financing the utilities was many times as profitable as running them." *Insull* (Chicago, 1962), 249.

<sup>4</sup> Judson King in *Bulletin* of the National Popular Government League, No. 105 (Sept. 8, 1926), 1.

<sup>5</sup> At the end of the decade, the Federal Trade Commission revealed the nature and extent of NELA's public relations activities. In Pennsylvania, for example, the utilities' Public Service Information Committee reported in 1926 that it had inspired two universities to institute courses on public utilities. It surveyed public school textbooks on economics and civics, discovering "misinformation" in some, and had arranged with at least one publishing house to allow it to make corrective suggestions prior to publication of texts in the future. U. S. Federal Trade Commission, *Utility Corporations*, 95 vols. in 73 (Washington: 1928-1937), Sen. Doc. 92, 70th Cong., 1st Sess., Part 3, exhibit 1142, 886-888, cited hereinafter as F. T. C., *Utility Corporations*.

NELA led in organizing CREA, a Committee on the Relation of Electricity to Agriculture. Progressives regarded this as primarily a propaganda effort.

when, late in 1921, old boss Boies Penrose died; for, in the ensuing contest among the Vare, Mellon, and Grundy factions of the Republican Party—in effect unchallenged in Pennsylvania—Joe Grundy, head of the Pennsylvania Manufacturers' Association, decided to back Pinchot. With this machine support the reformer won the Republican nomination for governor and subsequently the election. "The movement which resulted in my election," he said on taking office, "is the direct descendant of the Republican Progressive movement of 1912." The victory encouraged the aspirations of Pinchot, who looked beyond state office to the presidency.<sup>6</sup>

The governor-elect, who as Chief Forester of the United States had frequently collided with the utility interests, had, moreover, been a member of the Inland Waterways Commission, which in its report of 1908 had set forth the "multiple purpose" concept. The nation needed, declared the Commission, "a comprehensive plan designed for the benefit of the entire country. . . . to consider and include all the uses to which streams may be put."<sup>7</sup> The conservationists, as represented by Pinchot, had opposed monopoly—well exemplified by the utilities industry—and had set forth the right and duty of the government to plan for beneficial use of natural resources.<sup>8</sup>

Although, in the 1922 campaign, Pinchot stressed the need for more efficient state government and the elimination of saloons ("law enforcement"), he intended also to take some action on the utilities question. To help him to formulate a program, he called in as adviser a prominent citizen of Philadelphia, Morris Llewellyn Cooke.

Cooke, a consultant in management, had achieved a reputation both as a disciple of Frederick W. Taylor, the founder of Scientific Management, and as a progressive engineer. While Director of Public Works in Rudolph Blankenburg's reform administration

<sup>6</sup> The quotation is from his inaugural address, as printed in *Patrons of Husbandry and National Grange (Pennsylvania)*, *Pennsylvania Grange News*, February, 1923, 2.

<sup>7</sup> U. S. Inland Waterways Commission, *Preliminary Report: Message from the President. . . . Transmitting a Preliminary Report* (Washington, 1908), Sen. Doc. No. 325, 60th Cong., 1st Sess., 15. This was the only report.

<sup>8</sup> The story is complex. See Samuel P. Hays, *Conservation and the Gospel of Efficiency: the Progressive Conservation Movement, 1890-1920* (Cambridge, Mass., 1959).

(1911 to 1915), he had led an effort to force the Philadelphia Electric Company to reduce its rates. Unappeased by a partial victory, he had proceeded to denounce the electric companies and many members of the engineering profession who, he charged, followed their dictates.<sup>9</sup>

Cooke found his particular rationale in Scientific Management. Taylor's principles, as he understood them, offered the key to planned abundance. Engineers, he believed, had an inspiring task and responsibility: to produce enough goods to release mankind from squalid labor and thus to set free human energy to build a new and nobler society. Whether they should function through government or through private organizations mattered little, he thought. He demanded that, in either case, engineers should have the opportunity to develop and to practice, for the benefit of all, their art and science. "I am a public engineer and not a private engineer," he explained. "I believe all engineers will in time come to this platform."<sup>10</sup>

After consulting with Pinchot, Cooke discussed goals and methods during the fall and winter of 1922-1923 with a group of experts and

<sup>9</sup> For the company's side of the story, see Nicholas B. Wainwright, *History of the Philadelphia Electric Company, 1881-1961* (Philadelphia, 1961), 113-121, and also remarks on pages 244, 248.

Cooke's accusations had once brought upon him the censure of his own American Society of Mechanical Engineers. In 1920, however, he and some other progressives had, for the moment (until 1924-1925), gained control of the engineering societies. See Morris L. Cooke, *How About It? Comment on the "Absentee Management" of the American Society of Mechanical Engineers and the Virtual Control over the Society by Big Business—Notably by the Private Utility Interests* (Philadelphia, August, 1917); Edwin Layton, "The Progressive Movement in the American Engineering Profession, 1900-1925," paper read at the Fifty-third Annual Meeting of the Mississippi Valley Historical Association, Louisville, Kentucky, Apr. 29, 1960; Jean Christie, "Morris Llewellyn Cooke: Progressive Engineer" (unpublished doctoral dissertation, Columbia University, 1963), Chapter Two.

<sup>10</sup> Cooke to John M. Bruce, Mar. 9, 1920, Cooke Papers, Franklin D. Roosevelt Library, Hyde Park, N. Y., box 3, file 18, cited hereinafter as Cooke Papers.

Like Thorstein Veblen, whom he had met several times just after the war, Cooke contrasted the quest for speculative profit with the desire to produce useful goods: "I am protesting against the assumption that business—big or little—is Engineering." Cooke to Calvin W. Rice, Dec. 17, 1923, Cooke Papers, box 15, file 144. Cooke and a few others, notably Henry L. Gantt, contributed to Veblen's impression that the engineers might constitute a revolutionary class in America. Thorstein Veblen, *The Engineers and the Price System* (New York, 1947); Edwin Layton, "Veblen and the Engineers," *American Quarterly*, XIV (1962), 64-72; Samuel Haber, *Efficiency and Uplift: Scientific Management in the Progressive Era, 1890-1920* (Chicago, 1964), especially chapters 8 and 9.

zealots. Otto Rau was his own professional associate. Others involved included Frederick H. Newell, who had been the first chief of the Federal Reclamation Bureau, and who had also belonged to the Inland Waterways Commission. George Woodruff and Philip P. Wells, slated to become, respectively, Attorney General and Deputy Attorney General of Pennsylvania, were veterans of the United States Forest Service and of the long campaign which had culminated in the Federal Water Power Act of 1920.<sup>11</sup> Wells, in particular, was to share with Cooke the chief responsibility for advising the Governor on power policy.

Herbert Quick, Single Taxer, novelist, and free-lance reformer, who also joined the group, sounded a note which was becoming a leading theme of the arguments for government diffusion of electric power: concern for rural life. If farmers were condemned to unrequited toil, he feared, the "Historic Slide" might begin which had doomed Egypt:

the farmers suffer first, then the small towns go down, then the larger cities decay, and the ever-swollen centers of population, deprived of nourishment and with lost markets, fall into the hands of the mobocracy of impoverished and idle people, and the state passes away into something else.<sup>12</sup>

In an article printed in the *Pennsylvania Grange News*, Basil Manly, then Director of the People's Legislative Service (and later appointed to the Federal Power Commission by Franklin D. Roosevelt), spoke in similar terms:

<sup>11</sup> This Act (41 U. S. Stat. 1063), a partial victory for conservationists, established a Federal Power Commission, consisting of the Secretaries of War, Interior, and Agriculture, which in its discretion could grant to private companies the use of dam sites on a fifty-year basis. It might also recommend to Congress that the Federal Government itself should exploit suitable sites; the Commission of the twenties, however, was hardly likely to do so.

