

REAPPOINTMENT OF LELAND OLDS TO FEDERAL POWER COMMISSION

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON
INTERSTATE AND FOREIGN COMMERCE
UNITED STATES SENATE

EIGHTY-FIRST CONGRESS

FIRST SESSION

ON

NOMINATION OF LELAND OLDS, OF NEW YORK, TO BE A
MEMBER OF THE FEDERAL POWER COMMISSION
FOR THE TERM EXPIRING JUNE 22, 1954
(REAPPOINTMENT)

SEPTEMBER 27, 28, 29, AND OCTOBER 3, 1949

Printed for the use of the Committee on
Interstate and Foreign Commerce



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HEARINGS

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REAPPOINTMENT OF LELAND OLDS TO FEDERAL POWER COMMISSION

TUESDAY, SEPTEMBER 27, 1949

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE
ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D. C.

The subcommittee met, pursuant to call, at 10:35 a. m. in room 155, Senate Office Building, Senator Lyndon B. Johnson presiding.

Present: Senators Lyndon B. Johnson (presiding), McFarland, O'Connor, Edwin C. Johnson (chairman of the full committee), Reed, and Capehart.

Also present: Senators Myers and Tobey, and Edward Jarrett, clerk of the committee.

Senator JOHNSON. The committee will come to order, please. I want to read into the record a letter from the chairman of the Committee on Interstate and Foreign Commerce, dated August 24, 1949, directed to Lyndon Johnson, United States Senate, Washington, D. C.

MY DEAR SENATOR JOHNSON: This is to inform you that I am today appointing you as chairman of a subcommittee to consider the nomination of Leland Olds, of New York, to be a member of the Federal Power Commission for the term expiring June 22, 1954.

The subcommittee will be composed of the following members: Senator Lyndon B. Johnson (chairman), Senator Ernest W. McFarland, Senator Herbert R. O'Connor, Senator Edwin C. Johnson, Senator Clyde M. Reed, Senator Homer E. Capehart, Senator John W. Bricker.

Sincerely yours,

EDWIN C. JOHNSON, *Chairman.*

Notice was given of this hearing, and witnesses who desired to appear have been listed with the clerk. These witnesses will appear both in behalf of the nomination and in opposition to the nomination. I think it might be well, if the committee agrees, to have the clerk tell us at this time how many witnesses have requested the right to appear.

Mr. JARRETT. Well, as of 10 o'clock this morning, Senator, we had requests from 33.

Senator REED. How are they divided?

Mr. JARRETT. I did not attempt to divide them, Senator. Some did not indicate whether they were proponents or opponents.

Senator McFARLAND. Mr. Chairman, may I ask a question here, if I may. I think it is very important, from my point of view, that we get a report back to the full committee, and that the full committee vote on this nomination before Congress adjourns. The majority leader, Senator Lucas, stated yesterday on the floor that we are coming near the end of the session, and I am wondering if the clerk has

ascertained about how long it will take for each side to finish their statements.

I personally do not want to see anyone deprived of the opportunity of presenting his views upon Mr. Olds' nomination, but I do think it is important that the full committee have the opportunity to act before this session adjourns. I think we ought to do that, Mr. Chairman, and that is my view about it. I am wondering if both sides could have some kind of an understanding as to about how long they will take.

Senator JOHNSON. I agree with the Senator from Arizona. I think in fairness to the nominee and in fairness to the Senate, that we do not want to cut anybody off. We want everybody to have a reasonable length of time. Those who want to appear personally, I am sure most of the members of the committee will try to hear them. I am hopeful that we can meet in the mornings and some afternoons for the rest of the week, if it should consume that much time. I am hopeful that maybe by the end of the week we can finish the hearing. Does the clerk have any information on the length of the statements and how long it will take?

Mr. JARRETT. No, sir, I have not, except Mr. Olds said that he would want about 3 hours, and the rest had not indicated how long they will be.

Senator JOHNSON. That is for his personal statement?

Mr. JARRETT. For his personal statement.

Senator REED. Mr. Olds came in this morning and I met him down the hall. Mr. Olds, will you stand up, wherever you are?

Mr. OLDS. Yes, sir.

Senator REED. I agree entirely with the chairman. We would like to get this thing done and over with. Do you really feel you need 3 hours?

Mr. OLDS. I think I will need pretty nearly that, Senator.

Senator McFARLAND. I think Mr. Olds, Senator Reed, should have the time he wants.

Senator REED. That is what I am trying to get at. I am sort of friendly to Mr. Olds, you, know, in some ways.

Senator JOHNSON. I would like to ask Mr. Olds this question. Mr. Olds would you have any idea about the length of time that you would like for your witnesses to consume 4, 5, 6 hours?

Mr. OLDS. I do not know anything about what my witnesses have planned. In fact I am not quite sure who is here for me. I know some of them are here for me. I would not be able to give you a definite answer on that.

Senator McFARLAND. I think we might conserve a little time if the clerk would call the names of these witnesses and from those who are present we might be able to get some idea of how long it would take. We might make more time by planning our presentation. I think we ought to mark Mr. Olds down for 3 hours. It might be that the rest of it could be confined to 2 hours—probably it would be short most of it—and that would be 5 hours.

Senator JOHNSON. Let the clerk call the names of those who are requested to appear, and at least those who are present this morning, rise and indicate how long you think your personal statement to the committee will take. Of course we will be glad for any person to file

a statement for the record. Just indicate to the clerk the number of minutes that you think your personal appearance will require.

Mr. JARRETT. Mr. Olds.

Senator JOHNSON. Mr. Leland Olds.

Senator McFARLAND. He will take 3 hours.

Mr. JARRETT. Mr. James C. Bonbright, professor of finance, Columbia University.

Mr. BONBRIGHT. Ten minutes, sir.

Mr. JARRETT. A. A. Berle.

(No response.)

Mr. JARRETT. John C. Buekema.

Mr. BUEKEMA. Twelve minutes, Mr. Chairman.

Mr. JARRETT. Morris L. Cooke.

Mr. COOKE. Twelve minutes.

Mr. JARRETT. Charles M. LaFollette.

Senator McFARLAND. Are you reading the names of witnesses appearing for Mr. Olds now?

Mr. JARRETT. No, they are in no particular order.

Senator JOHNSON. Some of them have not indicated which side they are on.

Senator McFARLAND. All right, I do not know how we are going to divide this time.

Senator JOHNSON. I think it would be well to indicate whether you are a proponent or opponent.

Mr. BUEKEMA. I am a proponent.

Mr. JARRETT. Mr. Bonbright?

Mr. BONBRIGHT. I am for.

Mr. JARRETT. Mr. A. A. Berle, Jr.

Mr. BERLE. Present.

Mr. JARRETT. Are you a proponent or opponent?

Mr. BERLE. I am a proponent.

Senator JOHNSON. How much time do you expect to consume, Mr. Berle?

Mr. BERLE. About 5 minutes, and any questions that any of you gentlemen care to ask.

Mr. JARRETT. Charles M. LaFollette.

(No response.)

Mr. JARRETT. Donald E. Montgomery.

Mr. MONTGOMERY. For Mr. Olds, 15 minutes, on behalf of the CIO.

Mr. JARRETT. Angus McDonald.

Mr. McDONALD. About 10 minutes, proponent.

Mr. JARRETT. Carlton I. Nau.

(No response.)

Mr. JARRETT. William J. Houston.

Mr. HOUSTON. Proponent, 10 minutes.

Mr. JARRETT. William A. Roberts.

(No response.)

Mr. JARRETT. O. C. Bailey.

Mr. BAILEY. Opponent, 15 minutes.

Mr. JARRETT. Ordway Tead.

Mr. TEAD. Proponent, 5 minutes.

Mr. JARRETT. W. H. Echols.

Mr. ECHOLS. Opponent, 15 minutes.

Mr. JARRETT. Hayden W. Head.

Mr. HEAD. Opponent, 15 minutes.
 Mr. JARRETT. David W. Robinson.
 (No response.)
 Mr. JARRETT. Guy Warren.
 (No response.)
 Mr. JARRETT. William N. Bonner.
 Mr. BONNER. Opponent, 5 minutes.
 Mr. JARRETT. W. A. Kirkland.
 (No response.)
 Mr. JARRETT. George S. Reed.
 Mr. REED. About 5 minutes, for Mr. Olds.
 Mr. JARRETT. James A. Upham.
 Mr. UPHAM. Opponent, 15 minutes.
 Mr. JARRETT. Philip N. Faine.
 Mr. UPHAM. I am speaking for myself and Mr. Faine.
 Mr. JARRETT. Alvin H. Owsley.
 (No response.)
 Mr. JARRETT. Russell B. Brown? Mr. Chairman, I am informed that Mr. Brown is not here. His statement will take him possibly 10 minutes in opposition.
 Dr. George S. Benson.
 (No response.)
 Mr. JARRETT. Thomas C. Buchanan. Mr. Chairman, Mr. Buchanan said he would take about 10 minutes.
 Harry J. Strong.
 Mr. STRONG. For Mr. Olds, 10 minutes.
 Mr. JARRETT. Claude L. Draper.
 Mr. DRAPER. Five minutes, proponent.
 Mr. JARRETT. Dr. R. N. Richardson.
 Dr. RICHARDSON. Opposition, 10 minutes.
 Mr. JARRETT. Lawrence Hagy.
 Mr. HAGY. In opposition, about 10 minutes.
 Mr. JARRETT. Leon Halden.
 Mr. HALDEN. Opposition, 8 minutes.
 Mr. JARRETT. Sherman White.
 Mr. WHITE. In opposition, 10 minutes.
 Mr. JARRETT. Raymond Dillard.
 Mr. DILLARD. Opposition, about 5 minutes.
 Mr. RYAN. Mr. Chairman, my name is Charles Ryan. There are three city officials who are going to be here, and I take it from what the clerk has said that they have not filed formal requests to be allowed to be heard, but they are all for Mr. Olds; and, if I could give you their names, I do not think they will take more than 5 or 10 minutes each.
 Senator JOHNSON. Give the clerk the names and the amount of time you think they will consume.
 Mr. RYAN. David A. Proctor, of Kansas City, Mo.; Raymond J. Kelly, of Detroit; and Ann Alpern, of Pittsburgh. They will not take more than 10 minutes.
 Mr. JARRETT. Mr. Buekema, were you for or against?
 Mr. BUEKEMA. For.
 Senator McFARLAND. Mr. Chairman, according to this report here you have got 4 hours and 49 minutes for and 1 hour and 38 minutes against. I would suggest that we try to keep the testimony down to about 5 hours.

Senator JOHNSON. There are some witnesses both for and against, I think, who did not answer to their names, and did not give the time to be consumed.

Senator McFARLAND. Maybe you had better put about 6 hours for, and 5 hours against.

Senator JOHNSON. If that is the pleasure of the committee and it is agreeable to Mr. Olds and the opponents, why, we could agree that we would try to schedule our hearings to be at least 6 hours for prepared statements.

Senator McFARLAND. It would seem to me, Mr. Chairman, that 6 hours would be ample for the proponents, and 5 hours, for the opponents.

Senator JOHNSON. Is there any objection from Mr. Olds or any of the proponents or any of the opponents to that kind of an arrangement? Without objection, then, we will set aside 6 hours for the personal appearances of the proponents and 6 hours for the personal appearance of the opponents.

Senator REED. Mr. Chairman, let me suggest there that where the testimony is repetitive—and much of it will be—and where it is printed, that those who are making the same kind of statements might very well shorten the time for their verbal statement, and file their full statement. I will suggest that only to expedite this matter.

Senator TOBEY. Mr. Chairman. I am not a member of this committee. I received a notice, and it says, "You are not a member of this subcommittee," but I wandered in. In line with what Senator Reed said, may I venture this remark: It would cut down the time considerably if each speaker for and each speaker opposed, after the first speaker, says, "I voice the sentiments of the last speaker," and sit down.

Senator JOHNSON. Senator, we are glad to have you at this committee or any other committee.

Senator REED. Mr. Chairman, I think 11 or 12 hours is more than enough time for both sides to express their opinions. Mr. Olds says he will take 3 hours. I think that is too much time for Mr. Olds, even from his own statement. Mr. Olds, as your friend, I would suggest at least an hour and a half would be all that you could profitably use. I am talking about profitable use. When you sit here and listen to repetition, one after the other, I agree with Senator Tobey that, if you take about 3 hours and let your principal people state your case, then the people that follow can express their assent or dissent. That makes for time saving. I have done this many times, scores of times, and really that is about all the time you can profitably use.

Senator JOHNSON. Senator Reed, Mr. Olds has a great deal at stake here, and if you do not feel too strongly on the matter, let the committee agree that we will allot to each side not to exceed 6 hours, and then the proponents can get together and the opponents can get together; and, if you do not use that time, so much the better. If you do, why, at least the chairman will be here to hear you.

I would not want anyone to think that this committee is not willing to hear everybody and everything that can be said that is worth while on this particular nomination.

Senator McFARLAND. Mr. Chairman, may I ask one other question here. Mr. Olds, I take it that you anticipate using about 3 hours in your principal statement.

Mr. OLDS. I may use less than that, but I think I would like to have that much time allowed. I will try to use less.

Senator McFARLAND. Well, what I am getting at is this: If we should consume a lot of Mr. Olds' time, I do not think it should be charged against these other people. That would be our responsibility.

Senator JOHNSON. It was understood that the 6 hours would be for the personal statements of the witnesses, and any time we consume in examining the witnesses will be our hard luck.

Senator CAPEHART. I was going to ask the chairman how much time he was going to allot to the Senators.

The CHAIRMAN. Mr. Chairman, I would suggest that we start at 9:30 in the morning. Is that too early?

Senator JOHNSON. That is agreeable to the chairman. Is that agreeable to the other members of the committee?

Senator CAPEHART. It is all right with me.

