

January 28, 1937

Senator George W. Norris,
Washington, D.C.

Dear Senator Norris:

Some startling information has just this week come to light, pertaining to the under-cover activities of the privately-owned utility interests in combating the establishment of municipal lighting plants and the improvement of those already in existence. This organization and movement to defeat municipal projects is nationwide.

Information concerning it came to light thru the injunction proceedings restraining Trenton, Missouri, from completing its municipal lighting plant now almost ready for operation. This federal court injunction brought out confessions and testimony disclosing the fact that there exists in Milwaukee a large nationally-known advertising concern, Klau, Van Pietersom, Dunlop, Associates, Inc. Under oath their attorneys, and Mr. Fortney H. Stark, their employee, disclosed and revealed the operations of this advertising concern. Their operations are about as follows:

Where they discover a city contemplating voting bonds for municipal ownership, or the improvement of an already-existing plant, they propose to the private power company interested in serving the same city that they will, for a certain consideration, defeat the bond issue. This is accomplished without revealing the fact that the power company is opposing the project -- the opposition to the project or improvements being a screen in the form of a citizens' protective committee, or consumers' protective association, or citizens' protective league, or some such high-sounding group. The power company remains in the background, paying the bills and remunerating the advertising concern.

Their procedure is to get out handbills or to subsidize the local paper, and sometimes making house-to-house canvasses, spreading misinformation relative to the cost of establishing the plant, the cost of generating power, and attempting to show financial losses as a result of municipal ownership and operation. They circulate scurrilous letters attacking the integrity, standing and reputation of the designing engineers of the municipality, thus attempting to discredit the project.

They frequently pick out a few reputable citizens who act as figureheads in giving some standing and respect to the citizens' committee.

There was such a sameness to the letters issued and the attacks made that we were convinced, when we saw the same letters appearing in town after town all over the United States, that this was a commercial, organized concern of some magnitude. It was admitted under oath, that some sixty or more employees were engaged in this under-cover work in behalf of the advertising concern whose services were used in defeating these projects, and whose pay came from the private power interests.

Senator George W. Norris,
Washington, D.C.
1-28-37

Mr. Fortney H. Stark admitted that he was the author of letters, articles and other literature circulating at Trenton. Mr. Woodruff, one of the employees of this propoganda group, was formerly city attorney of Trenton, Missouri. Mr. Woodruff stated that Mr. Stark was from Detroit, but by tracing telephone calls and by taking depositions of the telephone companies, and questioning air line officials and the submission of their records, it was definitely determined that Mr. Stark lived in Milwaukee and was employed by this advertising firm. Thru this procedure it was finally possible to subpoena and take depositions from Mr. Stark.

Mr. Stark admitted being the writer of the letters circulated at Trenton. He further stated that he rendered the same service in a number of other communities, but could not recall the names of these other communities. The records also show that in many instances very large expense accounts of Mr. Stark, Mr. Woodruff and other individuals were paid by Klau, Van Pietersom, Dunlop, Associates, Inc., and then these items of expense were charged back to a subsidiary group affiliated with the Missouri Public Service Company, and paid for by them. The information in Trenton was distributed by a so-called "Union Labor Committee," which is merely another name for the same subterfuge used in other communities under other names.

Our engineering firm, having for forty years been furnishing a nationwide engineering service to municipalities, have had come to our attention these same letters and scurrilous attacks by the same citizens' organizations in town after town. We are now experiencing exactly this same form of opposition to the voting of bonds for the municipal light and power plant at Port Clinton, Ohio, and at Fort Atkinson, Wisconsin. The same form of scurrilous letters and misinformation was used and circulated in such cities as

New Castle, Pennsylvania
Ainsworth, Nebraska
Sacramento, California
Milwaukee, Wisconsin
Medford, Wisconsin
Jackson, Mississippi
Villisca, Iowa
Lamoni, Iowa
Knoxville, Tennessee
Crown Point, Indiana

San Angelo, Texas
Auburn, New York
Plattsburgh, New York
Akron, Ohio
Palatka, Florida
Niles, Ohio
Sandusky, Ohio
Reading, Pennsylvania
San Jose, California

Recently, evidences of the workings of the same organization came to light at Springfield, Illinois.