<sup>12</sup> Herbert Quick, *The Real Trouble with the Farmers* (Indianapolis, 1924), 11, 12, 115.

Men and women were indeed leaving the country to live in the cities. During the twenties some six million persons, nearly all off the farms, shifted from rural to urban areas. See Conrad Taeuber, "Rural-Urban Migration," *Agricultural History*, XV (1941), 151-160. In Pennsylvania the number of farm operators declined by 14.7 per cent, from 202,250 to 172,419, while acreage in farms went down by 13.3 per cent. U. S. Bureau of the Census, *Fifteenth Decennial Census of the United States: 1930: Agriculture*, IV, "General Report: Statistics by Subjects" (Washington, 1932), Table 19, 164.

The greatest menace to the national prosperity and general welfare of the United States is not bolshevism. . . . is not socialism. . . . is not capitalism. . . . is not imperialism. It is the alarming decline of American agriculture and the astounding migration from the farms to the cities.<sup>13</sup>

As to the causes of distress among farmers and others, many in the early twenties answered, as they had before the War, that monopoly was responsible. So asserted Robert M. La Follette and his 1924 platform, among other remedies, proposed "public ownership of the nation's water power . . . and strict public control and permanent conservation of all the nation's resources. . . ."<sup>14</sup> Enough progressive talk was in the air to suggest that the La Follette campaigners were not as misguided and politically imprudent as hindsight would have them. In Pennsylvania, it was the essentially conservative Grange, an organization with 96,000 members in the state, that published Manly's analysis, which concluded that "this system must be destroyed and a new system of cooperative distribution, for service and not for profit, must be builded in its place."<sup>15</sup> And it was presumably the editor of its *News*, John A. McSparran (who was also Master of the state Grange) who attacked "the outrageous profiteering of the big combinations of capital that defy law and public sentiment," and who proposed to put centralized wealth "out of existence" through graduated income taxes and, apparently referring to the utilities, asserted in frustration that "we have tried regulation, and these giant corporations laugh in our faces."<sup>16</sup>

Although profound economic changes were, in any case, forcing a reorganization of agriculture which has since continued, and on a world scale, primitive conditions on the farm must have weighed in countless individual decisions to adopt the relatively comfortable life of the city dweller. Must farm families necessarily exist in a pre-electric age? Technology-minded progressives like Morris L. Cooke answered "Certainly not!" It was possible, they believed to eliminate such backwardness entirely.

<sup>13</sup> *Pennsylvania Grange News*, August, 1923, 3-4. Manly predicted a depression worse than that of the 1890's, to be caused, he thought, by an unbalanced distribution of population. In the cities men would be out of work and, for lack of farmers, food would be at famine prices.

<sup>14</sup> Henry Steele Commager, ed., *Documents of American History*, 7th edition (New York, 1963), 196.

<sup>15</sup> Manly.

<sup>16</sup> Editorial, *Pennsylvania Grange News*, May, 1923, 8. McSparran had been the Democratic candidate for Governor in 1922.

So, when Pinchot proposed to inquire into the effectiveness of utility regulation, Cooke saw an opportunity to go further. The state should not only control, but should plan and direct the production and the dissemination of electricity for all its inhabitants. A generation before, he reminded Pinchot, the government had failed to recognize the logic of railroad development; now electric power, in its turn, was rapidly expanding.<sup>17</sup> Would monopolies take it over? Or could Pennsylvania seize leadership and use this resource for the public benefit? He suggested that they make a bold attempt to gather and analyze information on power resources and to draw up a plan, a Giant Power Survey.<sup>18</sup>

Other states, he hoped, would follow Pennsylvania, until eventually a progressive Federal Government should lead. Looking into the future, he began to believe that Giant Power itself was but one element "in the larger game of building the Great State and that . . . the Great State is going to grow up out of a revived agriculture and a reinspiration in small town life and the utilization of these in placing the government of our individual states on a plane of effective social purpose."<sup>19</sup>

The advisory group—whether or not all its members followed Cooke's exultant imagination—presented a many-sided proposal. Through legislation and compacts with other states, Pennsylvania must master the holding companies; it must conserve and fully utilize its own best source of power—bituminous coal; it must lower rates and electrify the farms.

Soon after taking office in 1923, Pinchot secured from the legislature, which met only in odd-numbered years, an Act to set up a Giant Power Survey Board composed of state officials headed by the Governor.<sup>20</sup> Appointed Director of the study, Cooke gathered

<sup>17</sup> See Cooke's summary of "one part of our talk" in a letter to Pinchot, Feb. 21, 1924, Cooke Papers, box 35, file 391.

<sup>18</sup> "It was you who suggested to me the Giant Power Survey," Pinchot later acknowledged. Pinchot to Cooke, Jan. 13, 1927, Cooke Papers, box 36, file 391, 2d folder; and see Pinchot to Cooke, Mar. 9, 1923, Gifford Pinchot Papers, Library of Congress, box 679, Cooke file, cited hereinafter as Pinchot Papers.

<sup>19</sup> Cooke to Pinchot, Mar. 10, 1924, Cooke Papers, box 35, file 391.

<sup>20</sup> George Woodruff, Attorney General; Robert Y. Stuart, Secretary of Forests and Waters; William D. B. Ainey, Chairman of the Public Service Commission; Frank P. Willits, Secretary of Agriculture (Treasurer of the State Grange); Richard H. Lansburgh, Secretary of Labor and Industry; George H. Ashley, State Geologist; Philip P. Wells, Deputy Attorney General; Robert H. Fernald, Engineer.



about him engineers who had what he often referred to as "the public point of view."<sup>21</sup> They were to carry out:

an outline survey of the water and fuel resources available for Pennsylvania, and of the most practicable means for their full utilization for power development, and other related uses; also to recommend, in outline, such policy with respect to the generation and distribution of electric energy as will, in the opinion of the board, best secure for the industries, railroads, farms, and homes of this Commonwealth an abundant and cheap supply of electric current for industrial, transportation, agricultural, and domestic use. The board shall investigate the practicability of, and make recommendations concerning, the establishment of giant power plants for the generation of electricity, by fuel power, near coal mines; the transmission and distribution of the electric energy so and otherwise generated throughout the Commonwealth, the saving and utilization of the by-products of coal, to be consumed in such giant power and other plants; the electrification of railroads; the generation of electrical energy by water power; and the coordination of water power and fuel power development with the regulation of rivers, by storage and otherwise, for water supply, transportation, public health, and recreation, and other beneficial uses.

It should also be their duty: "to study and consider the best practicable utilization of streams for navigation, water supply, purity of waters, river regulation, and flood prevention, in relation to power; and both as to waters and as to the generation and distribution of electric energy, to keep in view the mutual interest of this Commonwealth and other States; and to outline plans for the interchange of electrical energy with all other States within the practicable transmission distance."<sup>22</sup> Throughout the rest of 1923 and all of 1924, Cooke and his group of engineers carried on their comprehensive study.

So clear were the possibilities of technology that conservative circles were also talking about "superpower." A young engineer, William S. Murray, aided by a congressional appropriation and counseled by railroad and utility men, had already made a study of power in the Northeast. The resulting "Super-Power Report"

<sup>21</sup> Among them were George H. Morse and Judson C. Dickerman, who had fought at his side when, as Director of Public Works, he had challenged the Philadelphia Electric Company. Dickerman served as assistant director of the Giant Power Survey.