Senator JOHNSON. We are not going to be able to stay here this afternoon. I hope that maybe tomorrow afternoon we can have a hearing, and go on morning and afternoon for the rest of the week. I think it is important if we are going to have 12 hours of direct testimony—the time that we will consume in examining the witnesses—that we meet early and late also, but today we have the pay bill and we are going to call the calendar. Some members have already told the Chair that they will have to go to their offices and get material to be prepared for the calendar call, so we will probably not have an afternoon session. Without objection, we will meet in room 135 tomorrow morning at 9:30, and if there is any change, why, notices will be sent to the members and the witnesses will be notified.

At this time I would like for the clerk to read into the record the communications in the form of letters and wires from the proponents as well as the opponents of the nomination.

Mr. JARRETT. These are the proponents. This is a letter of September 23, 1949, from Jonathan Daniels, of Raleigh, N. C.:

DEAR SENATOR JOHNSON: I notice that a hearing has been scheduled before your subcommittee on the nomination of Leland Olds as a member of the Federal Power Commission.

I have known Mr. Olds for many years and have had occasion to become familiar with the very fine work of the Federal Power Commission and the prominent part which he has taken in this work. I regard Mr. Olds as a man who is highly qualified in the field of public-utility regulation and who is unreservedly devoted to the public interest. I think it would be a misfortune if he were not continued as a member of the Commission.

I should appreciate it if you could see fit to have this letter incorporated in the record.

Sincerely,

JONATHAN DANIELS.

Senator McFARLAND. Mr. Chairman, I have a letter dated September 24, 1949, from the mayor of St. Louis in Mr. Olds' behalf. I think it should be read.

Mr. JARRETT. This is signed by Mayor Joseph M. Darst, of St. Louis:

MY DEAR SENATOR McFARLAND: It is my understanding that the President's nomination of Mr. Leland Olds for another term on the Federal Power Commission is now before your Committee on Interstate and Foreign Commerce.

The city of St. Louis has occasion frequently to come into contact with the Commission, and we have come to have high regard for Mr. Olds' ability and integrity.

We sincerely believe the Commission would suffer a grave loss if Mr. Olds is not returned. He takes a broad public view of the various complex problems that lie within the purview of the Federal Power Commission and to us, also representatives of the public, has appeared fair and reasonable as well as conscientious and able.

For these reasons, I earnestly hope you will see fit to confirm the President's nomination of Mr. Olds and return him to the Commission for another term of distinguished public service.

Sincerely yours,

JOSEPH M. DARST, Mayor.

This is a telegram from Robert J. Lewis, manager, cooperative department, Wisconsin Electric Cooperatives:

Wisconsin Electric Cooperatives, representing 68,000 members of rural electric cooperatives, heartily endorses the outstanding record in the public interest of Leland Olds as a member of the Federal Power Commission by unanimous vote of our legislative committee and urges the Senate to confirm his appointment for a new term.

This is a letter from Hugh W. Abbett, chairman of the Public Service Commission of Indiana:

DEAR SENATOR JOHNSON: It has come to me that you will consider the name of Leland Olds for confirmation or rejection as a member of the Federal Power Commission.

I should like to express my personal approval of Mr. Olds for this position, in spite of the many rumors concerning this man. I have always felt that he was a good administrator, although his views sometimes appeared to favor Federal regulation over State regulation. It has been my own view that the courts can determine these matters at any time they are of enough importance to either party to turn to them.

Mr. Olds has always been willing to discuss matters with our commission on a very friendly basis and has been helpful in many instances.

I would appreciate it if this letter could be incorporated in the record favoring this confirmation.

Yours very truly,

HUGH W. ABBETT, Chairman.

Another letter is from George S. Ballif, district attorney, fourth judicial district, Provo, Utah:

MY DEAR SENATOR JOHNSON: It is my understanding that your committee now has before it the matter of the confirmation of President Truman's appointment of Leland Olds to succeed himself as Federal Power Commissioner.

I take this opportunity to add my recommendation of Commissioner Olds and to urge his confirmation by your committee in the Senate. I respectfully request that this letter be included in the record of the hearings before your subcommittee.

I had the honor of sitting as chairman of the Public Service Commission of Utah from 1941 to the end of 1943, during which time Leland Olds was Chairman of the Federal Power Commission. During this period we conducted in Utah a general investigation of rates and practices of Utah Power & Light Co., one of Electric Bond & Share affiliates. We succeeded in squeezing some \$30,000,000 in watered stock out of the corporate structure of this utility and in forcing Bond & Share out of the control of its affairs, reducing rates for Utah consumers at a saving of a million and a half dollars annually and returning the utility to the preferred stockholders, who were the only substantial investors in the concern.

I recount these facts because the people's achievement in this connection would not have been possible but for the splendid work and cooperation of Leland Olds and the Federal Power Commission's very efficient staff. We in Utah feel that it is most important that Commissioner Olds be reappointed because he has proved himself to be on the side of the people in their struggle for just and reasonable rates and service from the utilities. I feel that I can speak on behalf of thousands of people in the State of Utah who appreciate the service Leland Olds has rendered by his intelligent understanding and viewpoint as well as his complete cooperation.

I trust that your committee will act favorably upon the confirmation of Commissioner Olds, and be assured that your doing so will be greatly in the public interest.

Very truly yours,

GEORGE S. BALLIF.

This is a letter from Donald Hacking, commissioner of the Utah Department of Business Regulation, Salt Lake City:

DEAR SENATOR JOHNSON: I have been informed that a hearing is scheduled for September 27, 1949, on the President's nomination of Mr. Leland Olds to the Federal Power Commission. I am writing this letter in support of the confirmation of Mr. Olds to this position.

My official connection with the regulation of public utilities dates from the year 1941 to the present, during which period I have been a member of the Public Service Commission of Utah and chairman thereof for a period of approximately 5 years. In my capacity as a commissioner it has been necessary for me to keep abreast with the thinking and actions of those in this field in the United States. I have had numerous contacts with Mr. Olds during these years and have followed with great interest his philosophy of rate regulation. I feel, therefore, that I am in a position to appraise his qualifications for the position of Commissioner on the Federal Power Commission.

In my opinion, Mr. Olds has been one of the outstanding Commissioners of the Federal Power Commission. His official actions as a Commissioner lead me to believe that he has a genuine interest in serving the public generally.

I should like to add also that the Federal Power Commission, during Mr. Olds' tenure of office, has been very cooperative with and helpful to the Public Service Commission of Utah in cases where staff assistance has been requested. On numerous occasions the Federal Power Commission has made available competent members of its staff to assist our staff in rate cases before this commission. The personnel made available to us has been of the highest caliber.

I have no hesitancy in recommending Mr. Olds for the position to which he has been nominated, and I earnestly request that the subcommittee act favorably upon his nomination. I respectfully request also that this letter be made a part of the record in the hearing before the subcommittee.

Very truly yours,

DONALD HACKING.

This is a telegram from Gordon Persons, president of the Alabama Public Service Commission:

Please make this telegram part of official record in connection with reappointment of Mr. Leland Olds on which hearing begins September 27. The Alabama Public Service Commission is extremely interested in the reappointment of Mr. Olds as a member of the Federal Power Commission. We believe that no one man in the United States has done as much along the line of proper and efficient regulation of utilities as has Mr. Olds. On numerous occasions this commission has called on him for assistance and on each occasion he has freely and willingly assisted us. Naturally, in carrying out the duties of an office such as a member of the FPC, Mr. Olds has made powerful enemies just the same as do all public officials who sincerely and honestly try to carry out a given job. The Alabama commission believes that failure to confirm Mr. Olds will be an irretrievable loss to the Federal Power Commission as we know of no one who is as well qualified to sit with that body as Leland Olds. We had hoped to have a representative present to testify in his behalf but pressed work in our office prevented. Will you please, therefore, consider this as substantially the type of testimony we would have introduced had we been present at the hearing. Incidentally, let us add, this recommendation is purely voluntary on our part.

ALABAMA PUBLIC SERVICE COMMISSION,
By GORDON PERSONS, President.

This is a letter from Norman B. Gray, attorney general, State of Wyoming, Cheyenne:

DEAR MR. JARRETT: My name is Norman B. Gray and I am presently the attorney general of the State of Wyoming.

It has come to my attention that your committee, on September 27, 1949, will commence hearings on the nomination of Mr. Olds to succeed himself as a member of the Federal Power Commission. I regret that other commitments will not

permit me to appear at the hearing in support of Mr. Olds but I should like very much by this measure to give to you my thoughts in the matter and have the same placed of record in your proceedings.

Having served as a trial examiner with the Federal Power Commission for several years during the time Mr. Olds was a member of that Commission, I had the opportunity to observe at first hand the workings of the Commission and the activities of its members. From such observation, it is my unqualified opinion that to confirm Mr. Olds is to advance and to foster the public interest.

Over the years Mr. Olds, as a public servant, has demonstrated a zeal and devotion to the public service that, standing alone, would seem to me to dictate his retention.

All too often sincere, able, and determined advocates of the interests of the people as a whole are lost to the people through a lack of understanding of the real and paramount considerations that should be weighed in matters of this kind.

I believe that in all of the matters coming before the Commission it cannot be demonstratively evidenced that Mr. Olds acted other than in the public interest.

Respectfully submitted.

NORMAN B. GRAY, Attorney General.

This is a letter from E. J. Stoneman, enclosing a statement which he asks be made a part of the record. Mr. Stoneman is chairman of the power committee of the National Rural Electric Cooperative Association, Washington, D. C.:

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I have been active in the rural electrification program since its inception. I was the first vice president and the second president of the National Rural Electric Cooperative Association which is the national service organization of most of the rural electric systems of the United States representing over 2,000,000 farm families. I am today the Wisconsin director of this association and I am chairman of the association's national committee on power. I am also president of Dairyland Power Cooperative which is a generation and transmission cooperative supplying wholesale power to a majority of the rural electric cooperatives and some in Minnesota and Iowa.

As most of you no doubt know, we have had a struggle for several years in finding sufficient power for our program in this part of the world. We have had to rely heavily upon the estimates and predictions of the Federal Power Commission. We have had many problems which have had to be cleared with the Federal Power Commission. During these several years, it has been my pleasure to work with Mr. Olds and other members of the Commission. I, personally, feel Leland Olds is one of America's truly great statesmen. He has had the courage of his convictions when most everyone else seemed to disagree. Time has proved him right on many of his predictions on power. I have found him at times fair and courteous and, in my opinion, exceptionally well qualified for membership on the Federal Power Commission.

While I have not polled the membership of our national power committee, I feel that I speak for most of its membership. Our national committee has studied many problems involving work with the Federal Power Commission and I am confident they feel as I do that the country would be honored to have Mr. Olds as a member of the Commission again.

E. J. STONEMAN.

Now the following are letters and telegrams in opposition. This is a telegram from James P. Evans, Jr., of Jackson, Miss.:

We understand that your committee will begin hearings tomorrow on the Senate confirmation of Leland Olds as a member of the Federal Power Commission. We disagree most heartily with Mr. Olds' philosophy of government and wish to protest vigorously his confirmation.

JAS. P. EVANS, JR.

Telegram from Frank Hoyt, past president, Texas Tax Assessors and Collectors Association:

Re confirmation Leland Olds. One of the most important factors in local and county finances in Texas is revenue derived from taxes on oil and gas-producing

properties. Through elected legislators, elected railroad commission officials in this State and cooperation of producers there has been steady development of fields in Texas with increasing benefits in revenue to local schools, counties, et cetera. If the regulations of this producing industry are to be turned to a Washington bureau and utility regulations applied, the taxable values of these properties will greatly decline and deprive local governments in Texas as well as the State of a great portion of their expected revenue. We can maintain the financial welfare of our local governments only as long as that control is vested in elected officials in Texas. We understand no change in the law has taken place for 11 years, but Mr. Olds maintains that he should now be permitted to dispossess the present control of local State officials of the production business in Texas and to extend the control of the Power Commission to the producing wells of independents. We protest the confirmation of Leland Olds to the Commission because his philosophy and acts as shown by the record demonstrate that he opposes the principles of local government, the loss of which would have dire effect on the economy of our State and our independent producers.

FRANK HOYT,

Past President, Texas Tax Assessors and Collectors Association.

Telegram from Dr. M. E. Sadler, president, Texas Christian University, Fort Worth:

After examining the record with reference to Mr. Leland Olds it seems to me he is not an appropriate person to serve on the Federal Power Commission. I hope it may seem wise to you to oppose his nomination.

Dr. M. E. SADLER,

President, Texas Christian University.

This is a telegram from J. C. Preston, executive secretary, Kentucky Oil and Gas Association, Owensboro, Ky.:

The executive committee of the Kentucky Oil and Gas Association office in Owensboro, Ky., with a membership of more than 500, representing the oil and gas industry in Kentucky and producing approximately 85 percent of the oil and gas produced in the State, in a called session met on September 21, 1949, are unanimously opposed to the confirmation of Leland Olds as a member of the Federal Power Commission and respectfully ask you and your committee to recommend the rejection of his appointment by the Senate.

J. C. PRESTON, *Executive Secretary.*

Telegram from Gov. Frank Carlson, of Kansas:

As chairman of the Interstate Oil Compact Commission I am wiring you in regard to Senate confirmation of Commissioner Olds as a member of Federal Power Commission. Commissioner Olds by his own testimony before the committee endorsed a philosophy that if approved by the majority of the Commission would deprive the States of their constitutional obligations and eventually result in nationalization of the oil and gas industry. His past record and actions as a member of the Federal Power Commission does not warrant confirmation and I urge your committee's disapproval.

FRANK CARLSON, *Governor of Kansas.*

This is a letter from the Arizona Corporation Commission at Phoenix, Ariz. It is signed by Chairman William T. Brooks and Member Wilson T. Wright:

DEAR SENATOR JOHNSON: It is the understanding of the Arizona Corporation Commission that hearings will begin on September 27 before your committee on the matter of the nomination of Mr. Leland Olds as a member of the Federal Power Commission. Being unable to make personal presentation before your committee with respect to Mr. Olds' nomination we, therefore, respectfully request that you make known our views to the committee in the matter of Mr. Olds' nomination.