The attack on enlarging and improving the municipal plant at Springfield is significant because it is one of the oldest and most successful municipal lighting plants of the country, and Willis J. Spaulding, President of the Public Ownership League of America, happens to be the Commissioner

Senator George W. Norris,
Washington, D.C.,
1-28-37

of Public Property. It is significant that if the power companies can discredit and defeat the enlargement and expansion of that plant, which is competitive, the power companies will have accomplished a signal victory against public ownership.

One of the suggestions invariably made in practically all of these twenty or more cities has been that a disinterested, outside, expert engineer be employed to check, review and study the findings of the engineer representing the municipality. Then the group opposing the project invariably brings forth the names of engineering concerns that have either been private utility operators or consultants to the privately owned concerns, and whose reports and criticisms of the engineers for the municipality are that the projects cannot be built within the engineer's estimates, and in other ways attempting to discredit the municipal projects. Many high-class, reputable citizens, and even good, honest city officials and mayors, have been fooled and duped by this group opposing the municipal projects.

The winning of bond issues by the municipality does not terminate or in any way lessen the opposition from this utility group. The utility companies furnish the funds for financing injunctions, influencing elections, and in other ways thwarting the wishes of the public toward establishing its municipal plant.

Trenton, Missouri, referred to previously, is just one of hundreds of cities that have experienced this same opposition. The municipalities are almost helpless in fighting such under-cover opposition. If the power company would come out in the open with its objections there would be no doubt about the verdict. But, when large sums are expended under cover, thru so-called citizens' groups, professional advertising concerns, and committees, it is difficult for the public to get a fair picture of the merits of the project. In our experience as designing engineers for something over 300 of these municipal projects, we have for years encountered this under-cover opposition to public utility projects. Confessions of a few of the members of the so-called citizens' committees have revealed the fact that thousands of dollars are being spent to influence these elections, either defeating bond issues or electing city officials pledged to defeat the project. (Trenton, Missouri, now in successful operation after nine years efforts)

Heretofore we brought these matters (or some of them) to the attention of the Federal Trade Commission, in the hopes that their investigations might put a stop to these practices, but we then did not have specific information as to who and what concerns were doing the work in behalf of the power companies.

It seems to us if the 2,000 municipal plants already existing and the other cities wishing to establish municipal plants are not protected from such practices, then their doom is evident. We, as engineers represent-

No.4

Senator George W. Norris,
Washington, D.C.,
1-28-37

ing a large number of cities either in the process of voting bonds or in the process of extending the plants, feel as the some of the federal departments should at once institute a thorough investigation and exposure of these practices.

Next Tuesday the bond issues at Port Clinton, Ohio, and Fort Atkinson, Wisconsin, will probably be defeated thru these pernicious practices just recited. (both defeated)

This procedure and practice outlined above is common to all engineers doing municipal work in behalf of cities. The activity of this advertising concern is nation-wide, and it seems to us that they would be subject to the investigation of the Federal Power Commission, the National Security Board, the Internal Revenue Office, the Federal Trade Commission, and other federal bureaus. (Undoubtedly this same group of professional expert bond defeatists financed by the utility interests, are just as active in trying to discredit and defeat the TVA, a public project exactly similar to the public projects of the municipalities.)

With a view of bringing this to your immediate attention and having these pernicious practices stopped, I am appealing to you, also to Harold L. Ickes, Senator Homer T. Bone, Frank R. McWinch, Basil Manly, Robert T. Healy of the National Security Board, Congressman John E. Rankin, Morris L. Cooke, Davis Lilienthal, Frank P. Walsh of the New York Power Authority, Judson King of the National Popular Government League, Mayor LaGuardia of New York, who is Chairman of the Mayors' Conference Committee, Mr. M. H. Hedges of the International Brotherhood of Electrical Workers, and Dr. Carl D. Thompson, Secretary of the Public Ownership League of America.

Very truly yours,

REMcDonnell:AMC