<sup>22</sup> Act of General Assembly No. 240, Public Law 449, approved May 24, 1923. It is printed in *Giant Power Report*, 1-2.

of 1921 proposed the development of large generating stations and heavy interconnected transmission lines.<sup>23</sup> Following this, Herbert Hoover, United States Secretary of Commerce, set up a North-eastern Super Power Committee composed of federal officials and representatives of states. With some distrust, Cooke and Pinchot consented to take part.<sup>24</sup>

Murray's report, and the subsequent discussions, offered to Cooke a disheartening example of what could happen to planning at the hands of businessmen. The report, which did not mention rural electrification, seemed to him a guide, not to the social welfare, but to larger company profits.<sup>25</sup> Participation in Hoover's committee, where private profit assumptions governed, convinced him that Murray, whom he believed to be essentially a spokesman for NELA, actually directed the proceedings. In regard to electricity, at least, the progressives could not accept the notion that the prosperity of private industry would automatically benefit society as a whole.<sup>26</sup>

With the Federal Government thus, apparently, in the hands of NELA, it seemed all the more important that a progressive state

<sup>23</sup> William S. Murray and others, *A Superpower System for the Region Between Boston and Washington*, U. S. Geological Survey, Professional Paper No. 123 (Washington, 1921).

Murray's advisory board included representatives of the American Electric Railway Association, McGraw-Hill, the National Electric Light Association, the New Haven, the Pennsylvania, and the New York Central Railroads, and the National Industrial Conference Board. Herbert Hoover was also a member.

<sup>24</sup> Cooke had once urged Hoover to run for President. See Hoover to Cooke, June 22, 1920, Cooke Papers, box 172, file "G-H General, 1910-24." Murray, like Cooke, belonged to the Taylor Society, which promulgated the ideas of Scientific Management. But Hoover and Murray and several others whom Cooke had once thought of as forward-looking or "broad-gauged" disappointed him during the nineteen-twenties.

<sup>25</sup> He explained some of his objections to Pinchot, Oct. 25, 1923, Cooke Papers, box 36, file 391, 1st folder, and to Secretary Hoover, Nov. 22, 1923, *ibid.*, box 36, file 391, section one.

Murray had in mind the formation of a new great corporation to carry out the project. See Murray, "The Superpower System—Its Scope and Relationship to the United States Government," *National Electric Light Association Bulletin*, June, 1921.

<sup>26</sup> With Cooke to hold him on his technological bearings, the spirited Governor made his own dissent clear. At one conference in April, 1924, Cooke gleefully reported, Murray undertook to "tell the Governor the real significance of Giant Power. What the Governor did to him was really to slap him in the face and kick him elsewhere. . . ." Cooke to Wells, Apr. 10, 1924, Cooke Papers, box 189, P. P. Wells file. Cooke and Pinchot distinguished between *Superpower*, limited and directed towards profit, and *Giant Power*, planned to utilize all technological means for the public benefit. Not all progressives, however, made this distinction in terms.

should take action. While awaiting the report of the Survey Board, Pinchot, Cooke suggested, could challenge the companies on their high rural rates.<sup>27</sup> The Governor and the Attorney General, he urged, must force the holdover Public Service Commission to become what it was supposed to be: the champion of both actual and potential consumers.

While Cooke the independent reformer saw clearly what could be done, Pinchot the politician temporized. By the beginning of 1924 Cooke was complaining that "as far as can be seen by the naked eye regulation in Pennsylvania ignores your election. . . . I wish we could Smedley-Butlerize the Public Service Commission."<sup>28</sup> At the end of the year, after the Commission had granted an increase in fares to the Philadelphia Rapid Transit Company, Cooke told the Governor:

I believe you are going to find it absolutely necessary to give these people a leader who (1) knows the game and (2) who is loyal to the administration. . . . You have put your hand to the plough. I am afraid of what may happen if you do not genuinely reorganize the Commission.<sup>29</sup>

While the Survey prepared its report, Cooke and the Governor attempted to enlist supporters. Late in 1923 Pinchot told the Annual Conference of Governors (held in Indiana) that the country was entering upon a "new economic revolution" which would decentralize industry and would bring the farmers into modern life. "Long distance electrical transmission is to be the basis of the new economic and social order." Governments, he emphasized, had only a fleeting opportunity to avoid the mistakes they had made with the railroads; they must act quickly to hold for the public its natural resources and to guide, stimulate, and control their development. Governments must plan for the new era.<sup>30</sup>

<sup>27</sup> Out of 202,250 farms in the state, 178,666 lacked electric service. Where lines did run to the farm, the usual charge was the urban rate *plus*. Farms with electricity were about evenly divided between those receiving company service and those supplied from their own generating plants. *Giant Power Report*, 37.

<sup>28</sup> Cooke to Pinchot, Jan. 9, 1924, Cooke Papers, box 35, file 391.

<sup>29</sup> Cooke to Pinchot, Nov. 17, 1924, Pinchot Papers, Administration Correspondence, 1st Governorship, 1923-1924, box 679, folder for Morris L. Cooke.

<sup>30</sup> Text printed in *Pennsylvania Grange News*, December, 1923, p. 3.

Although officials of the power companies failed to respond to Cooke's hopeful overtures, he could expect a more friendly reception from readers of *Survey Graphic* and the *Annals of the American Academy*, each of which devoted an issue to Giant Power. (He himself edited the *Annals* volume.) He addressed a conference at the Engineers' Club of Philadelphia, and spoke "briefly but vigorously" at the 1924 meeting of the state Grange. The *Pennsylvania Grange News* also published a series of articles on the need and the potential of electric development and of the Giant Power plan.<sup>31</sup>

Encouraged by the administration, the farmers themselves were taking action to obtain electricity. In at least one area, Bedford County, local people organized their own company, contributed their own labor, and from a nearby utility bought power which they distributed at a low rate. The State Council of Farm Organizations set up a Rural Electrification Committee and organized testimony to present at a Public Service Commission hearing in July, 1924. The hearing was crowded and the farmers voiced many complaints against the companies. As yet, however, the Commission took no action.<sup>32</sup>

For publicity purposes, Cooke had the Governor recruit an "Advisory Committee" on Giant Power. Here appeared names long illustrious in progressive circles: Robert Bass, William Kent, James E. Garfield, Henry S. Graves. Like the old movement, the Committee represented a variety of opinions. Henry L. Stimson smelled radicalism; though accepting membership he carefully noted that he preferred *private* ownership under public regulation.<sup>33</sup>

William Allen White was not pleased with all his fellow "advisers." "All right, put me on your board. . . . You have got a fine bunch of highbinders there. . . . Mellon next!" The buoyant Governor was pleased at how many of the highbinders were willing to

<sup>31</sup> *Survey Graphic*, March, 1924; *Annals of the American Academy of Political and Social Science*, CXVIII (March, 1925); *Engineers and Engineering* (published by the Engineers' Club of Philadelphia), XLI (1924), 190-193; articles by Cooke or by George H. Morse, electrical engineer for the Giant Power Survey Board, and news stories—probably "inspired"—in *Pennsylvania Grange News*, January, September, October, November, December of 1924.

<sup>32</sup> "How the People of Morrison's Cove Secured Light and Power," *Pennsylvania Grange News*, October, 1925, 3; *ibid.*, July, August, November, 1924.