The Arizona Corporation Commission is opposed to the nomination of Mr. Leland Olds as a member of the Federal Power Commission. Our opposition to him is because he has always used his influence and leadership on the Federal Power Commission, both as chairman and as a member, to cause the Federal Power Commission to usurp jurisdiction over every possible State regulatory body function and, as a consequence, go far beyond the intent of Congress that

the Federal Power Commission should fill gaps between Federal and State regulation spheres, rather than displace State regulatory bodies.

Therefore, we urge that you and the members of your committee make your recommendations to the Senate Committee on Interstate and Foreign Commerce as being opposed to the nomination of Mr. Leland Olds as a member of the Federal Power Commission.

Respectfully submitted,

ARIZONA CORPORATION COMMISSION,
WILLIAM T. BROOKS, *Chairman,*
WILSON T. WRIGHT, *Member.*

This is a letter from Gov. Allan Shivers of Texas:

DEAR SENATOR JOHNSON: After careful consideration, I have reached the conclusion that confirmation of the appointment of Mr. Leland Olds to another term on the Federal Power Commission would be contrary to the best interests of Texas and of other States of the Union.

From recent public statements, it appears that Commissioner Olds now proposes to have the Federal Power Commission assume jurisdiction and control of the production of natural gas, including not only the price for which it is sold at the well but also the rates of production, the drilling of wells: and, if his theory is carried to its logical conclusion, the amount of royalties paid land-owners and the wages paid laborers.

It appears that Mr. Olds has come to embrace a philosophy that would seek to effectuate a planned economy in disregard of the rights of the individual and of our theory of government.

Texas has adopted conservation laws under which the production of gas is regulated to the sole end of conserving and preventing waste of this natural resource, but otherwise the producer is free to sell in a competitive market, as is the case with coal, oil, and other fuels. The threat to this free market as posed by Mr. Olds and other members of the Federal Power Commission who share his philosophy has resulted already in curtailing production of and exploration for natural gas in Texas. If the threat is executed, it will not only be destructive of the gas industry but extremely injurious to other industries and burdensome to the public.

For these reasons, I feel constrained to request that Commissioner Olds be not confirmed.

Most respectfully yours,

ALLAN SHIVERS.

Senator JOHNSON. Is that all the letters for and against?

Mr. JARRETT. Yes, sir.

The CHAIRMAN. Mr. Chairman, as is customary, before the subcommittee was appointed, as chairman of the committee, I asked the Senators from Mr. Olds' State for their views on Mr. Olds, and whether they were in favor of him or not, and I have these two letters which I want to read in the record. One is from Senator Ives, and it reads as follows:

DEAR ED: Your letter regarding Leland Olds, whose nomination to succeed himself as a member of the Federal Power Commission is now before your committee, has been received. Knowing you as I do, I am sure you are not impressed with his attitude or philosophy. I certainly am not. For this reason, I am unable to give my approval to his confirmation.

With very best regards, I remain

Sincerely yours,

IRV IVES.

Then we have one from John Foster Dulles which reads as follows:

DEAR SENATOR JOHNSON: In regard to the nomination of Leland Olds, of New York, to be a member of the Federal Power Commission for the term expiring June 22, 1954, regarding which you wrote me on July 22, I am unable to give my approval to this confirmation.

With best regards, I am

Sincerely yours,

JOHN FOSTER DULLES.

Senator JOHNSON. Without objection, they will be made part of the record.

Senator McFARLAND. Mr. Chairman, I note that Mr. Olds' statement is quite lengthy, and we have got to be on the floor promptly at 12. If it will not be out of line, I would like to suggest that we take a couple of these short witnesses, Mr. Bonbright and Mr. Berle—they are here from New York—so they will not have to stay overnight.

Senator JOHNSON. Professor Bonbright, how much time did you indicate you would need?

Mr. BONBRIGHT. I think 10 minutes, Senator.

Senator JOHNSON. Will you come forward. We will not have an afternoon session. We will meet tomorrow morning at 9:30. I have indicated to Congressman Lyle that we would be glad to hear him tomorrow, and we probably should try to hear Mr. Olds' complete statement tomorrow, and I doubt that we will be able to get to any more witnesses. This morning we will take the shorter witnesses and cover as many of them as we can. Professor Bonbright, will you give your name and address to the reporter?

**STATEMENT OF JAMES C. BONBRIGHT, PROFESSOR OF FINANCE,
GRADUATE SCHOOL OF BUSINESS, COLUMBIA UNIVERSITY**

Mr. BONBRIGHT. I am James C. Bonbright.

Senator McFARLAND. Mr. Chairman, may I suggest that it be known we are willing to take any Congressman or Senator out of order when they come in, in order to meet their crowded schedules.

Senator JOHNSON. The Congressman was not here, and he asked permission yesterday to appear tomorrow, and I said he could. So, we will start with him in the morning and try to finish his statement and Mr. Olds' statement tomorrow. Proceed, Professor.

Mr. BONBRIGHT. I reside at 29 Fairmont Avenue, New York City. In order to conserve time, I should like to read from my statement.

Through the courtesy of the chairman of the Senate Interstate and Foreign Commerce Committee, I am appearing in support of the reappointment of Mr. Leland Olds as a member of the Federal Power Commission. As a specialist in public-utility regulation, I have a very keen interest in the efficiency and reputation of the Federal agency of which Mr. Olds has now long been a member.

Let me first state that I am professor of finance in the Graduate School of Business of Columbia University, where I have served on the faculty since 1920. My major field of teaching has been public-utility regulation, along with the related subject of corporation finance.

My personal acquaintance with Mr. Olds goes back to the year 1929, when he served as a staff expert on a special State commission of which I was a member—the New York State Commission on the Revision of the Public Service Commission's Laws. A year or two later, Mr. Olds became executive secretary of the Power Authority of the State of New York, an agency of which I was then a trustee and of which I later became chairman. After he left the power authority in 1939 or 1940 to become a member of the Federal Power Commission, Mr. Olds and I participated in many negotiations looking toward the development of the St. Lawrence power and navigation project—he as representing the Federal Government, and I as representing the State of New York. More recently, I have had various occasions

to consult him on problems of public-utility regulation arising in rate cases before State public-service commissions and cases in which I have been personally engaged.

In view of this long-standing and intimate acquaintance with Mr. Olds in his profession as a public-utility specialist, I can speak with some confidence about his qualifications for the position of high responsibility to which he has been reappointed by the President, subject to confirmation by the Senate.

Leland Olds, in my opinion, is one of the country's most distinguished and most outstanding figures in the field of public-utility regulation. This is a field containing many persons of merely good routine competence but discouragingly few real experts. These few experts need to be highly prized and used to the fullness of their capacity. For it is to them, in large measure, that the people of the United States owe the great improvement in the effectiveness of regulation that has taken place within the past 10 or 15 years. The improvement is so marked, and is of such a character, that it has given a new vitality to a private industry—the electric-power industry—which, during the free-and-easy days of the 1920's, was clearly headed for disaster.

Today, the Federal Power Commission, in its reorganized form, is almost twenty years old. During this period it has accomplished some noteworthy objectives, and it has grown in experience and wisdom with the passage of the years. But with the Federal Power Commission, as with other administrative agencies, age has its dangers. And one of these dangers lies in a tendency to settle down to a deadly routine, living merely by established precedents, and following the lines of least resistance to the pressures of powerful vested interests.

This tendency of a governmental agency toward a humdrum existence may be successfully resisted. But the resistance must come from those rare and vigorous Commissioners who shun the easy and comfortable life of a routinier and who realize that the technique of regulation must grow along with the technique of utility-plan engineering and operation. On the Interstate Commerce Commission, an outstanding example of such a man was the late Joseph B. Eastman; on the New York State Public Service Commission, an equally outstanding example was the former Chairman Milo R. Maltbie. On the Federal Power Commission, no member counts for more in maintaining the vitality of that agency than does Leland Olds.

Recently, the various members of the Federal Power Commission, while in agreement on many issues of fundamental importance, have divided sharply on certain matters of vital interest. No doubt a change in personnel that would remove these differences in points of view would make for greater smoothness and for more comfortable private lives on the part of the Commissioners. But such a removal would also go a long way toward destroying the effectiveness of the whole Commission. And the absence from the agency of its more insurgent members could hardly fail to create a public impression, justified or not, that the Commission had ceased to be a vigilant defender of the public interest and had now reached a stage of complacency. I doubt whether the creation of such an impression would be in the long run interest even of the very public-utility companies that might hope to be the initial beneficiaries.

What I have just said is true, I believe, irrespective of the merits of any given issue on which the views of Mr. Olds have failed to coincide with those of some of his colleagues. The question, for example, whether Chairman Smith on the one hand or Commissioner Olds on the other hand is right on any of several differences of opinion on natural-gas regulation is a matter of no importance for present purposes. What is important, however, is the maintenance of a Commission membership through which divergent points of view are well represented and well brought before the public by experts with the experience, the training, and the skill of these two very able Commissioners.

In Leland Olds, the Federal Power Commission has enjoyed the services of a man who has devoted almost his entire professional life to becoming an expert in the exceedingly complex problems of utility regulation. Were it to lose these services, the Commission would lose a good part of the distinction that it now enjoys as a guardian of the public interest.

That, Senators, represents my written statement.

What I did not say in my written statement, but what I should have said, is that in my opinion millions of people in this country today are presently paying lower public-utility rates than they would be paying but for the presence of Leland Olds on the Federal Power Commission, and that has taken place along with not a deterioration but a positive improvement in the financial standing and soundness of the private-utility industries.

Senator JOHNSON. Thank you, Professor Bonbright. I am sure your statement will be helpful to the committee. Are there any questions?

Next witness is Mr. Ordway Tead.

STATEMENT OF ORDWAY TEAD, EDITOR OF SOCIAL AND ECONOMIC BOOKS FOR HARPER & BROS., AND CHAIRMAN OF THE BOARD OF HIGHER EDUCATION OF THE CITY OF NEW YORK

MR. TEAD. My name is Ordway Tead, a graduate of Amherst College in 1912, in the same class with Mr. Olds, with whom I roomed for 2 years. I have since 1925 been editor of social and economic books for Harper & Bros. Since 1938, I have been chairman of the Board of Higher Education of the City of New York. I have taught management in the evening session at Columbia University since 1920.

I am here on behalf of a person whom I have known intimately since 1908; and I am here on behalf of a principle. To me these two have become closely identified in the matter of the reappointment of Mr. Olds for a third term on the Federal Power Commission.

Mr. Olds is and always has been a man of sterling and unimpeachable character, an ardently loyal and devoted American citizen and public servant. Any imputation to the contrary is completely without foundation, in my personal knowledge. His political and economic views are liberal in the same noble American tradition as are the views of men like the present and the former head of the Tennessee Valley Authority, both of whom the Congress has affirmed to be worthy of public office and splendid trustees of the public welfare. The public good and the public interest are and always have been the dominant motive of Mr. Olds' long public career.

Moreover, his prior experience through the years qualifies him pre-eminently for this post. If, as some allege, there is a disposition to have men serving on this Commission whose first loyalty is to some lesser private interest, then Mr. Olds is not your man. He has served and will serve one interest only—that of all the plain people of America. He is by training and profound conviction dedicated to the use of public resources for public purposes. He understands as few do the creative role which public power can play in the development of an economy of democratic abundance.

He is completely incorruptible. He is single-minded in his civic loyalty.

The Nation would be depriving itself of the benefits of an indispensable public service if this appointment is not confirmed.

I am here, as an individual, to urge this appointment with all the moral and patriotic earnestness at my command.

Senator JOHNSON. Thank you very much, Mr. Tead. I am sure your statement will be helpful to the committee. Are there any questions?

The next witness is Mr. John C. Beukema, secretary-manager of the Greater Muskegon Chamber of Commerce, Muskegon, Mich.

STATEMENT OF JOHN C. BEUKEMA, SECRETARY-MANAGER, THE GREATER MUSKEGON CHAMBER OF COMMERCE, MUSKEGON, MICH.

MR. BEUKEMA. The honorable chairman and members of the committee, my name is John C. Beukema. I am employed as secretary and manager of Greater Muskegon Chamber of Commerce of Muskegon, Mich., an organization of approximately 950 businessmen in the cities of Muskegon, Muskegon Heights, North Muskegon, and Roosevelt Park, Mich. I have held this position for 27 years. I am one of the older men in this profession in this country and have served for the past 3 years as president of the National Institute for Commercial and Trade Association Secretaries, which is our national school. Training in citizenship is one of our objectives.

My interest in this proceeding arises from the fact that I learned to know and esteem Mr. Leland Olds as a result of various contacts with him in public capacities during the past 12 years.

I first met him in 1932 when he was employed by the New York State Power Authority as an engineer. We were both interested, at that time, in securing the approval of a treaty between the United States and Canada providing for the construction of the St. Lawrence seaway and power project.

After the treaty failed of approval a group of advocates, including Mr. Olds and myself, organized National Seaway Council, which included various governmental and private groups as well as individuals interested in the St. Lawrence project. I served for some time as a member of the executive committee and later its chairman. Mr. Olds, while not a member, acted as one of our advisers, particularly on the power phase. In the process our rather casual acquaintanceship deepened into friendship as I began to appreciate his sterling qualities, his strong faith in democracy, his personal integrity, and his zeal for public service.

I subsequently met Mr. Olds in connection with certain hearings on an application of Michigan-Wisconsin Pipe Line Co., et al. (FPC Docket G-669) relating to the construction of a natural-gas pipe line from the States of Texas and Oklahoma to my own State of Michigan and to the city of Muskegon. In this proceeding Mr. Olds published a dissenting opinion. Although we did not agree, I respect his viewpoint, his absolute sincerity and integrity, and his concern for what he feels to be the public interest.

It is my understanding that criticism has been directed against Mr. Olds on the ground that he is a foe of private enterprise and believes in the nationalization of the oil and gas industries and the electric power industry.

Mr. Chairman, I am a lifelong Republican. I am a firm believer in the profit system, or the so-called free-enterprise system. I have devoted 32 years of my life to the chamber of commerce field in defense of that system and in combating those who advocate national socialism and would destroy the American way of life. If I believed for a single moment that Mr. Olds was a Socialist or Communist, or in any way unfaithful to the American ideal of representative government, I would terminate our friendship.

