

State vs. Government Power Conflict in New Stage?

MORIN

The next electric light and look at it. A deep inter-erica, the vast-ness and gov-velopment and-ic power.

entering a new-istration, with-al and econom-ke any radical-eral power pro-ve actions have-ut forecasts be-ut fast soon after-

merica would be-ut. But the areas-millions of peo-eyas where there-jects, the farm-ocialization proj-ect communities-er own power-ns electric indus-ns owning elec-ns and bonds.

November elec-investment lead-ns of halting or-ide of socialized-

(R-Mich.) intro-cluding a clause-ns of government-itive with pri-

urn of the calen-Elisenhower came-two principal an-the great struggle-nd private power-nd 50 years after-ation Act, author-ment to build wa-

inaugurated in a-ns the 20th anni-Tennessee Valley-nd into being by-Bevelitt.

on two dates, 1902-uggle took form-The federal gov-nd the business of-amitting and mar-power.

20 per cent of-er needs are sup-government.-'30s the struggle-ury, and today no-more basic.

argument between-public and private-

power range, from broad ideology to highly technical details and the economics of marketing. Summarized, they fall into a few main areas.

CONTENTIONS
Investor-owned companies contend that:

1. The federal power program is a first step toward socialism in America. It originally was disguised as water conservation and flood control, with hydro-electric power as a by-product. Later, it emerged as a full-fledged effort to nationalize the whole electric industry.

2. It is unfair to provide tax-free electricity to people in the section of the country, paid for by the income taxes of people elsewhere.

3. The costs of government-produced electricity, constitute a "rubber yardstick" for measuring rates on electricity. Given the same tax exemptions, private power could be sold even more cheaply than government power.

4. Private industry builds faster and cheaper and operates more efficiently than government power.

5. There is no power shortage, nationally, that necessitates the construction of great hydro projects in case of another war.

These are the main contentions by advocates of public power:

1. Wherever possible a project should have more than the one function of generating electricity. It should be "multi-purpose," embracing irrigation, flood control, silt control, recreational facilities

and the conservation of wild life. Since these functions are "non-reimbursable," private industry, naturally, is not interested in building to fulfill them.

2. The charge of socialism is false and designed as a scare head.

3. The margin of surplus power, across the nation, is so small that it constitutes in effect a power shortage.

4. Power companies in a given area tend to become a monopoly there, and government power—or the threat of it—has tended to bring rates down and hold them down.

5. The great, multi-purpose projects like Hoover Dam and Grand Coulee are beyond the capacity of private capital.

OTHER ARGUMENTS

There are many subsidiary arguments. In most recent cases the issue has not been whether the government should build dams and

generate power but whether the government should transmit, distribute and sell electricity to users.

Basically, the utilities contend that government has entered the field as an undisguised competitor in what should be a field of private enterprise. Government replies that it did so because business did not, or could not, meet its responsibilities to the public.

Since the election, power company executives have repeatedly expressed optimism about the possibility of a change in the federal power program. Whether they found the basis for this in campaign speeches or merely in the belief that a new philosophy has come to Washington has not been spelled out.

During the campaign Eisenhower set forth his views on the problem. In the Northwest he said he favors the de-centralization of authority and greater state control

over public projects. He called for a new inter-state body for the Columbia Valley.

In the Southeast, at Memphis, he praised the TVA for its accomplishments but said:

"We should not, however, look upon the TVA as a rigid pattern for such developments in other regions... our goal should be to work out river basin developments the way the people in the region want it done."

McKAY QUESTIONED

Interior Secretary McKay was questioned closely about his power views before a Senate committee voted unanimously to endorse his nomination.

McKay told the senators "I don't think that either private or public power should be given any ad-

vantage over the other." But he remarked that he believed private enterprise had not had fair treatment under the Democratic administration.

The issue is a vital one in Washington today.

A Democrat is apprehensive about "the evolving philosophy of the Big Deal."

Power company executives express hope that private enterprise will regain "at least some part of

the socialized segment of business"...

The new administration has made no radical moves in the di-

rection of either of the content-

ing groups... All over the country people are watching to see what may come.

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