<sup>33</sup> Stimson to Pinchot, June 2, 1924, Pinchot Papers, Personal Subject File—Public Utilities, Giant Power—I. C. C. (box 2035).

come along: "You are dead right. Mellon next—and soon, I hope."<sup>34</sup>

Normalcy had quenched the hopes of Herbert Quick. In the past two years, he wrote:

the avenues of publicity have been most of them hermetically sealed by the giant [great?] interests which seek to absorb these interests of the people. I am impressed by the thought that they will succeed. The masses of public impulses are dead, and the forces for keeping them so are so active, so well organized, and know so exactly what they want that I am depressed in so far as I allow myself to become so.<sup>35</sup>

George L. Record remained aggressive. He had no use for half measures, and warned Cooke not to expect to make headway

until you approach it frankly as a government owned and operated enterprise, which in the end is to supplant the private plants. Our Government today is in the absolute control of what we call "the interests."<sup>36</sup>

Both Record and Stimson considered the question of ownership—public or private?—the crucial issue. For Cooke it held no such central place. And after some discussion the Survey Board cautiously chose to reassure the Stimsons rather than the Records. They omitted from their recommendations any mention of state-owned plants and referred only to public regulation and leadership.

Early in 1925 the Board presented its report, *Giant Power*.<sup>37</sup> Cooke and his group, though they hedged on ownership, in other respects let loose their engineering imaginations. The Inland Waterways Commission had set forth the concept of multiple-purpose planning for the rivers; now the Survey Board applied the idea to a state whose chief resource was not flowing water but bituminous coal.<sup>38</sup> No great stream bound Pennsylvania together; instead, these planners substituted man-made transmission lines.

<sup>34</sup> White to Pinchot, May 31, 1924, and Pinchot to White, June 9, 1924, *ibid*.

<sup>35</sup> Quick to Pinchot, no date, *ibid*.

<sup>36</sup> Record to Cooke, Mar. 27, 1924, Cooke Papers, box 230, file 230.

<sup>37</sup> This is the *Giant Power Report* (see footnote 2). As Cooke later told the story, Pinchot, fearing that utility companies might attempt physical destruction of the report, set aside a number of copies, divided them in two lots, and told Cooke, "Now, you put these in your cellar and I'll keep some in mine." For years after, Cooke received requests for copies, which he was able to satisfy out of this hoard. Morris L. Cooke, personal interview, June, 1959.

<sup>38</sup> In the Northeast, only 20 per cent of electricity was derived from falling water; in Pennsylvania, only 11 per cent. In the entire region, only the Niagara-St. Lawrence, whose de-

They proposed to reorganize the entire process of production and diffusion of electricity. The program would use coal to full advantage, bring down the cost and the price of power, subject holding companies to the demands of the public welfare, moderate floods, decentralize industry, and reinvigorate rural life.

Since it was now possible to transmit current from one end of the state to the other, why, they asked, should the industry convey coal by rail from the mines of Western Pennsylvania to generating plants in the East? Instead, they proposed huge stations near the mines; mine-mouth plants should produce "giant power" to radiate throughout the state and perhaps beyond.<sup>39</sup>

They sought a structural rearrangement of the industry. In the bituminous region, mine-mouth plants under state license would produce electricity. From there high voltage lines would traverse the state. Divorced in management from the generating stations, they were to serve as common carriers which, like railroads, would transport the product from its source to wherever it might be needed; then, like retail stores, local distributing companies, again under different management, would deliver the product to consumers. Thus the entire state could draw from a pool of power. Integration of the network and enlargement of the market would tend to reduce fluctuations in load so that costly facilities could be used more nearly to the maximum. Low-cost production and efficiently organized distribution would bring down rates and extend use. Location of industries outside the cities would check unbalanced urban growth.

One objective was to start current flowing to the farms, not only for lighting but for pumping water and for operating appliances in the kitchen, the dairy barn, and the chicken house. The state should authorize the formation of rural power districts and farmers'

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velopment depended on international negotiations, offered major untapped hydro resources. Steam plants generated most of the area's power. See *Giant Power Report*, 18, 19. This fact must have militated against the notion of public ownership. Rivers, to most people, might have seemed already to be in some sense "public"; but government development of coal mines would have struck the majority as outright socialism.

<sup>39</sup> These plants would pre-treat the coal to recover valuable by-products, so that only the residue would be burned to produce steam for the generators.

mutual companies, and, if necessary, should contribute financially. If the government could subsidize highways, asked the Survey group, why not electric lines as well?<sup>40</sup>

The state, planning and directing the network, could expand production and distribution more effectively than could profit-oriented industry, and could, moreover, channel the resulting savings to the consumer as well as to the stockholder. It would license the generating stations and the transmission lines, would prescribe the routes, would regulate contracts, security issues, and rates. The Public Service Commission (presumably reinvigorated) would exercise increased authority, while a new Giant Power Board would direct the engineering aspects of the program.<sup>41</sup> Then the people would enjoy "cheap and abundant universal power service, which is Giant Power."<sup>42</sup>

A plan so grand and yet so carefully thought through must surely fire the imagination and the will of the people of Pennsylvania. The Report, Pinchot wrote exuberantly to the Director: "is simply epoch-making. I do not believe if you live to be a hundred you will ever do another piece of work, or that if I live to be a hundred I shall be associated with another piece of work, of larger significance and importance to the people of the United States, and indeed of the whole world than this which was born in your head."<sup>43</sup>

On February 17, 1925, the Governor presented the Giant Power Survey Board's report to a joint session of the legislature. The advent of electricity, he told the lawmakers, heralded a new era. Now, as that age began, the Giant Power plan could lift "most of the drudgery of human life . . . from the shoulders of men and women who toil. . . ." But the people must act, and promptly. The electrical industry would soon be completely unified. "Nothing like this gigantic monopoly has ever appeared in the history of the world." Would it be regulated in the public interest? If so, "It can be made incomparably the greatest material blessing in human his-

<sup>40</sup> See "Proposals for Legislation," *Giant Power Report*, 164.

<sup>41</sup> Thus, even while complaining that existing Public Service Commissions failed to champion the consumer and were actually under the thumb of the industry they were supposed to regulate, reformers like Cooke still put their trust in the device of regulatory commissions.

<sup>42</sup> "Governor's Message of Transmittal," *Giant Power Report*, v.

<sup>43</sup> Pinchot to Cooke, Feb. 18, 1925, Cooke Papers, box 35, file 391.

tory." "Of a truth," he declared, "we are in the valley of decision." For, he concluded:

As Pennsylvania and the Nation deal with electric power so shall we and our descendants be free men, masters of our own destinies and our own souls, or we shall be the helpless servants of the most widespread, far-reaching and penetrating monopoly ever known. Either we must control electric power, or its masters and owners will control us.<sup>44</sup>

Even as he spoke, Pinchot realized that, unless he could bring heavy pressure to bear, the legislators would close their minds to his fervent appeal. (In truth he had aimed it at a national audience.)<sup>45</sup> His position was difficult: in the two years since his inauguration his alliance with Joe Grundy had collapsed, so that he now had to battle all three of the "regular" Republican factions. Already, as he opened the 1925 session, a reporter had written that "with a smile he faced those who are about to crush him."<sup>46</sup> And the day after his presentation of Giant Power Pinchot remarked to Cooke that "the Legislature, of course, has so far absorbed only the haziest idea of what it is all about. . . ."<sup>47</sup>

The press gave the Governor's Message considerable prominence, described the plan in detail, and appreciated his "remarkable address" with its "vivid picture of the possibilities." "Nothing as com-

<sup>44</sup> The quotations are from his Message as printed in the *Giant Power Report*, v, xi, xiii. Cf. the Populist platform of 1892: "the railroad corporations will either own the people or the people must own the railroads. . . ." Commager, *Documents of American History*, 7th edition, 594.