When you live with a man intimately, when he visits your home, you cannot help but form some estimate of his character and obtain some idea of his philosophy of life. All my contacts with Mr. Olds persuade me that his liberalism is of the Jeffersonian type and in no sense National Socialist.

I am familiar with the debate that took place in the United States Senate in the matter of his confirmation 6 years ago. I regretted many of the insinuations that were made against him at that time. I feel similarly today.

May I call the committee's attention to some of Mr. Olds' views as expressed in the Michigan-Wisconsin Pipe Line Co. case to which I have previously referred. Mr. Olds states, and I quote:

I cannot agree with the majority decision * * *. I am convinced that good service in the public interest requires assurance to an existing supplier that, so long as it is able and willing to provide adequate service at reasonable rates, its markets shall not be turned over, in whole or in part, to another.

Certainly this language does not indicate an attitude of hostility to the free-enterprise system.

Mr. Olds continues:

I think that was the intention of Congress, when it amended section 7 of the Natural Gas Act, providing * * * for the automatic granting of so-called "grandfather" certificates to existing companies * * * that it wanted to protect such companies in their markets so long as they lived up to their obligations.

Mr. Olds adds:

For the Commission to take advantage of this war and postwar situation, which has found many companies unable to meet all demands, to authorize a new company which has met none of these problems to enter the markets built up by an established company, on the finding that the latter is unable or unwilling to provide adequate service, appears to me grossly unfair and not calculated to promote responsibility operation of this great industry in the public interest.

Mr. Olds arrived at the opinion that authorization of a new line might raise the cost of gas to consumers, a conclusion with which, of course, we disagreed.

In 1946 Mr. Olds addressed the annual convention of the Great Lakes Harbors Association, an organization of the various port cities on the Great Lakes, of which I am treasurer. In the course of this address he disclosed some of his views on the subject of free enterprise. May I quote this paragraph:

Today it is rather fashionable to throw stones at the Aluminum Co. and some of its associates in the metallurgical and chemical field, as monopolies. And the time has undoubtedly come when, in terms of the country's further development, the public interest in the lowest possible prices must assert itself against uncontrolled monopoly. But this should not blind us to the fact that the builders of these companies were a generation or two ahead of the rest of the world in promoting the development of the low-cost hydroelectric resources of the American continent to serve the metallurgical and chemical revolution which has come to fruition in recent years.

I submit, gentlemen of the committee, that these are the views of a believer in private enterprise.

The point in which Mr. Olds differs with some rock-bound conservatives, I believe, is in the matter of cooperative enterprise. Mr. Olds, in his conversations with me, discloses that he is a firm believer in voluntary cooperation as opposed to compulsory cooperation. He believes in the regulation of utilities rather than in a Government monopoly. He informs me that he believes in public power, yes, but as a yardstick and in situations that make it disadvantageous for private enterprise. By this I mean situations where navigation, flood control, irrigation, and kindred problems are involved and are of equal if not primary importance. May I point out that in the St. Lawrence project he has always advocated that this power, instead of being distributed to the ultimate consumer by a State agency, be sold at certain central distributing points to private utilities and municipalities which have their own distribution systems. None of this is indicative of any desire for nationalization.

Furthermore, Mr. Olds strongly believes that in order to preserve our civilization, people have to learn to work more closely together on a community level. I quote from a speech he made 2 years ago entitled "Harnessing the Nation's Power."

The power issue today is not only one of the country's biggest issues, but it is also symbolic of the all-inclusive issue which faces our democracy as we move into the postwar era—the issue as to whether we as a people are going to build our social order on the moral foundations of cooperation.

Our chambers of commerce are built on the same principle.

In conclusion, Mr. Chairman, may I say that it is my firm conviction that Mr. Olds has the same deep and abiding love for the American way of life and for individual freedom that we possess, that he is a public servant of rare courage and passionate consecration to what he deems the public interest and the rights of the consumer, and that he possesses a fine legal and engineering mind, able to discern the equities in the most involved utility proceeding.

The issue down here is not one of whether or not in this country we should have State regulation of the production and the price of gas at the well. That is a matter for Congress, gentlemen, to determine. It is not a matter of Mr. Olds' personal views. He does not decide that issue. Congress is going to determine that issue in the long run.

I submit that there is nothing in Mr. Olds' record, in fact every phase of his record is to the contrary, and it is his keen desire to carry out the will of Congress as expressed in the several acts that affect the

Federal Power Commission, and I think every one of his opinions as you follow through, will disclose a sincere searching into the will of Congress in the passage of those acts and the carrying out of them, rather than any personal philosophy.

In other words, I feel that he is a conscientious public servant, that he has done a magnificent job during the past 12 years, that he is sincerely devoted to the public interest, that he is as thorough a going American as I am, and that you gentlemen can put entire reliance on him as a member of the Federal Power Commission, if he continues in that position. I thank you, Mr. Chairman.

Senator JOHNSON. Thank you, Mr. Beukema. The committee is glad to have heard you.

Mr. George S. Reed, Federal Power Commission of New York. (No response.)

Senator JOHNSON. Mr. A. A. Berle.

Senator McFARLAND. May I ask just one question of Mr. Tead before we proceed with Mr. Berle. Mr. Tead, I noticed in your statement that you are the editor of the social and economic books for Harper & Bros. Did they publish a book by Mr. Warbasse on cooperatives?

Mr. TEAD. Yes, sir; Cooperative Democracy was the title of the book.

Senator McFARLAND. Did you approve of that book?

Mr. TEAD. It was published under my editorial auspices, sir; yes. If you ask whether I approve everything, Senator, I cannot tell you, frankly. I approve the general position of the consumer cooperative motive, if that is what you are asking me.

Senator McFARLAND. You think the book was a good book to be circulated, then?

Mr. TEAD. Yes, sir; yes, indeed, sir.

Senator McFARLAND. Thank you.

Mr. TEAD. I do not pretend, as a publisher, you will understand, to agree with everything in every book that I publish. That is not the function of book publishers in our land, but in the main I thought it was worth publishing; yes, sir.

Senator McFARLAND. That is all.

Senator JOHNSON. Mr. Berle, will you proceed with your statement.

STATEMENT OF ADOLF A. BERLE, JR.

Mr. BERLE. In the interest of time, I will take merely the high lights and ask that the text of the statement be annexed to the record. I endorse the views of the previous speakers, particularly Mr. Ordway Tead and Mr. James Bonbright. I high light two parts of Mr. Olds' career.

When in 1934 Mayor LaGuardia took over the government of the city of New York, I became the equivalent of city treasurer, though it had the title "chamberlain." The public-utilities situation was in one of the worst tangles we ever found it in, both financial, ratewise, city service, every other way. We availed ourselves then of Mr. Olds as a general consultant for the city, and during the ensuing 4 to 8 years he worked steadily with the city of New York. The result of that, I think everyone now agrees, was to the benefit not only of the city and of the consumers, but of the power companies themselves.

It was the day when they were learning that if you lower the rates and increase the market, you make a higher return, and I should merely like to state that there, in a situation of great technical intricacy which presented some of the problems now—that is to say, whether the State power commission was going to undertake to run the city—we found the happiest, most cooperative working relationship you can imagine, and to the advantage of everyone.

The second point I would like to high light, because it is relevant to something that was read a little earlier, is this. As Assistant Secretary of State, I had the pleasure of negotiating the waterway agreement between the United States and Canada, commonly known as the St. Lawrence waterways agreement, which has been the foundation of a great deal of work, though the main agreement has yet to be consummated.

Senator McFARLAND. I thought you were going to say, Mr. Berle, a foundation of a great deal of discussion.

Mr. BERLE. Well, there are lines and lines and lines of power companies, of industries, and many hundred thousands of men that are employed on the banks of the St. Lawrence River because of that work. You think of it, of course, only as the seaway and the capturing of the great power, but in point of fact the handling of that huge waterway and the power that it has developed is the most intricate job there is, and we have benefited inordinately. I am going to come back to that in a moment, because in large part I regard the work that was done and the fact that you have something you can discuss, as the personal achievement of Leland Olds.

He gave unsparingly of his time, and when we finally were together on the American delegation in Ottawa to negotiate it, it was his knowledge that carried the ball, and I am glad to be here to say so.

I should like to point out that one of the principal proponents in the current campaign of New York for getting that job done, is, precisely, Senator John Foster Dulles, who, whatever his views may be here, is certainly not above building on the work of Leland Olds when it is a question of campaigning in New York, and he is right, because New Yorkers want it.

Finally, not to trespass on your time, we, of course, in New York likewise have the problem that you have here in the natural-gas industry. We can perfectly understand that the natural-gas-producing States like to maintain their own autonomy in regulating that industry. It happens that in the New York and New England districts we do not produce any natural gas, but we need it.

At times in the past war, the fact that the oil supplies could finally begin to be piped into New York saved the situation, and we are perfectly aware that in case of either a coal tie-up or, still worse, even the slightest military attack that you might have, the fact that you could bring in natural gas into those great urban centers will be just the difference between whether their public utilities come in or go out.

All of that leads us to believe that Congress very wisely and quite intelligently intended the interpretation of the Federal Power Commission Act which Mr. Olds has given. Now there may be objection to it, but we feel that the people that object to that, to bringing natural gas into a general national system for the benefit of the users

of it, the cities that need it, we feel that the proponents of that position, instead of taking it out in a personal fight on a man, ought to bring in a well-considered bill into the Congress of the United States and let the proposition be fairly debated on its merits.

I may add that once that is done, I think that the interests of the great population centers like New York City, which are consumers and one of the great markets for this, will have to be balanced against the very rightful interest which the Texas and Oklahoma producers have, and I do ask, in urging the confirmation of a great public servant, and state it really will be a pretty bad day when years and years of faithful public service are rewarded by a turn-down.

In urging that, I should like further to urge that there be a general moratorium on trying to make personalities out of a situation that really ought to be the subject of a general debate. There is no question that there is a problem there, and I think all of us are prepared to believe it is still unsolved, but this ought not to be done by a personal attack on a man who has spent his entire life serving the public and whose philosophy is no more Socialist, I should imagine, than anyone at this table.

The history shows that unregulated or insufficiently regulated production of natural resources, leading to a financial scramble, and still more when it leads to monopoly, is the straightest and quickest road to nationalization and socialism that exists; and, where you are dealing with the utility industry and with natural resources of this kind, a wise and intelligent regulation is probably the greatest safeguard for free enterprise.

Gentlemen, I am obliged to you for your patience.

Senator JOHNSON. Thank you, Mr. Berle. The committee is glad to have heard you. Your prepared statement will be incorporated in the record at this point.

(The prepared statement of Mr. Berle is as follows:)

STATEMENT OF ADOLPH A. BERLE, JR., IN FAVOR OF CONFIRMATION OF HON. LELAND OLDS AS MEMBER OF THE FEDERAL POWER COMMISSION

I am here to urge confirmation of the appointment of Leland Olds as a member of the Federal Power Commission. He is a thoroughly qualified, first-rate public servant whose record fully warrants his reappointment.

His background is well known. His father, George Olds, was president of Amherst College and one of the best that famous college ever had. Leland Olds is an Amherst man who took graduate training in economics at Harvard and Columbia. He was consulting economist during World War I for the Council on National Defense and for the Labor Adjustment Committee of the Shipping Board—two very successful operations. In the early twenties he was economist for the railroad employees department of the American Federation of Labor; and his studies, work, and advice then had a great deal to do with the long period of peace which prevailed between labor and railroad management. In 1931 he was appointed as economic consultant and later as executive assistant to the New York State Power Commission. Most people know the New York State Power Commission and know it has been one of the most common-sense, clear-headed regulatory bodies in the United States.

In 1934 Mayor LaGuardia took over the administration of the city of New York. I was the equivalent of city treasurer. The public-utility situation was in a first-rate tangle. We called in Leland Olds to act as expert for the city of New York, and we followed his policies. He steadily showed us ways by which the city efficiency could be increased and by which the public utilities could supply us with electricity and gas at lower cost.

He was one of the first economists to see that with lower rates and increased volume the public would benefit and the utility companies themselves would make

more money. Most utility-company executives today follow that policy. There was controversy at the time, but time proved that Olds was right.

His studies, both for the city of New York and for the New York Power Commission, showed something else. They showed that the accounting and other practices of the pyramided companies at that time were unjust, both to electricity users and stockholders. This was disliked in some quarters then, but again time proved him entirely right. No one wants to go back to the days of Sam Insull or the manipulations of the Associated Gas & Electric Co.

Leland Olds has played a leading part in negotiating the arrangements with Canada for power from the St. Lawrence River. He and I were associated on the delegation which conducted the negotiations. There are people, as you know, who disagree; but the position he and I took there was supported both by the Republican and the Democratic Parties, by President Hoover as well as by President Roosevelt, by Governor Dewey as well as by President Truman.

Olds' greatest service to the United States has been in straightforward dealing with the natural-gas industry. Olds was among the first to see that natural gas was going to be marketed not merely in the fields where it originates but on a national system. In time of coal shortage or of coal strikes a national system of natural-gas distribution is a mighty safeguard. But this cannot be done except under a system of regulation so that it ties in with the existing gas and fuel distribution in our great cities. There is no other way. I am told figures show the natural-gas industry has the highest profit ratio of any major industry in the United States. They certainly can be asked to handle their distribution for the benefit of entire areas rather than merely skinning the cream off a few highly profitable operations.

No one here, I suppose, takes the stupid position that public-utility regulation is socialism or communism. It is, of course, the exact opposite of that. It is an endeavor to see that business does what is necessary to enable the country to keep going on a private system.

If Leland Olds and men like him did not exist, we should have to invent them to safeguard the American system. He has given a lifetime of service, at a pay far less than he could make in private life, to hold a just balance between the great utility companies and the American consumer. On every basis he is entitled to confirmation.

Senator JOHNSON. Mr. Donald Montgomery.

Mr. MONTGOMERY. I am not prepared today, Mr. Chairman. I ask that I be allowed to be heard on Wednesday or Thursday.

Senator JOHNSON. Mr. Angus McDonald.

(No response.)

Senator JOHNSON. Mr. William A. Roberts.

(No response.)

Senator JOHNSON. Are there any other witnesses from out of town who would like to be heard?

Mr. STRONG. I am Harry J. Strong, from Davenport, Iowa.

Senator JOHNSON. Will you come forward, Mr. Strong. The committee will be glad to hear you.

STATEMENT OF HARRY J. STRONG, SECRETARY AND MANAGER OF THE FIRST IOWA HYDROELECTRIC COOPERATIVE, MUSCATINE, IOWA

Mr. STRONG. I am Harry J. Strong, of Davenport, Iowa. I am secretary and manager of the First Iowa Hydroelectric Cooperative, a nonprofit cooperative association, of Muscatine, Iowa.

In appearing here today before this committee, I hope you will keep in mind that we are wanting you gentlemen of our Congress to know it is for something bigger than mere reappointment of Mr. Leland Olds to the Federal Power Commission.

This agency of our Government, the Federal Power Commission, is one of the most important means by which the public's interest can be

safeguarded, and after the experience we had had in the last 10 years we are convinced of this one thing; namely, if it comes to where the selfish interests can decide who shall be the members of the Federal Power Commission—

Senator CAPEHART. Mr. Strong, who are the "selfish interests"? Do you care to name them?

Mr. STRONG. I think the private utilities. I will, further in my statement.

Senator CAPEHART. Each and every one of them?

Mr. STRONG. I believe that is correct.

Senator CAPEHART. You believe every private utility in the United States is a selfish interest?

Mr. STRONG. I do, when they join in associations such as they do and grab for monopolistic control.

Senator CAPEHART. You do not believe there is a single honest one among the bunch?

Mr. STRONG. There are a few, very few. I cannot name one.

Senator CAPEHART. You think they are doing the country a disservice?

Mr. STRONG. I do.

Senator CAPEHART. You think they have always rendered a disservice to the country?

Mr. STRONG. I would rather put it the other way. They render a service for themselves.

Senator CAPEHART. You do not think they have ever rendered a service that benefited America?

Mr. STRONG. If they have, it has always been for good pay.

Senator CAPEHART. Are you opposed to the profit motive in our American way of life?

Mr. STRONG. Not a decent profit, no; a reasonable profit.

Senator CAPEHART. I notice you are the manager of this cooperative. Do you make a profit in your organization?

Mr. STRONG. None.

Senator CAPEHART. You make no profit?

Mr. STRONG. It is a nonprofit cooperative association.

Senator McFARLAND. But the individuals make a profit.

Mr. STRONG. The members make a profit by reducing their costs.

Senator McFARLAND. That is the reason they formed the association.

Mr. STRONG. That is correct.

Senator CAPEHART. Do they not make an indirect profit?

Mr. STRONG. How do you mean, "indirect"?

Senator CAPEHART. You say they get lower costs.

Mr. STRONG. A nonprofit cooperative association cannot make a profit.

Senator CAPEHART. The members make the profits.

Mr. STRONG. How do they make the profits?

Senator CAPEHART. I do not know. You tell us.

Mr. STRONG. They make savings by joining together and doing it on a cooperative basis.

Senator CAPEHART. You would not call that saving a profit?

Mr. STRONG. No.

Senator JOHNSON. Proceed, Mr. Strong. I hope the members of the committee will withhold their questions until the prepared statement is finished.

Mr. STRONG. I repeat again, if it comes to where the selfish interests can decide who shall be the members of the Federal Power Commission or any other regulating body of our Government, then pity on the people's interests.

I personally appeared before a subcommittee of this same arm of the Senate about 5 years ago, when Mr. Olds was up for reappointment. I said then, and repeat now, we know of no man who could be named on this Federal Power Commission who can and will do a better job in good government and in the public's interest. Another 5 years has passed. Mr. Olds has carried on; his record speaks for itself. Who is it that can puncture that record of being right, honest, capable; and you know as we do that if this man can be bought, influenced, intimidated, or compromised it would have shown up.

The interests who tried to smear Mr. Olds heretofore we know were the private utility crowd; they had their pet State commission and agency spokesmen here at that time. It was obviously the private electric power crowd who tried to block his confirmation. Who can be so blind now as to think it is not that same group presently opposing Mr. Olds? Much has been printed to indicate the gas and oil people are against Mr. Olds. There may be something to that angle; it would be natural for this group to want control of whoever becomes a Commissioner of the Power Commission.

We believe any group—be it the oil and gas people, be it the private utilities—be it a state or political subdivision thereof, or be it a cooperative association—if and when whoever or whatever is brought before the Federal Power Commission if it is clean, if it is aboveboard, it will get a fair and honest hearing and be treated justly, that is, if you men of this great Senate see that honest men are permitted to serve on the Commission.

Mr. Olds was Commissioner in charge of our matter; we were denied a license to build a hydroelectric project; the denial came through a misinterpretation of the Federal Power Act. Who raised the confusion is clear in the record: it was the private utility people. Hearings for 38 days, more than 5,000 pages of transcript, to the appeals court, to the Supreme Court, and through a mandate from the Supreme Court a license finally issued. We are going back through the courts again. Just a week ago Monday our case was argued before the United States court of appeals in St. Louis.

If we or anyone could control this Federal Power Commission, do you think it would take 10 years to establish or get a right, a license to build a project to use the natural resources for the public's benefit? If perchance the selfish interests can get control over who shall serve on these commissions—God forbid that day—then the public's interest will be lost. We believe it is the private electric utilities who are sitting in the background hoping this committee will listen to a new group—a different approach to smear Mr. Olds out of being on the Federal Power Commission.

Unless you men hearing this matter realize the whole effort to sabotage what is left of a great and fearless fighter for the public interest, who will lose and who will win if Mr. Olds is not confirmed, you will have failed in your duty to we the people.

I again say it is not just Mr. Olds, it is who wins—selfish interests, those who will not or dare not place their matters squarely and above the table and expect things on their merits, but rather to own the

horses in the race and know whatever they want they get; merits need not count when weaklings or controlled commissioners decide a matter.

We say to you we believe we were strung along over a long period to prove out our case—to win the rights of coming to the Federal Power Commission for a license to build a hydro project. If it were not for there being honest men on the Federal Power Commission, we would have given up long ago; the private selfish interests would have won their monopolistic control. If these selfish interests would have had their choice of Commissioners, we would have dropped out; it is because of merit, because of honesty and the public's interest getting fair treatment that we are winning our case.

We have our license from the Federal Power Commission, so my coming here now is not with the thought Mr. Olds need be there for further action in our matter. We are thinking solely of the future—that others doing things for the people's interests may have good and honest men like Mr. Olds to deal with.

We ask you to act favorably on this matter and support one who has proven himself to the people; no man can do a better job than Mr. Leland Olds.

Senator JOHNSON. Thank you, Mr. Strong. The committee appreciates your coming here and giving us your views. Any questions of Mr. Strong?

Senator MCFARLAND. There is no question, Mr. Chairman, but there is one statement in Mr. Strong's statement here that I rather regret, and that is the statement where he refers to State commissioners who appear here as pet crows for private utilities, which he says are a selfish interest.

I think, until it is proven, that anyone who comes here and makes a statement on either side should be accorded credit for being entirely sincere in what he has to say, and I do not care whether it is for or against Mr. Olds, and for a man to come here and try to impeach the character of anyone or any commission, and particularly when it refers here to the commission of my State—

Mr. STRONG. No, no, Senator.

Senator MCFARLAND. That is the inference here. It will speak for itself, Mr. Chairman. I am not going to take the statement of my commission in my State as true until it is proven true, but I do give them credit for sincerity, and I take it that any other States—telegrams have been read here. I do not think that those who oppose Mr. Olds or those who favor him are going to get anywhere before the Congress of the United States in coming here and making insinuating statements against the integrity of individuals who may want to come here and appear.

Mr. STRONG. Mr. Senator, I can only say that I can only observe from that which I heard in the hearing which was held relative to Mr. Olds' confirmation last time, and I simply sat in the audience listening. I swear to you I cannot tell you what State it came from, but it was the commissioners from that State who were opposing Mr. Olds. I swear I do not know what State they were from.

Senator JOHNSON. The Chair would like to observe that we have read into the record the positions of the various State commissions. The Alabama commission, as I remember it, felt that Mr. Olds had been of great value to them in helping them work out their problems.

Other commissions expressed themselves. Some commissions opposed him. We will not assume that, if you are in opposition to Mr. Olds, you are a pet and controlled by the private utilities; and we will not assume that, if you are for him, you are trying to get something out of him.

The committee would like to adjourn at this time until 9:30 tomorrow morning, when we will hear Congressman Lyle and probably, as soon as he completes his statement, we will hear Mr. Olds.

(Whereupon, at 12 noon, the hearing was adjourned to reconvene on Wednesday, September 28, 1949, at 9:30 a. m.)

REAPPOINTMENT OF LELAND OLDS TO FEDERAL POWER COMMISSION

WEDNESDAY, SEPTEMBER 28, 1949

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE
ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 9:40 a. m., in room 312, Senate Office Building, Senator Lyndon B. Johnson presiding.

Present: Senators Johnson (presiding), McFarland, Edwin C. Johnson (chairman of the full committee), Reed, and Capehart.

Also present: Senators Tobey and Kerr, and Edward S. Jarrett, clerk of the committee.

Senator JOHNSON. The committee will come to order, please.

The CHAIRMAN. Mr. Chairman, we are honored by the presence of a Congressman this morning, and I know how it is. They have a lot to do, just as Senators have. Could you hear him first, or is that your plan?

Senator JOHNSON. That is my plan, Mr. Chairman. Before we call the witness, though, I want to put in the record a letter I have received from the State president of the Affiliated Young Democrats, Inc., of New York State, Mr. Harold R. Moskovit, in support of Mr. Olds. Without objection, it will be placed in the record.

(The letter above referred to is as follows:)

SEPTEMBER 27, 1949.

HON. LYNDON B. JOHNSON,
United States Senator from Texas,
Washington, D. C.

DEAR SENATOR: I am very happy to inform you that the Affiliated Young Democrats of New York State have unanimously endorsed the reappointment of one of their honorary members, Leland Olds, to the Federal Power Commission.

The Affiliated Young Democrats are happy to endorse Commissioner Olds in view of his excellent record in the Federal Power Commission, and we feel that his confirmation by the Senate will certainly enable Mr. Olds to carry on his splendid work with the Federal Power Commission, which is needed for our country.

Kindest regards.

Sincerely,

HAROLD R. MOSKOVIT, State President.

Senator JOHNSON. The chairman would like to announce that, if it is agreeable to the committee, we will run as long as we can this morning, probably until 12:30, and then meet again this afternoon at 2 o'clock and run rather late, in an attempt to get some of these 12-hour

personal appearances behind us. We will meet again in this room this afternoon at 2 o'clock.

We have with us Congressman John Lyle of Texas. Congressman Lyle, do you have a prepared statement?

Mr. LYLE. I have, Mr. Chairman.

Senator JOHNSON. Will you please deliver it to the clerk and have the clerk distribute it and take a seat over here?

Mr. LYLE. Mr. Chairman, I brought several copies, if it will be helpful to the committee.

Senator JOHNSON. Give the clerk enough for each member of the committee.

The CHAIRMAN. Mr. Chairman, we are honored in having Mr. Lyle here because of his very great war record. Everyone in Texas knows of it, but some of the rest of us are not so familiar with it.

Mr. Lyle entered the Army as a private, and came out as a major. He is a Purple Heart veteran, being wounded at Anzio, I believe. He was nominated and elected to Congress while he was at the front. I think that shows what the people in Texas think of him. He represents the Corpus Christi district of Texas.

I think the committee is fortunate, and the Congress is fortunate, in having a man of Mr. Lyle's standing in Congress, and appearing before this committee.

Senator McFARLAND. Mr. Lyle, were you in Congress before?

STATEMENT OF JOHN E. LYLE, MEMBER OF CONGRESS FROM THE FOURTEENTH DISTRICT OF TEXAS

Mr. LYLE. No, sir.

Senator McFARLAND. Well, I think all the people of Texas are fortunate in having you represent them in Congress.

Mr. LYLE. You are very kind, Senator. I am deeply grateful for those kind words. I must say, however, that my record was very meager compared to that of most of the young men who served their country in Europe.

Senator McFARLAND. I visited Anzio beach right after VE-day, and I know what you boys went through to make the landings; at least, I saw enough to know something about it.

Mr. LYLE. It was more exciting at times, I think, than the service in the Congress.

The CHAIRMAN. A little hotter; was it, Congressman?

Mr. LYLE. Yes, sir.

Senator McFARLAND. I understand you also resigned your position in the legislature, Mr. Lyle, to enter the service?

Mr. LYLE. Yes, sir; I was serving in the Texas Legislature at that time.

The CHAIRMAN. Members of the legislature are excused from military service, so that makes a volunteer of you, even though we had the draft and you were a draftee.

Mr. LYLE. Senator, I was sitting in the legislature one day and I looked at my registration card. My classification—I looked it up—it had members of the legislature and morons in the same class; so I decided to volunteer. [Laughter.]

Senator McFARLAND. Mr. Lyle, I wonder how we could keep people from classifying Congressmen and morons together now.

Mr. LYLE. Well, I think the people have a great deal of confidence in the United States Congress and the United States Senate.

Senator McFARLAND. Well, I meant by "Congress" to include the Senate.

Senator JOHNSON. Proceed, Congressman, with your statement, if you will, please.

Mr. LYLE. Mr. Chairman and members of the subcommittee, I am John Lyle, a Member of the House of Representatives from the Fourteenth District of Texas.

During the past 9 years, I have served continuously as a member of a legislative body, except for a period during the last war when, as the Senator suggested, I had the privilege of serving my country as a soldier in the ground forces of the European theater. I served two terms in the Texas Legislature, and I am serving my third term here.