<sup>45</sup> He confided to his sister that the Message "was written only incidentally for the Pennsylvania Legislature, but mainly for its possible effect in a national situation." Pinchot to Lady Antoinette Johnstone, Feb. 18, 1925, Pinchot Papers, box 259. Quoted by William Richard Hingston, "Gifford Pinchot, 1922-1927" (unpublished doctoral dissertation, University of Pennsylvania, 1966), 228.

<sup>46</sup> *North American* (Philadelphia), Jan. 7, 1925. At the beginning of the session he had failed in an effort to have his candidate elected Speaker. Committee places, said the *Grange News*, were distributed by conferences among machine leaders, and "the rural districts fared badly in the distribution. . . ." The General Assembly, according to the *York Gazette and Daily*, "remains in the control of a group of bosses. . . the overwhelming majority of the legislators are errand boys and rubber stamps for the boss who sent them to Harrisburg. . . the seat of authority is not in the Capitol, but in the hotel rooms of the members of the invisible government of the Commonwealth." *Pennsylvania Grange News*, February, 1925, 1; *York Gazette and Daily*, Feb. 20, 1925, editorial, 4. Many issues—highway bonds, state aid to schools, prohibition enforcement—separated the administration from the majority of the legislature.

<sup>47</sup> Pinchot to Cooke, Feb. 18, 1925, Cooke Papers, box 35, file 391.



prehensive on the subject . . . has ever been submitted to our General Assemblies," said the *Harrisburg Telegraph*. Even the *Pittsburgh Post*, which relegated the story to inside pages, described it as "fascinating and stirring to the imagination." According to an editorial in the *Altoona Tribune*, "The possibilities of Giant Power in Pennsylvania are unlimited. Governor Pinchot has probably touched more deeply on this subject than expected. The Giant Power plan for Pennsylvania is one of the biggest problems of the present day." It did not follow, however, that the legislature would adopt the program. To the *Philadelphia Inquirer* it was clear that everyone who kept up with the news was aware of "the immense combinations being formed for the manufacture and distribution of electric power," and that "it now devolves upon the legislators to show whether they, as a body, are big enough to meet and act upon the problem in the clear light of the information which has been placed before them."<sup>48</sup> Whether the Assembly would meet the challenge appeared doubtful.

Almost unanimously the electric industry dismissed the plan. Spokesmen put forth various reasons for this rejection. The Philadelphia Electric Company warned its customers that for technical reasons it was not practical.<sup>49</sup> There was nothing new in it, said Alexander Dow of the Detroit Edison Company. "The limitations on expansion are frankly commercial," he blurted out, "they are not technical at all." The only thing needed for further progress was suitable legislation to facilitate and "to give protection to the capital which can be got into it and is in it now. That's the whole story."<sup>50</sup> G. M. Gadsby of the Pennsylvania Electric Association professed interest in the *Giant Power Report*: but, taking a different tack from Dow, he insisted that since some of the techniques advocated by the Survey Board were still experimental—at least in this country—the companies should not be forced to invest large sums in research and in doubtful procedures. "Economic law must control."<sup>51</sup>

<sup>48</sup> *Harrisburg Telegraph*, Feb. 17, 1925, 1, and editorial, 6; *Pittsburgh Post*, editorial, Feb. 18, 1925, 6; *Altoona Tribune*, editorial, Feb. 23, 1925, 6; *Philadelphia Inquirer*, editorial, Feb. 18, 1925, 12.

<sup>49</sup> Wainwright, 199.

<sup>50</sup> Alexander Dow, "Exploding Some Myths on Super Power and 'Giant Power'," *NELA Bulletin*, XI (1925), 165.

<sup>51</sup> G. M. Gadsby, "Some Accomplishments of the Pennsylvania Association," *NELA Bulletin*, XI (1925), 651-656 *passim*.

Other business groups joined the attack. The Philadelphia and the Pennsylvania Chambers of Commerce prepared adverse reports, which the Investment Bankers Association of America commended and distributed. The plan—technically unsound—would overthrow the existing rate structure, would supersede private initiative, and might lead to eventual government ownership. Moreover, what it proposed was, essentially, already being done.<sup>52</sup>

Cooke's own profession, as often before, disappointed him. Engineering clubs offered a forum to opponents, but seldom to supporters. At the Engineers' Club in Philadelphia, Charles Penrose, an electrical engineer, sneered at the "imaginative appeal" of Giant Power. Of course Pennsylvania farmers were entitled to every consideration, he conceded: "The utilities are attempting to work the problem out, but the guess may be hazarded that it will be a very gradual development."<sup>53</sup> Later Cooke carried on an acrimonious correspondence with the Engineers' Club of the Lehigh Valley; at a joint meeting with the American Society of Mechanical Engineers, they had included no proponent of Giant Power to stand against two speakers who had called their talks "Giant Power—a Speculation," and "Giant Power—Facts and Fancies."<sup>54</sup> After Cooke had eagerly accepted an invitation to speak to a Washington,

<sup>52</sup> W. E. Long to Harold Buck, June 4, 1925, FTC, *Utility Corporations*, Pt. 3, exhibit No. 1152, 919-920; Long to Buck, June 15, 1925, *ibid.*, Pt. 3, exhibit No. 1117, 862; and also Pennsylvania State Chamber of Commerce, "Giant Power Proposals in Pennsylvania, a Review" (Harrisburg, Sept. 1, 1927), reprinted in *ibid.*, Pt. 2, exhibit No. 498, 491-500. Long and Buck were officials of the Pennsylvania Electric Association.

<sup>53</sup> Charles Penrose, "Power in Pennsylvania," *NELA Bulletin*, XI (1925), 224-229. Penrose was especially prominent among those who raised technical arguments against the plan. Company spokesmen had immediately objected that a shortage of water invalidated the scheme; Cooke and Frederick Newell had contradicted them and called the companies' methods "antiquated." *Philadelphia Inquirer*, Feb. 19, 1925, 4. At the Third Annual Hydroelectric Conference in Philadelphia, March 10, Penrose again raised the water supply question. *Altoona Tribune*, Mar. 11, 1925, 1. On October 15, on the other hand, he told the state Chamber of Commerce that there were no mines in the state large enough to supply the amount of coal required by a huge power station to make possible the low cost estimates given in the *Giant Power Report*. *Coal Age*, Oct. 22, 1925, 271.

<sup>54</sup> See correspondence with Engineers' Club of the Lehigh Valley, December, 1925-January, 1926, Cooke Papers, box 98. One of the speakers was S. S. Wyer, a *bête noire* to the "public minded" group. Wyer remarked, in another connection, concerning a certain textbook on civics: "One of the most objectionable features was the flowery language used in boosting the work of Morris L. Cooke." Wyer to J. S. S. Richardson, Director of the Pennsylvania Public Service Information Committee, Dec. 3, 1925, FTC, *Utility Corporations*, Pt. 3, exhibit No. 967, p. 463.