I am therefore conscious, gentlemen, of the unusual position I occupy at this moment as a witness. Only the deepest convictions could compel me to cross the rotunda and request this audience. It is an unpleasant task to oppose a nominee of the President, who is my very good friend. I respect the President and I have confidence in him, and I am sure that, had he known what I know of Mr. Leland Olds, this appointment would not have been placed before the Senate.

Mr. Chairman, it is my sincere opinion that this appointment is devoid of merit and devoid of justification. It is an utterly unthinkable appointment for the time in which we live.

I am here to oppose Mr. Olds because he has—through a long and prolific career—attacked the church; he has attacked our schools; he has ridiculed the symbols of patriotism and loyalty such as the Fourth of July; he has advocated public ownership; he has reserved his applause for Lenin and Lenin's system, and he has found few words of praise for our American system; and, yes, gentlemen, he has seen fit to attack the men who serve as elected representatives in our Government—men such as you. He has characterized you as mere administrative clerks handling administrative details for "an immensely powerful ruling class."

Yes, unbelievable as it seems, gentlemen, this man Leland Olds, the man who now asks the consent and approval of the Senate to serve on the Federal Power Commission, has not believed in our Constitution, our Government, our Congress, our representative form of Government, our churches, our flag, our schools, our system of free enterprise.

I am aware that this man has his apologists—friends who excuse his record and disregard his established contempt for the fundamentals of American philosophy. Mr. Chairman, I respectfully submit that one of Mr. Leland Olds' particular and peculiar talents is the ability—like a chameleon—to be many things to many men. He has passed from side to side and color to color of passing political issues with the ease and grace of a totally nonjudicial mind. No man can assure you with confidence that he knows where Leland Olds stands, for Leland Olds has seen fit—even in very recent years—to resort to the gymnastics of expediency to remain in a position of power where his advocacy can retain the influence of high position.

In 1947, I became familiar with legislation then proposed to amend the Natural Gas Act. This legislation, as you may remember, was the so-called Moore-Rizley bill. It became the center of a bitter con-

trovery and was vigorously opposed by the Federal Power Commission. As a substitute, the Commission proposed and had introduced a bill by my very able colleague, Mr. Priest, of Tennessee. All members of the FPC, including Leland Olds, urged Congress to enact the Priest bill, and the President urged Congress to pass this same bill.

The Priest bill failed to pass the Eightieth Congress. However, the Priest bill seemed to me an excellent approach to solution of a problem involving independent producers and gatherers in the gas industry. So, last summer I drew, as best I could, a bill very similar to the Priest bill and aimed at the identical objective. In view of the statements and recommendations of the members of the Federal Power Commission, I thought that such legislation would be noncontroversial and would have the full support of the Commission and the President.

I introduced the bill in January 1949. It is H. R. 79.

In April, the House Interstate and Foreign Commerce Committee began hearings on H. R. 79 and H. R. 1758, a similar bill introduced by Mr. Harris of Arkansas. At that time, Mr. Leland Olds, the man who shortly before had recommended similar legislation, did a complete turn-about and launched a bitter and vicious attack on these bills and those proposing them, inferentially characterizing the bills as an attempt to mulct ultimate consumers of millions of dollars. His attack disregarded the fact that these bills were in the image of a philosophy and purpose he had advocated himself.

Mr. Olds' attack was predicated upon misleading statements, half-truths, distorted statistics, and a multitude of devices designed and utilized to obscure the issue at hand.

Frankly, I could not conceive of a mind—a mind of a man in a responsible position—that could vigorously support a principle at one moment and as bitterly attack it the next.

Senator TOBEY. A man has a right to change his mind; does he not?

Mr. LYLE. He certainly does, sir.

Senator JOHNSON. Congressman Lyle, this is Senator Tobey. He is a member of the full committee.

Mr. LYLE. I know the very able gentleman.

Senator TOBEY. Did you not ever change your mind on issues and men?

Mr. LYLE. Yes, sir.

Senator TOBEY. The time you do it in is a fraction of a second, is it not, almost instantly? Therefore from then on your conduct and judgment change according to your own good judgment; is that not right?

Mr. LYLE. I hope so, sir, always.

Senator TOBEY. Does that not qualify what you are talking about now?

Mr. LYLE. It does not for me, sir, in circumstances—

The CHAIRMAN. Is there not a difference in changing your mind and changing your official position, where your official position affects industry and affects people generally on a very large scale? Is there not a difference in that?

Senator TOBEY. Let me say to the distinguished chairman that he and Members of the Senate, under the flow of oratory that sometimes is exuded in that Chamber, I think the Senator has changed his mind, and many people in Congress and 150,000,000 people in the Nation. I have done it.

The CHAIRMAN. Certainly.

Senator JOHNSON. If I may suggest to the members, the Congressman has a prepared statement. He will be here this morning. He will be very glad to have any questions asked of him when he concludes, and I should not be surprised if some Members of the Senate change their minds if they are willing to indulge him a courteous hearing.

The CHAIRMAN. There is a great difference in changing your mind and changing your principles, and that is what is involved here.

Senator JOHNSON. If the members will bear with us, at least for a few minutes until the Congressman completes his prepared statement, the Chair will appreciate it. Proceed, Congressman.

Mr. LYLE. What manner of man was this Olds? I spoke to my colleagues; few of them knew him. I turned to Who's Who in America. There I noted that he had been industrial editor of the Federated Press. Then I turned to the Congressional Library and its files of the Federated Press publications and of Industrial Solidarity, the publication of the Industrial Workers of the World and of the Daily Worker, a publication of the Communist Party. In short, I turned to the record.

I received a shock, gentlemen. I could not believe that a man with the background and philosophy of Leland Olds could have been permitted to take public office and to serve in a responsible position for so long a time.

Here, gentlemen, was a man who had risen to high position by attacking the church, by attacking the schools, by attacking the flag, by attacking the patriotism of the Fourth of July, by attacking our free-enterprise system, by attacking our Government.

I found that he had publicized a school for Communists, urging the comrades to attend. I found he was full in his praise for the Russian system. I found that he advocated radical and alien changes in the things that all of us believe in, live for, and fought for.

But now I can understand Mr. Olds, can understand his manner of doing things, his easy turn-about without reason, his easy advocacy of either side of a question, using the same artful, deceitful, and sly tactics so evident from his writings which I have assembled.

The Federated Press, to which I have referred, operated as a left-wing labor press service, and was closely identified with Communist movements and groups. Its executive board included, among others, Earl Browder, who has long been prominent in Communist affairs and is identified in Who's Who as "American representative of Soviet publishing houses."

That the Federated Press was hostile to and was avoided by the legitimate labor movement in the United States, there can be no question. The American Labor Yearbook, 1923-24, published by the Rand School of Social Sciences of New York, N. Y., states the following in regard to the Federated Press:

The report of the special committee, appointed by Gompers by authority of the 1922 convention, to investigate the news and editorial policy of the Federated Press, was adopted by the 1923 convention. The report stated that the Federated Press served 75 publications and about 200 local unions and central bodies, and that the policy of the F. P. "is to report the news of all pretending-to-be factions of the labor movement and to admit to membership in the FP publications representing all factions and wings of the movement." The committee declared that "a majority of the present directors would in any test be either hostile to the American Federation of Labor or lukewarm toward it," and that

the Federated Press includes or can include "all the various revolutionary elements outside of the American Federation of Labor hostile to the AFL, hostile to democratic principles in general, and in open warfare in an effort to undermine and destroy the American Federation of Labor." It could not recommend membership in the Federated Press in sufficient numbers to outvote the present majority, because not less than four-fifths of the present members must vote for the admission of an applicant and because of an indebtedness of \$48,000. The committee held, and was surprised by the votes of the convention, that the "Federated Press lends itself continuously to the spreading of doctrines, subversive of the best interests of the American working people as expressed in the bona fide trade-union movement."

Both the Federated Press and Leland Olds received financial support from the American Fund for Public Service, Inc., popularly known as the Garland fund. This fund, established in July 1922, originated as a gift of about \$900,000 from a youth named Charles Garland. With subsequent appreciation in the market value of securities during the 1920's, the substance of this original fund nearly doubled.

Within about 6 years of its foundation, the resources of the Garland fund were almost entirely exhausted, having been used largely to finance various Communist activities, programs, and propaganda. The Daily Worker and the New Masses, official Communist publications, received substantial financial support from the fund, as did also the Federated Press. Leland Olds received from the Garland fund gifts of \$3,640, \$3,600, and \$3,600 during the period from 1925 to 1928.

In a sworn statement by Carl Haessler, which is contained in the Federated Press Labor Letter, issue of April 6, 1927, page 2, he identifies himself and Leland Olds as the two editors thereof.

In his capacity as editor and writer for the Federated Press, many articles credited to Leland Olds appeared in the following papers published or serviced by the Federated Press:

The Daily Worker, official organ of the Communist Party.

Industrial Solidarity, official organ of the Industrial Workers of the World (IWW).

Labor Letter, Federated Press.

Labor's News, successor to Labor Letter, Federated Press.

Leland Olds, at the hearings in 1944 before this Senate committee on his reappointment to be a member of the Federal Power Commission, made the following statement with reference to his writings for the Federated Press:

Mr. OLDS. I think that I was not advocating anything in my articles; I was describing a situation, an economic condition—I was writing economic articles that were describing and interpreting the statistics that were constantly coming in from the various Government agencies, the State agencies—financial reports and so forth * * *.

I may say to the committee that I have never seen a more deceptive statement than that one which Leland Olds made to this committee in his testimony in 1944. Unfortunately, no searching examination of the nature of the writings to which he referred appears to have been made at that time. If there had been such an investigation, I am confident that his deceit then would have been discovered.

At this point, in order to show their real nature, I should like to read to you just one representative example of the kind of material which Leland Olds wrote for the Federated Press. It speaks for itself. The article, entitled "May Day Dreams," appeared under Olds'

name in the Federated Press Labor Letter dated April 14, 1926, page 1:

Wanted—A goal that will restore dignity and quality to the life of the American worker. That is the unspoken plea of the rank and file of American labor as May Day, the spring festival of international labor, swings round again. Such promise, answering the yearnings of people in an American environment, will make workers flock to the labor movement.

So far it has been lacking. There have been strong new currents directed to justify unions in the eyes of the employing class. There has been sustained propaganda based on theories developed to meet European conditions. Both fail to include the values the American worker is seeking.

The impulse which produces a strong movement of social revolt is intense dissatisfaction with the meanness and poverty of life forced on people by the existing economic order. In spite of the seeming wide diffusion of the good things of life noted by British observers such discontent is widespread in America, if only because man does not live by bread alone. But it has not created a great movement because no call has promised re-creation of the social order in America to eliminate sordidness and restore dignity.

Such promise is not contained in the chief aims of the American labor movement today—high wages, pensions, and partial stability of jobs secured by cooperation with capitalism in the discipline enforced by its sordid aims. These may well be parts of the program if re-creation of society is the avowed objective.

A new age is being born which will succeed capitalist political democracy. The parliamentary systems which began in the Anglo-Saxon world with the Whig revolution in England, in Europe with the French Revolution, are decadent. Under them political liberty meant the freedom of the commercial class to enforce sacrifices from the people.

The new age is being ushered in by revolutions in Russia, Italy, Mexico, Turkey, and China. History will bear witness to Lenin, Mussolini, and perhaps Sun Yat-sen when the Coolidges and Baldwins are forgotten. The democratic political liberty which meant protection for the accumulators of wealth will no longer weigh heavily in the scales. In its place will come social liberty implying protection of workers in their right to enjoy such fullness of life as their labor creates, unhindered by exploiters whether financiers or politicians.

Did Leland Olds mean to say that he was not "advocating anything" when he wrote that article and many others like it? Let us see about that.

My investigation of his writings spanned the period from 1924 to 1929 and covered the publications which I have previously named. From the files of these publications in the Library of Congress I have obtained and have available 54 photostats of pages from these papers which contain articles by Leland Olds.

I am going to present to your committee for inclusion in the record each one of the photostats which I have assembled. Before doing so, however, I should like to summarize briefly the nature of their contents. They provide a clear and definite pattern of Leland Olds' alien economic and political philosophy. They unmistakably show that his objectives are basically hostile to our American way of life.

In these published articles Leland Olds—

1. Urges comrades to enroll in Communist "training courses" so as to "equip" themselves for greater usefulness in the movement.

2. Claims that educational institutions are subservient to the "money princes who govern industry, endow education, and generally distribute royal gifts to the glory of God and the admiration of the populace."

3. Hails the "decay" of the church as a religious institution and its transformation into a "handmaiden of the capitalist system."

4. Advocates the elimination of private property in productive enterprise, including nationalization of the railroads, public utilities, and the coal industry.

5. Sneers at the Fourth of July "as the day set apart by the world's greatest exploiters to glorify their rise to power." "To millions of workers slaving throughout the world to provide the tribute exacted by the American dollar empire," he says, "the Fourth of July will loom as anything but the birthday of liberty."

I did not say that. I quoted Leland Olds. He asserts government in the United States is nothing more than a servant of business. He views it as a "popular delusion that a political system in a much simpler economic era still affords the people effective control through their votes over the complex industrial state which has come into being." "Politicians," he says, "must perpetuate this idea for their jobs depend upon it," but the true view "would reveal the politician government handling certain administrative details for an immensely powerful ruling class."

7. Reveals his fundamental opposition to the American system of private enterprise.

8. Denounces the private-enterprise system in all of its aspects.

9. Exults over and over again in the so-called decay of the capitalist system.

10. Anticipates and urges the downfall of that system.

11. Predicts the "complete passing of the old order of capitalism."

12. Hails the "fatal illness" of the profit system.

13. Predicts dire consequences unless the "profit system is superseded."

14. Foresees the "elimination of competitive private capitalism" and recommends that organized labor "develop political power sufficient to put over nationalization" or "seek control by the workers themselves under a worker government."

15. Looks forward to a "planned economic order" to replace the "anarchy of competing private capitalists."

16. Expresses contempt for our major political parties and for political figures generally.

17. Asserts—this is astonishing—that "political democracy based on geographical representation is played out."

This is another thing that confuses me. I have read it 50 times.

18. Contends that "confusion of thinking arises when social revolution is conceived as an extension of democracy."

19. Extols the virtues of the Russian system as contrasted with conditions of the United States.

20. Commends Lenin for knowing what would take the place of "political partyism" in making his bid for power in Russia; predicts that "that change is coming in America"; and exhorts American labor to engage in "advance preparation."

21. Enthuses that in Russia the labor movement leads the world "in building a worker's republic."

22. Urges, in conformity with Marxian doctrine, the establishment of "a new world unity of workers" to replace "the decaying capitalist order."

23. Laments the failure of American labor to join forces with the Russian unions.

24. Praises the Russian system as the coming world order and as a model for the United States.

25. Preaches class war.

26. Echoes the Communist doctrines of class struggle, surplus value, exploitation, downfall of capitalism, and international action by workers, as proclaimed by Karl Marx in his Communist Manifesto and his Das Kapital.

These are serious charges to make. I now propose to prove them by detailed documentary evidence, by Leland Olds' own writings, by words from his own pen.

With your permission, Mr. Chairman and gentlemen of the committee, I have here a photostat of the Daily Worker, July 8, 1924. You remember that Mr. Leland Olds put in Who's Who that he was industrial editor for the Federated Press for that period. Could I read just briefly from an article here headed "Federated Press industrial editor: Comrades who have been too busy in the movement to follow the more general problems of communism will thus be able to clarify their ideas and equip themselves for greater usefulness in the movement."

In discussing those who will be there, "Among these leaders will be Comrades Lore, Gottfried, Weinstone, Brower, Trachtenberg, Nearing, Simpson, Moreau, and others."

Mr. Chairman, would you care to look over these, and you gentlemen?

Senator McFARLAND. Mr. Chairman, I think that ought to appear in the record in full.

Senator JOHNSON. Without objection, photostat No. 1 of Tuesday, July 8, will be inserted in the record at this point.

(The document above referred to follows:)

[From the Daily Worker, July 8, 1924]

NEW YORK WORKERS SCHOOL OFFERS GOOD COURSES

(Federated Press industrial editor)

NEW YORK, July 7.—The Workers' School is giving a number of courses this summer which should prove of great value to the movement and the individual members of the party.

A party training course will be conducted with the aim of strengthening the party organization by providing the active comrades with an opportunity to study American social and economic conditions and the history and tactics of the international Communist movement. Comrades who have been too busy in the movement to follow the more general problems of communism will thus be able to clarify their ideas and equip themselves for greater usefulness in the movement.

TWO COURSES

There will be two classes in the training course, one on the international Communist movement and the other on American social and economic conditions. These courses will be given on Monday and Wednesday evenings at party headquarters for 10 weeks ending September 15. The class will be organized as a study and discussion group. Each session of the class will discuss a special subject under the direction of a leader who has carefully prepared the facts and material for discussion. Among these leaders will be Comrades Lore, Gottfried, Weinstone, Brower, Trachtenberg, Nearing, Simpson, Moreau, and others.

Instruction in speaking and writing English and in methods of reading and study will also be given to those attending the party training course. Students will be admitted to this course only through their branches and will be responsible to their branches for regular attendance and serious attention to the course. No fee will be charged to individual students, but the expenses of the course will be met by a \$10 fee to be paid by every branch. Each branch has the right to designate three students to attend. All who wish to attend the party training course should make application to their branches. The first meeting of the students will take place Wednesday, July 9, at 8 p. m.

SPEAKING CLASS TUESDAYS

The public-speaking class is already in successful operation with about 50 registered. Training is given in voice production, diction, English, preparation of material for speeches, current events. The class will be divided into two or three sections, according to speaking ability and command of English. The members of this class will be sent out as speakers for the party as rapidly as they qualify for this work. All active members should enlist in this course, which is of the greatest importance for the party.

The public-speaking class will meet every Tuesday evening at party headquarters beginning with Tuesday, July 8.

The Workers School is taking over the first floor of party headquarters for office and educational use. There are excellent accommodations here for a library and reading room and office and lecture room. The new headquarters will be opened with a lawn party in the back yard on Sunday, July 20, in the evening. There will be music and dancing and Japanese lanterns. Don't miss it.

Mr. LYLE. Mr. Chairman, I have before me here a photostatic copy of the Daily Worker, July 16, 1925, wherein Leland Olds claims that educational institutions are subservient to the "money princes who govern industry, endow education and generally distribute royal gifts to the glory of God and the admiration of the populace."

Article entitled "'Gifts' of Owning Class Only an Investment in Continuing Dictatorship of Capitalists"; by Leland Olds, Federated Press industrial editor.

I just briefly call your attention to a few lines:

Give till it hurts means nothing to the money princes who govern industry, endow education, and generally distribute royal gifts to the glory of God and the admiration of the populace. They simply can't give till it hurts. They have too much. And if they could it would mean stepping down from the throne of exploitation to become a common man.

He continues:

Needless to say, the dependence of universities on these securities for their incomes influences their view of the economic problem. Pennsylvania, which fired Scott Nearing, owns over \$5,000,000 of railway securities.

I hand you this, Mr. Chairman, or would you care to see it?

Senator McFARLAND. Mr. Chairman, I think all of these articles ought to be printed in full.

Senator JOHNSON. Do you mean to print the whole page? What you want is the pertinent article that the Congressman is discussing.

Senator McFARLAND. I think, Mr. Chairman, that the full article that he is discussing should be printed, yes; not the other articles that do not pertain to Mr. Olds. I mean the articles that were written by Mr. Olds, the full articles.

Senator JOHNSON. The Chair will make that clear. Without objection, page 3 of the Daily Worker of July 16, 1925, the article entitled "'Gifts' of Owning Class Only an Investment in Continuing Dictatorship of Capitalists," by Leland Olds, Federated Press, industrial editor, will be made a part of the record at this time without objection.

(The document above referred to follows:)

[From the Daily Worker, July 16, 1925]

"GIFTS" OF OWNING CLASS ONLY AN INVESTMENT IN CONTINUING
DICTATORSHIP OF CAPITALISTS

By Leland Olds, Federated Press industrial editor

Give till it hurts means nothing to the money princes who govern industry, endow education, and generally distribute royal gifts to the glory of God and the admiration of the populace. They simply can't give till it hurts. They have

too much. And if they could it would mean stepping down from the throne of exploitation to become a common man.

This is shown in an analysis of the gift of 16,000 shares of Standard Oil of California stock by John D. Rockefeller, Jr., to the Metropolitan Art Museum of New York. This gift was estimated to have a market value of about \$1,000,000. It gave John D., Jr., front page in all the big dailies—something Mrs. Jones would never get if she gave \$10 out of her insufficient wages to charity. But this \$1,000,000 gift represents less than 1 percent of Rockefeller's holdings in all the various companies composing the Standard Oil group.

In 1922, according to Dow, Jones & Co., Rockefeller, Jr., held 1,902,016 shares of Standard Oil of California with a market value of \$104,120,960. He held altogether in the several Standard Oil companies 7,638,390 shares, representing about one-sixth of all the shares of these companies. The market value of his Standard Oil stock was figured at \$410,000,000, with annual dividends totaling about \$12,000,000.

The magnificent gifts don't even represent a diminution in the control these multimillionaires exercise over industry. They give to institutions whose financial policy they govern. Take the General Education Board endowed by the Rockefellers with at least \$126,000,000. The income from this huge sum represents tremendous influence upon the country's educational system. But the stocks held also represent an important block in the control of the oil industry, a block which cannot be split up through inheritance.

The General Education Board holds 386,518 shares of Anglo-American Oil valued at \$7,500,000; 163,460 shares of Ohio Oil Co. at \$9,454,000; 42,099 shares of Prairie Oil & Gas at \$5,696,512; 52,569 shares of South Pennsylvania Oil at \$9,540,510; and 737,680 shares of Standard Oil of New Jersey valued at \$22,500,000, to mention only the largest of its blocks of oil stocks. Altogether, the ledger value of Standard Oil stocks held by the board totals \$68,569,000, which is probably under the true market value.

This huge block of oil stocks is permanently under the control of men who will represent the dominant financial interests.

College funds also mean a similar large block of ownership in industry which can be manipulated by the financiers from whom all blessings flow. A survey by the bureau of railway economics found that 85 of the foremost educational institutions had productive investments to a total of approximately \$532,000,000. Of this amount, \$148,271,000 was in railway securities.

Colleges with big blocks of railway securities include Leland Stanford in California with \$13,907,000; Harvard with \$13,681,000; Yale with \$12,536,000; Johns Hopkins with \$10,156,904; Columbia with \$8,967,000; and Massachusetts Institute of Technology with \$5,759,000.

Needless to say, the dependence of universities on these securities for their incomes influences their view of the economic problem. Pennsylvania, which fired Scott Nearing, owns over \$5,000,000 of railway securities.

Senator JOHNSON. Proceed, Congressman.

Mr. LYLE. I have before me, Mr. Chairman and gentlemen, photostatic copy of the Federated Press Labor News, July 20, 1929, wherein Leland Olds hails the "decay of the church as a religious institution and its transformation into a handmaiden of the capitalist system."

Senator JOHNSON. Congressman, just one question there for clarification. In the last paragraph of this article that has been inserted in the record, you have marked here:

Needless to say the dependence of universities on these securities for their incomes influences their view of the economic problem. Pennsylvania which fired Scott Nearing owns over \$5,000,000 of railway securities.

Is this the same Scott Nearing that you referred to a moment ago as being one of the lecturers at a comrade school?

Mr. LYLE. Senator, I assume it is. It is the only one that I know of.

The CHAIRMAN. There is only one Scott Nearing, thank God.

Mr. LYLE. This article is headed "Bishop wants more than pie in sky, by Leland Olds, Federated Press," and he says here:

That a prominent bishop of the Methodist Episcopal Church turned from speculation on pie in the sky to speculation in land and industrial securities is just

another proof of the decay of the church as a religious institution and its transformation into a handmaiden of the capitalist system.

Senator CAPEHART. Mr. Chairman, may I be excused for a few minutes? I have got to attend a Banking and Currency Committee meeting. I will return as soon as that is over, in about 10 minutes.

Senator JOHNSON. Without objection the article by Mr. Leland Olds, Federated Press, headed "Bishop wants more than pie in the sky," page 5 of the Labor News of Saturday, July 20, 1929, will be inserted in the record at this point.

(The document above referred to follows:)

[From Labor's News, July 20, 1929]

BISHOP WANTS MORE THAN PIE IN SKY

(By Leland Olds, Federated Press)

That a prominent bishop of the Methodist Episcopal Church turned from speculation on pie in the sky to speculation in land and industrial securities is just another proof of the decay of the church as a religious institution and its transformation into a handmaiden of the capitalist system. According to the Founder of the Christian religion, it is impossible to serve both God and Mammon, which would certainly have been interpreted by the early devotees as precluding the quest for gamblers' gains.

Determination of the exact extent of Bishop Cannon's speculations through Kable & Co., alleged bucket shop, is not so important as the revelation of his point of view as expressed in his own apology. The fact that he was allowed to make purchases involving as much as \$10,000 on an insignificant margin is probably significant only as showing that a churchman of such prominence was considered a desirable customer giving the firm a certain appearance of trustworthiness.

Cannon says and reiterates that he knows no reason why he should be called upon by a newspaper or by anyone else to make any explanation concerning his private business transactions. In a sense this means that the good bishop is somewhat of a Dr. Jekyll and Mr. Hyde, a dual personality. In the role of bishop he may be expected to live a life which will bear public scrutiny. In the role of canny businessman seeking profits he may demand the privacy from prying public opinion which is supposed to be accorded by the Constitution. Perhaps Cannon as businessman even attempted to avoid the attention of Cannon as bishop.

To Carter Glass, Cannon wrote in October 1928: "I have bought and sold stocks and bonds and other kinds of property for many years making full or partial payments on same, just as other businessmen do." To the New York Evening World he wrote: "I have bought and sold stocks and bonds and any other kind of property which I thought furnished an opportunity to make a legitimate profit. Certainly no one will dare assert that it is criminal, disreputable, or dishonorable to buy and sell stocks. If so the majority of the American people are engaged in criminal, disreputable, or dishonorable transactions."

In his latest statement following the Government raid on Kable & Co., Cannon asserts that he was engaged in such speculative activities for 40 years in the course of which he has openly bought and sold houses and lots, timber stumpage, coal, cotton, and bank stocks, and stocks and bonds listed on the New York Stock Exchange. In his deals with Kable & Co. he had authorized the firm to buy up to \$40,000 worth of securities indicating pretty clearly his ability to secure his pie right here on earth.

It is not the intention of this article to raise the question whether it is ethical to speculate in land or industrial securities. Where such speculation is carried on on a margin it is certainly a form of gambling but the leaders of capitalism are at great pains to demonstrate that it is in harmony with capitalist morality. The question is whether there is harmony between the Christian morality professed by the bishop and the capitalist morality which the same bishop apparently practices.

There has always been conflict between exploiter morality and the cooperative morality of brotherly love to which the workers of all ages have turned instinctively as the road to liberation. History shows many periods in which

intensified exploitation of the workers by city plutocrats has been condemned by unorthodox religious leaders in the name of brotherhood. But the new religious movements so established have become institutions which became parts of new trends toward exploitation, preaching the principles of the exploiting class.

The church now gets its support largely from those who profit by capitalist ethics. Instead of standing as a critic of exploitation, a bishop seeks profits for which he renders no service in order to live comfortably on the work of others.

Mr. LYLE. Mr. Chairman, I have before me photostatic copy of the Daily Worker, August 13, 1925, wherein Mr. Leland Olds recommends nationalization of the railroads because they are "one of the worst disturbers of employment."

The article is headed "Unemployment steadily mounts, workers speeded up to keep industry from collapsing," and is signed by Leland Olds, Federated Press, industrial editor, and I quote further:

The irregularity of railroad purchases has always been recognized as one of the worst disturbers of employment. It is an outstanding argument for public control of an industry which exercises such far-reaching influence.