D. C., engineering group about Giant Power, he received word that the treatment must be satisfactory to the Pennsylvania Electric Association. When he refused to promise this, the invitation was cancelled.<sup>55</sup>

The legislature soon indicated that it, too, failed to share the vision. Joe Grundy, it was said, had talked to the Governor and "conveyed the impression the plan would not be adopted by the present Legislature."<sup>56</sup> The Governor's spokesman, Jay Goodnough, introduced nineteen bills to carry it out, but Berns Evans, legislative counsel for the Pennsylvania Electric Association, opposed every one. In hearings before the Committee on Manufactures, the administration concentrated on three measures which would at least continue the Giant Power Survey Board and help farmers to get electricity. But the Committee dropped every one of them.<sup>57</sup>

The progressives prepared to try again. With one eye still fixed on the national scene, Pinchot made a speaking tour in the West, while in Harrisburg he used his executive authority to reform Pennsylvania's regulatory body. In the summer he fired two members of the Public Service Commission.<sup>58</sup> Clyde King, Secretary of the Commonwealth, and Henry Scattergood, head of the municipal water department of Los Angeles, replaced them, while Judson C. Dickerman became the Commission's chief engineer. Now, perhaps, thought Cooke, the Commission might "take up the education of

<sup>55</sup> Cooke to Fred R. Low, editor of *Power*, Oct. 25, 1926, Cooke Papers, box 12, file 117.

<sup>56</sup> *Philadelphia Record*, Feb. 18, 1925. It was "highly improbable" that the legislature would enact "any form of legislation that would in the least interfere, hamper or hinder business," predicted Harold Myers in "Gleanings from the State Legislature," *Pennsylvania Manufacturers' Journal*, V (February, 1925), 6.

<sup>57</sup> Giant Power Board, *Report to the Governor of Pennsylvania, December 7, 1926* (Harrisburg, 1927), 9. "The Giant Power bills . . . were all killed off through the active opposition of the established electrical utilities of the State," said the *Pennsylvania Grange News* in its review of the legislative session, May, 1925, 5. One west coast utility man told another, "The electrical industry of Pennsylvania . . . has been doing tremendously effective work in counteracting the vicious propaganda of Governor Pinchot and his crowd. They were successful in defeating 30 or more legislative measures which were fostered by the Pinchot gang . . . last winter. . . ." W. P. Strandborg to John B. Miller, July 2, 1925, FTC, *Utility Corporations*, Pt. 3, exhibit No. 1248.

<sup>58</sup> Later in 1925, the State Supreme Court ruled that the Governor could not dismiss a member. By that time, however, other vacancies had occurred, so that the administration retained a majority. The Governor's appointments became an issue at the Special Session of 1926.

the public which the Governor has been carrying on.”<sup>59</sup> And early the next year the Commission issued Order Number 27, which provided that wherever there were three customers to the mile the local power company must build a line at its own expense. “It is a great victory,” Pinchot exulted.<sup>60</sup>

In June, 1925, the Governor, again as Chief Executive, created a new “Giant Power Board” (without funds), composed, except for Cooke, of state officials. Formally charged with the duty of coordinating “the activities under existing laws of the several Executive Departments and administrative agencies . . . with respect to the public service of electric current,”<sup>61</sup> this body really existed to advance the Giant Power idea.

The Governor had already initiated conferences with neighboring states on joint measures to regulate the companies that sent electricity across state lines. A Federal Supreme Court decision in 1924 had created a situation reminiscent of the position of railroad legislation after the Wabash decision of 1886. A state, the Court held, could not regulate the wholesale price of natural gas originating outside its borders.<sup>62</sup> Since, in 1924, federal regulation of gas or electricity seemed almost unattainable, Pennsylvania must summon neighboring states to join her in bi-state or tri-state compacts.<sup>63</sup>

Cooke wrote, accordingly, to several northeastern governors. Al Smith, especially, he hoped would cooperate, since the New York governor was fighting to retain public control over water-power sites. Cooke reported to Philip P. Wells: “I had a nice chat with Al Smith yesterday and barring the fact that he is the most vociferous tobacco chewer of my acquaintance, we got along very nicely. Fortunately I wasn’t wearing my new suit! . . . I gather . . . that we have something real.”<sup>64</sup>

<sup>59</sup> Cooke to Scattergood, Aug. 17, 1925, Cooke Papers, box 46, file 429.

<sup>60</sup> Pinchot to Cooke, Jan. 22, 1926, *ibid.*, box 36, file 391, 2d folder.

<sup>61</sup> Pinchot to the Board, June 24, 1925, filed with first meeting of Giant Power Board, July 7, 1925, Pinchot Papers, Personal Subject File, box 2035, folder on Public Utilities—Giant Power Survey Board—meetings (includes Giant Power Board also). The Board was established on June 24, 1925.

<sup>62</sup> See *Missouri v. Kansas Natural Gas Company*, 265 U. S. 298 (1924).

<sup>63</sup> In spite of their nationalist outlook, these progressives were not sure that federal regulation would at that time be desirable. Lacking influence in federal agencies, they adapted themselves to the current situation and looked, *faute de mieux*, to the states.

<sup>64</sup> Cooke to Wells, Dec. 24, 1924, Cooke Papers, box 39, file 396.

In the fall of 1925 such tentative discussions resulted in the formation of the Joint Giant Power Commission, or Tri-State Power Commission, composed of representatives of New York, New Jersey, and Pennsylvania. In a series of meetings, attended by observers from Vermont, Massachusetts, and Maryland, they considered the conclusion of an agreement which might also attract the adhesion of other northeastern states.

As representatives of Pennsylvania, Cooke, Clyde King, and Philip P. Wells proposed to establish a Joint Tribunal to regulate accounting, security issues, and rates. In setting "fair" rates, this Tribunal should use the method known as "prudent investment," which all progressives advocated.<sup>65</sup>

But they discovered at once that they were the only enthusiasts. William A. Prendergast, the holdover chairman of New York's Public Service Commission, doubted the very necessity of a compact. He offered merely suggestions for cooperation among Public Service Commissions, proposals which, the suspicious Pennsylvanians observed, accorded with some worked out informally by the industry and also with Herbert Hoover's ideas.<sup>66</sup> Wells's fear that Prendergast "might put our plans to sleep"<sup>67</sup> proved justified: at the end of the year the New Yorker refused outright to take any further part. With New Jersey lukewarm, Pinchot's emissaries found themselves alone, and the conferences collapsed.

And yet certain signs encouraged the progressives to continue their campaign for Giant Power. Some business circles appeared willing to consider their proposals, and the cautious American Engineering Council decided that Giant Power must be investigated. Some utility men feared that Pinchot might be gaining converts.<sup>68</sup>

<sup>65</sup> Minutes of second meeting of the Commission, Pinchot Papers, box 2353, Joint Giant Power Commission.

<sup>66</sup> Memorandum from Wells to King and Cooke, Nov. 23, 1925, Pinchot Papers, box 2353, Joint Giant Power Commission File; Memorandum of a telephone call from Wells to Cooke, Nov. 18, 1925, *ibid.*

<sup>67</sup> Telegram from Wells to Pinchot, Oct. 9, 1925, *ibid.*

<sup>68</sup> One utility official wrote anxiously to an Illinois confrere: "It is not generally known, even throughout our industry, to what extent the nearly five hundred page giant power report has been distributed, and is being distributed, throughout the United States." W. H. Johnson, president of the Pennsylvania Electric Association, to the vice-president of the Midwest Utilities Co. (Chicago), June 17, 1925, F.T.C., *Utility Corporations*, Pt. 3, exhibit 1121, p. 871. See also "Giant Power and Its Effect upon Investments," report of a Special Committee

To the annoyance of the Pennsylvania lawmakers, Pinchot summoned them into extraordinary session for January, 1926. The purpose was, he said, to obtain action on eight urgent matters, among them conservation, prohibition enforcement, reform of the election laws, and Giant Power. At stake also was the Governor's political position, and especially, it was rumored, his chance to secure the Republican nomination for United States Senator.

Facing crowded galleries and a hostile chamber, Pinchot called again for Giant Power. This time, perhaps to avoid the appearance of mere obstructiveness, the legislature gave the bills a more extensive hearing than before.<sup>69</sup> In fact, however, with regular Republican leaders and utility company lobbyists united to repel the progressives, the chief question was whether to kill the bills off quietly or render them the honor of a report. The Committees in charge decided on a report, but it was negative.<sup>70</sup>

As Pinchot's term neared its end, and he lost a bitter contest for the senatorial nomination, 1926 became a year of retreat. The Governor dissolved his Giant Power Board. Even Rural Order No. 27, which had so delighted Cooke and Pinchot, proved to be ineffective as, obliged to extend their rural lines, the utility companies—in collusion, said their critics—offered rate schedules so high as to be prohibitive. Against these tactics the Public Service Commission appeared to be helpless.

The farm organizations which for a time had aggressively challenged the electric companies now changed their tone and their tactics. In the spring of 1926 the Grangers had been talking in almost populist terms. The rates announced, said their reporter, "disclose the grinning death's head behind the genial mask, the

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to the Investment Bankers' Association of America, *Commercial and Financial Chronicle*, Dec. 19, 1925, 2936.

<sup>69</sup> See *Giant Power: Proceedings before the Committee on Corporations of the Senate and the Manufacturers Committee of the House of Representatives, being a Joint Hearing on Senate Giant Power Bills Nos. 32, 33, 34, 35, 36, Extraordinary Session of 1926* (Harrisburg?, 1926?). The American Engineering Council sent men who testified against the proposals.

<sup>70</sup> Commonwealth of Pennsylvania, *Legislative Journal*, Extraordinary Session of 1926, vol. 9, No. 1. None of the Governor's chief proposals were passed. Out of a stormy session, Pinchot extracted some gains on conservation and prohibition issues. See Hingston, "Gifford Pinchot, 1922-1927," for a detailed account of the Special Session.

claws of steel within the velvet glove, worn by the spokesmen for the utilities," and a request by the companies that the Superior Court void Order No. 27 called forth the accusation that they were "fighting to the last ditch to escape the duty of furnishing electric service to the people of the rural districts within their chartered territory. . . ." Their attitude would surely stimulate a demand for public ownership that "will in due time become irresistible."<sup>71</sup> Yet in September the farmers' Rural Electrification Committee initiated a series of conferences with representatives of the utility companies. By December, when the Public Service Commission held a hearing on modification of Order No. 27, only Philip P. Wells came forward to uphold the original order, and the Pennsylvania State Council of Farm Organizations joined the Pennsylvania Electric Association to advocate a change, "so that they could more easily negotiate."<sup>72</sup> Subsequently the Commission promulgated a new order, No. 28, which relieved utility companies from the obligation to construct at their own expense and placed more of the cost burden on the rural customer. To the Pinchot-Cooke-Wells group the new order represented defeat; but the organizations boasted that it marked "a new era for Pennsylvania farmers."<sup>73</sup> Disgusted, the progressives agreed that "the farmers were pretty well hornswoggled."<sup>74</sup>

Thus the organized rural inhabitants of the state left their progressive friends out on a limb, as they turned from angry denunciation of the electric corporations and from what had promised to be forceful action in their own interests toward acquiescence in return for some concessions. Basically, no doubt, these organizations were property minded and conservative at heart; perhaps quite typical was the "representative of a weighty farmers' organization" who, Wells later reminded Cooke,

at one crisis . . . showed a nervous anxiety not to be put on record for any part of the giant power legislative program except mutual electric com-

<sup>71</sup> *Pennsylvania Grange News*, April, 1926, 1, 7, and May, 1926, 6.

<sup>72</sup> Transcript of hearing before Public Service Commission, Dec. 17, 1926, Cooke Papers, box 200, Rural Electric Service file. For the facts on the farm-utilities conferences, see *Pennsylvania Grange News*, March, 1927, 1-2, and Frederick Charles Brenckman, *History of the Pennsylvania State Grange* (Harrisburg?, 1949), 271.

<sup>73</sup> *Pennsylvania Grange News*, March, 1927, 1-2.

<sup>74</sup> Pinchot to Cooke, Feb. 14, 1927, Cooke Papers, box 36, file 391, 2d folder.

panies and rural electric districts. He then showed himself unwilling to support enlargement of the regulatory authority of the Public Service Commission. . . .<sup>75</sup>

And yet, on the power question a progressive tendency had dominated and expressed itself in words and in action until the middle of the decade; then it collapsed and a thoroughgoing conservatism snuffed out even talk of mutual electric companies. Some farmers protested. The Grange in Bedford County, whose inhabitants had organized their own electric distributing company, circulated throughout the entire state membership its criticism of Order No. 28 and its proposals for certain changes in the interest of consumers. But the Legislative Committee turned down the Bedford resolutions, reported that the order afforded the best plan for rural electrification, and asserted that the objective was near attainment.<sup>76</sup>

Labor Unions, which for good reason emphatically supported Pinchot, did not focus especially on the electric power issue nor, as the 1926 primary indicated, did they possess enough influence to keep him in public office or to put through his programs.<sup>77</sup> The Pennsylvania Federation of Labor, in 1926, asked the Public Service Commission to investigate rural rates.<sup>78</sup> Samuel Gompers, a member of the "Advisory Committee" on Giant Power, had signed a favor-

<sup>75</sup> Wells to Cooke, June 28, 1926, *ibid.*, box 27, file 396. Whom he referred to is not clear.

<sup>76</sup> Pennsylvania State Grange, *Proceedings*, 55th Annual Session, Dec. 13-15, 1927, 100. The statement was exaggerated, although some progress was made toward the objective. According to the *Fifteenth Decennial Census of the United States: 1930: Agriculture*, IV, "General Report: Statistics by Subjects," 27.7 per cent of Pennsylvania farms reported dwellings lighted by electricity, and, in 1929, 19.3 per cent of all the state's farms reported *purchasing* electric power and light. Compare earlier figures cited in note 2, above.

Sylvester K. Stevens notes that by the early twenties the Pennsylvania Grange had become so conservative that between it and the Pennsylvania Manufacturers' Association there had developed "a virtual alliance in opposition to just about any piece of legislation which could be labeled as progressive in character. . . ." *Pennsylvania: Birthplace of the Nation* (New York, 1964), 278.

<sup>77</sup> The state Federation of Labor endorsed his candidacy for the senatorial nomination and William Greene, the new head of the A F of L, urged workers to vote for him. See Hingston, 296-297. The progressive governor twice aided in settling strikes of the anthracite miners and on terms they thought fair; he sought to have anthracite declared a public utility; and he numbered among his enemies the Mellon family, who were large and generally anti-union coal operators. John S. Fisher, who succeeded him as Governor, "was known as the Mellons' candidate." Irving Bernstein, *The Lean Years* (Boston, 1960), 130.

<sup>78</sup> *Pennsylvania Grange News*, June, 1926, 8.



able article in the *American Federationist* and that journal later—though less ecstatically—described the *Giant Power Report* as “an illuminating presentation of most important problems.”<sup>79</sup> Some spokesmen for the railway brotherhoods, which had led in the La Follette progressive effort of 1924, continued to attack monopoly as manifested in the power trusts, and the *Railway Carmen's Journal*, pointing to the influence of the “interests” over both expert and public opinion, caustically criticized the Giant Power Survey Board for its timidity: the Board, “having written a report which logically points straight to the public ownership and . . . management of Giant Power,” had dismissed that solution and contented itself with recommending a drastic plan of regulation.<sup>80</sup>

The bituminous miners, of whom there were in Pennsylvania nearly 150,000, should (one might suppose) have taken a particular interest in the Giant Power program. In a general sense, they of course favored Pinchot. As the *United Mine Workers' Journal* described the situation early in 1926, “anthracite coal companies, Chambers of Commerce, manufacturers' associations and others of that stripe were viciously opposed to the entire program of Governor Pinchot. . . .” And, after the 165-day anthracite strike, “in dealing with anthracite, as in dealing with gas, electricity, and transportation, the men who have so long defied the interests of the people should be made to recognize that in Pennsylvania the public good comes first.”<sup>81</sup> It was in Illinois, however, that bituminous workers showed interest specifically in Giant Power. There Frank Farrington, a bitter enemy of John L. Lewis, led District 12 of the United Mine Workers and, though himself conservative, had brought in socialist Oscar Ameringer to edit the *Illinois Miner*. Farrington suggested a “giant power plan” for Illinois and, on behalf of the union, engaged two engineers to report on it in the summer of 1925. Not surprisingly (Cooke's associate Otto Rau was the chief

<sup>79</sup> Gompers, “The Future of Giant Power,” *American Federationist*, XXXI (1924), 621–628; “Giant Power Report,” *ibid.*, XXXII (1925), 234.

<sup>80</sup> Editorial, “Let the People Own the Power Trust,” *Railway Carmen's Journal*, XXX (1925), 206. For less specific reference to Giant Power, but similar attitudes, see: *Railway Maintenance of Way Employees Journal*, XXXV (1926), 12–13, quoting the “fearless and straightthinking” Senator Norris; *Locomotive Engineers' Journal*, LIX (1925), editorial, 246.

<sup>81</sup> *United Mine Workers' Journal*, Feb. 1, 1926, 11, and Feb. 15, 1926, 15.

author), the report urged that the project "be pushed with energy and enthusiasm."<sup>82</sup> But Farrington, the sponsor, was discredited when, in 1926, John L. Lewis made the devastating charge that he had secretly signed with a coal company a contract to act as a "public relations expert" at \$25,000 a year.<sup>83</sup>

Organized labor, a small minority of the labor force, was in no position to fight for Giant Power, or to care about such plans. The bituminous workers, especially, were fighting for the existence of their union and even for their very lives. The United Mine Workers were bitterly divided internally and, more important, in a diminishing market for bituminous coal the countless small operators were driving to cut down wages. The union was struggling desperately, and in the end fruitlessly, to uphold the wages set in 1924 by the "Jacksonville Agreement" with operators. To some it seemed that any plan to use the product more efficiently would only cut demand and hence their pay. (Advocates of Giant Power maintained that the vast expansion of electrical production would enlarge demand.) Certainly the harried miners could not push for a program whose immediate benefits to them were not clear,<sup>84</sup> and the American Federation of Labor as a whole, declining in both militancy and in numbers and, for the most part, unresponsive to ideas, exerted little positive influence.

<sup>82</sup> *Coal Age*, XXVIII (Aug. 27, 1925), 290. Chief features of this plan were: (1) a semi-public corporation, to include representatives of District 12, operators, consumers, and the state; (2) one or more giant power plants near the Ohio and Mississippi rivers to generate electricity from Illinois coal; (3) an "integrated network of major and minor power lines to make electricity available to every hamlet and farm house in the state"; (4) treatment of coal at the giant power stations to conserve it and produce salable by-products. The plan, according to Rau, would revive the Illinois coal industry: it would produce more employment, increase output by 20 per cent, cure the smoke nuisance, and furnish electricity throughout the state.

See also McAlister Coleman, "The Miners Turn to Giant Power," *Annals of the American Academy of Political Science*, CXVIII (1925), 60-62; and McAlister Coleman, *Men and Coal* (New York, 1943), 113-114.

<sup>83</sup> *United Mine Workers Journal* (controlled by the Lewis faction), Sept. 15, 1926; Irving Bernstein, 133.

<sup>84</sup> According to *Coal Age*, when Farrington proposed his plan to the Illinois UMW "scoffers among the miners were eloquent." The economists Walton Hamilton and Helen Wright feared that the coming of "superpower" would curtail demand. *Coal Age*, XXVIII (Aug. 27, 1925), 290; Walton Hale Hamilton and Helen R. Wright, *The Case of Bituminous Coal* (New York, 1926), 183-185.

It may seem strange that the progressives should have hoped to put through a program so unlikely to gain approval from the business interests which, as they themselves lamented, controlled both Pennsylvania and the Federal Government. In the early twenties, however, events, like the victory of liberals in the engineering societies and the 1922 election of Pinchot, gave them reason to believe that a progressive current was rising. By 1926 it became clear that their interpretation was mistaken and that the current was not rising but falling. They could not arouse any group sufficiently to impress the legislature. The "public" who (with an assist from Joe Grundy) had elected Pinchot had, it appeared, expected from him "law enforcement" and businesslike administration of state government, not a call to new adventure.

Yet regardless of the fate of one proposal, the campaign for public control and development of electrical power in the long run made political sense. When, in 1930, Pinchot again ran for Governor, he emphasized the utilities question as a prime issue—and won. In New York, where Al Smith had preserved waterpower sites for the state, his successor Franklin D. Roosevelt called on Cooke to advise him in planning for utilization of the St. Lawrence River. At the end of the twenties, Congress twice passed the Norris Muscle Shoals bill and initiated a sensational investigation of the utility corporations.<sup>85</sup>

Finally in the thirties, when depression had discredited business leaders—among them top utility officials—the campaign produced results. Senator Norris' designs for Muscle Shoals took shape as the Tennessee Valley Authority, the Federal Government built great dams to generate hydro power for the Northwest, and Congress broadened the jurisdiction of federal commissions over the corporations and holding companies. Morris Llewellyn Cooke himself, supported now by articulate demands from farm organizations, inaugurated the Rural Electrification Administration which, eventually, set the lines running to 90 per cent of country dwellers. On

<sup>85</sup> In his second term Pinchot tried to make regulation more effective, until the deepening depression forced him to devote most of his attention to problems of unemployment and relief. See McGeary, and Richard Calvin Keller, "Pennsylvania's Little New Deal" (unpublished Ph.D. dissertation, Columbia University, 1960). The investigation is recorded in F T C, *Utility Corporations*.

a national scale the New Deal carried out many of the ideas of the Pennsylvanians and their fellow crusaders of the twenties. If, as later developments showed, their outlook suffered from severe deficiencies, these power progressives did achieve a concrete social benefit, for their programs went far toward achieving "cheap and abundant universal power service, which is Giant Power."<sup>86</sup>

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<sup>86</sup> The quotation is from "Governor's Message of Transmittal," *Giant Power Report*, v. By the 1970's various concerned persons and groups questioned the methods and the values of believers in technology as a liberating force, and insisted that the expansion of electrical production had brought forth, not a better society, but pervasive and multiple threats to health and human freedom. It would be inappropriate to discuss these criticisms here, but see, for example, James W. Carey and John J. Quirk, "The Mythos of the Electronic Revolution," *The American Scholar*, Spring, 1970, 219-241 and Summer, 1970, 395-424.