Senator JOHNSON. Without objection the article appearing on page 5 of the Daily Worker for August 13, 1925, written by Mr. Leland Olds, Federated Press, industrial editor, will be included in the record at this point.

(The document above referred to follows:)

[From the Daily Worker, August 13, 1925]

UNEMPLOYMENT STEADILY MOUNTS, WORKERS SPEEDED UP TO KEEP INDUSTRY FROM COLLAPSING

(By Leland Olds, Federated Press industrial editor)

The displacement of human labor by machinery and speed-up management methods continues to feature Government reports on production and employment. In June the amount of goods produced by manufacturing industry was 25 percent above the average of 1919 and 20 percent above June 1924, while the number of workers employed to get this production was nearly 6 percent below the 1919 average and less than 2 percent above June 1924.

Industrial employment in Illinois is on the downgrade, according to the State department of labor. In July, for the fifth consecutive month, employers reduced their forces. The present level is slightly below July 1924 and 15.5 percent below the peak of 1923.

HITS LOW LEVEL

This is the lowest level of employment since early in 1922 when the postwar depression was on. It means that 115,000 workers employed in Illinois factories 2 years ago are looking for jobs elsewhere today.

The situation is reflected in the 153 persons who applied for every 100 jobs available, although this is a slight improvement over July 1924 when there were 171 applicants for every 100 places open.

Reports from iron and steel firms show up the optimistic reports on steel buying circulated by the trade journals. Employment fell off 3.2 percent in the month, reducing the level to 10 percent below March. At that there were still about 11 percent more employed in the industry than in July 1924.

Car and locomotive shops laid off 10 percent of their employees in the month, a reduction of more than 20 percent since May. Agricultural implement makers laid off 6 percent. On the other hand the usual seasonal boom added 10.6 percent in the men's garment trades and 24 percent in women's clothing factories.

DECLINE IN STEEL INDUSTRY

The decline in the steel and railway equipment industries is due largely to the slump in railroad buying. In the first 6 months of 1925 the railroads ordered 333 new locomotives, compared with 701 in 1924 and 1,739 in the first 6 months of

1923. Similarly railroad orders for new cars fell from 67,292 in the first half of 1923 and 72,242 in the first half of 1924 to 35,623 this year. Unfilled orders on the books of locomotive manufacturers in July called for 378 compared with 483 last year and 1,738 in 1923.

United States Steel reports a decline of 170,891 tons in unfilled orders. This is the fifth successive month of a decline which has brought orders down from 5,285,000 tons in March to 3,539,000 tons at the end of July. On July 31, 1924, there were 3,262,505 tons booked, but in July 1923, there were orders ahead for 6,396,261 tons.

The irregularity of railroad purchases has always been recognized as one of the worst disturbers of employment. It is an outstanding argument for public control of an industry which exercises such far-reaching influence.

Mr. LYLE. Mr. Chairman, I have before me here photostatic copy of the Federated Press Labor Letter, April 6, 1927, article written by Mr. Leland Olds wherein he asserts that "the problem of attacking capitalist control will have to be met." Referring to the coal industry he argues that—

The opposition of the United Mine Workers to competitive wages can only be made effective through the elimination of competitive private capitalism.

He advances two alternatives, and I am quoting:

The opposition of the United Mine Workers to competitive wages can only be made effective through the elimination of competitive private capitalism.

The miners have two alternatives: To develop, along with the rest of organized labor, political power sufficient to put over nationalization, or to seek control by the workers themselves under a worker government.

Senator JOHNSON. Without objection, the article referred to will be included in the record at this point.

(The document above referred to follows:)

[From the Federated Press, Labor Letter, April 6, 1927]

MINERS' CHOICE

(By Leland Olds, Federated Press)

The present crisis in the coal industry raises the problem of control, although wages appear to be the issue. The opposition of the United Mine Workers to competitive wages can only be made effective through the elimination of competitive private capitalism.

The miners have two alternatives: To develop, along with the rest of organized labor, political power sufficient to put over nationalization, or to seek control by the workers themselves under a worker government. A third alternative, to cooperate with capital while it consolidates the industry into great coal trusts, is ruled out by the fact that such giant corporations would certainly be nonunion.

The last 4 years have seen many hints that the bituminous-coal problem was about to yield to large-scale mergers. These mergers would eliminate the higher cost mines and curtail production to insure a return on the entire value, including the closed properties, written into the recapitalization of the industry.

Why hasn't this developed? Why have the only important mergers been carried out in West Virginia? Not because the coal properties of the central competitive field have lost their tremendous economic importance, but because the battle with the union in the central field still has to be fought.

The financial manipulations out of which trusts are born always center around corporations practically bankrupted by cutthroat competition. The trend in the coal industry has been toward isolating and bankrupting mines which remained on a union basis. The Hoover-Mellon government at Washington has cooperated in this. Hoover encouraged the making of the Jacksonville agreement which Mellon's Pittsburgh Coal Co. promptly broke, while the packed Interstate Commerce Commission arranged railroad rates, which encouraged the entry of non-union coal into important union markets.

The dominant Coal Trust, like the Steel Trust, with which it will be closely related will be nonunion if it can defeat the United Mine Workers in Penn-

sylvania and Ohio. It will include mines in the central competitive field as well as in West Virginia and Kentucky. Illinois alone may remain a stronghold of unionism in the bituminous industry, with some sort of agreement enabling it to serve the great utility, rail, and steel corporations which control the entire output of many of its mines.

Whatever the result of the strike the union will face the colossal task of extending its lines in the face of active resistance by organized capital. Then the problem of attacking capitalistic control will have to be met.

Mr. LYLE. Mr. Chairman, I have before me here photostatic copy of Federated Press Labor Letter, May 4, 1927, three articles on this page being written by Leland Olds. He advocates "Government ownership" of the "giant utilities" in order "to transform the exorbitant profits."

Senator JOHNSON. Without objection the article in the Labor Letter of May 4, 1927, entitled "Utilities Ripe for Public Ownership" will be included in the record at this point.

(The articles above referred to follow:)

[From Profits and Wages, May 4, 1927]

UTILITIES RIPE FOR PUBLIC OWNERSHIP

(By Leland Olds, Federated Press)

So frequently does the electric light and power industry turn to its customers for new capital that we may well ask, Why not operate the utilities as giant consumer cooperatives? Such reorganization would transform the exorbitant profits of utility holding companies into power rates to consumers. Some holding companies are making as high as 40 percent on the par value of their common stock. It would eliminate much manipulation from municipal, State, and national politics.

The tremendous importance of this industry in the national economy is revealed in Wall Street Journal figures showing that its new financing in 1926 absorbed \$1,390,000,000 or more than 25 percent of all the new capital floated in the American money market, and that its total capitalization now amounts to \$7,500,000,000. This huge figure marks an expansion of 83 percent since 1920. The next decade will need \$8,000,000,000 in new capital and the Wall Street Journal estimates that customers will furnish more than a third of this huge sum.

The Journal shows for each year since 1914 the number of additional companies adopting so-called customer ownership, the number of stockholders obtained and the number of shares sold on this basis, as follows:

Growth of customer utility "ownership"	Companies adopting plan	Stockholders obtained	Shares sold	Growth of customer utility "ownership"	Companies adopting plan	Stockholders obtained	Shares sold
1914.....	7	4,044	92,310	1921.....	37	118,544	830,222
1915.....	3	4,357	57,130	1922.....	49	156,725	1,450,707
1916.....	4	3,681	38,183	1923.....	24	279,186	1,806,300
1917.....	8	8,242	82,007	1924.....	23	294,467	2,478,165
1918.....	7	5,186	42,388	1925.....	18	236,043	2,926,271
1919.....	12	19,872	194,021				
1920.....	34	53,063	454,139	Total.....	226	1,183,410	10,451,843

"In addition to this total of approximately \$1,000,000,000," says the Journal, "securities other than stocks to the amount of \$59,450,670 were sold under the customer-ownership plan in the above period." In 1926 customers furnished about \$250,000,000 of new capital.

The advantages of this plan to the companies are improvement in public relations and low cost of financing. In view of this the Wall Street Journal suggestion that the term "customer ownership" is a misnomer is interesting. It says:

"When the idea of selling utility securities to the local customer was originally conceived, the term 'customer ownership' was an apt description. But in the evolution of the industry and coincident with the growth of this method of financing came the development of the great holding companies with the consequent transfer of direct ownership and control. Customer ownership may therefore be a misnomer in the sense that in many instances ownership of the security bought under the plan does not carry any voice in the conduct of the company's affairs, but represents only limited ownership up to the par or dissolution value of the security sold."

The only real customer ownership is by consumer cooperation. In the case of the giant utilities this can only mean Government ownership.

Senator McFARLAND. Mr. Lyle, I will, of course, read this article in detail, but does this article specifically mention the utilities that Mr. Olds has been regulating as a member of the Federal Power Commission, or is it just in general?

Mr. LYLE. My recollection is it does, sir. Let me see it just a moment. I have several of them here. I am quoting here:

So frequently does the electric light and power industry turn to its customers for new capital that we may well ask, Why not operate the utilities as giant consumer cooperatives? Such reorganization would transform the exorbitant profits of utility holding companies into power rates to consumers. Some holding companies are making as high as—

and so forth and so on.

Senator McFARLAND. Thank you.

Mr. LYLE. I am having some difficulty, Mr. Chairman and gentlemen, in seeing these. These lights are not too good here.

I have before me here, Mr. Chairman, photostatic copy of the Federated Press Labor Letter of February 16, 1928, an article written by Mr. Leland Olds wherein he says among other things:

Efficient public operation would make a considerable part of this huge total available either for reducing the rates at which these services are furnished or for increasing the wages of the actual workers who operate the utilities.

"Rail and Utility Profits Keep Rising," is the title of the article.

Senator JOHNSON. Without objection the article will be included in the record at this point.

(The document above referred to follows:)

[From Profits and Wages, February 16, 1928]

RAIL AND UTILITY PROFITS KEEP RISING

(By Leland Olds, Federated Press)

Aggregate profits of more than \$2,100,000,000 represent the 1927 tribute collected by the owning class through railroads and public utilities. This huge total, each year larger than the last, explains the bitter fight directed against public-ownership sentiment. Public-utility profits are practically insured against the irregularities which affect the rest of the business world. In addition they are protected by the courts in charging rates which will yield a satisfactory return on their investment.

That the public-utility industry, including power, light, traction, telephone, and telegraph companies, regularly returns profits fully as large as the railroad industry is not generally recognized. These utilities are not regulated on a national scale and so there has been no Federal bureau to collect data as to their operating results.

But in recent years the Department of Commerce has been collecting statistics as to the gross and net earnings of 95 companies or systems operating gas, electric-light, heat, power, traction, and water services throughout the United States, while the Interstate Commerce Commission has gathered similar facts concerning the large telephone companies.

The 95 utilities covered by the Commerce Department's report in 1927 received a gross income of \$2,117,161,388 compared with \$1,995,258,798 in 1926. Their net income for 1927 was \$774,786,991 compared with \$715,080,885 in 1926. The Department asserts that practically all important companies are included.

Interstate Commerce Commission figures covering the large telephone companies add about \$80,000 a month to the gross income of the utility industry and \$20,000,000 a month to the profit column. For the 10 months ended October 31 the report shows gross earnings of \$784,630,680 and net income amounting to \$193,215,022. The entire year's gross will be about \$950,000,000 and the net nearly \$240,000,000.

The railroad industry belongs in the regulated public service group of industries. For the year 1927 it adds \$6,206,986,000 to the gross income of the group and \$1,085,485,000 to the net-income column. The telegraph companies, whose full 1927 data is not yet available, would add several hundred million dollars to the gross income and more than \$20,000,000 to the profits.

Control of these key industries give the financiers the management of a gross income from the people approximating \$10,000,000,000, out of which they take profits of more than \$2,000,000,000 as the share of the owning class in the transaction. Efficient public operation would make a considerable part of this huge total available either for reducing the rates at which these services are furnished or for increasing the wages of the actual workers who operate the utilities.

Mr. LYLE. Perhaps I am naive, gentlemen, but this is one that shook me. Here is a photostatic copy of the Daily Worker, July 5, 1928. There is an article in here entitled "Imperialism and Fourth of July," by Leland Olds, Federated Press:

To millions of workers slaving throughout the world to provide the tribute exacted by the American dollar empire the Fourth of July will loom as anything but the birthday of liberty. They will view it as the day set apart by the world's greatest exploiters to glorify their rise to power.

That, gentlemen, was written by Mr. Leland Olds who wants your permission to serve in high public office, your consent. "The Fourth of July will loom as anything but the birthday of liberty."

Senator JOHNSON. Without objection the article appearing on page 5 of the Daily Worker of July 5, 1928, entitled "Imperialism and Fourth of July," will be incorporated in the record at this point.

(The document above referred to follows:)

[From the Daily Worker, July 5, 1928]

IMPERIALISM AND FOURTH OF JULY

(By Leland Olds, Federated Press)

To millions of workers slaving throughout the world to provide the tribute exacted by the American dollar empire, Fourth of July will loom as anything but the birthday of liberty. They will view it as the day set apart by the world's greatest exploiters to glorify their rise to power. Gradually it will be transformed into empire day, demanding worship of imperial power, wherever the dollar has established its dominion.

The change in the character of the Fourth has been in progress many years. But it has proceeded most rapidly since the World War enabled American capitalism to declare its financial independence. This transformation is reflected in the recent expulsion from the Daughters of the American Revolution of a member who protested the black listing of scores of prominent persons for professing the principles of the Declaration of Independence.

Prior to the World War the United States was still in part an economic colony of Europe. Its workers had each year to produce the tribute required by European capitalists on the 5 to 6 billion dollars which they had invested in America. The greater part of this tribute went to England, which held about \$1,000,000,000 of American securities.

WAR PROFITS FOR UNITED STATES

Huge war profits shifted the balance of power to American capitalists. They bought back a large proportion of the American securities held in Europe. They bought the investments of England and other European countries in Central and South America. They established New York as the money-lending center of the world and with the end of the war began to pour dollars into all parts of the world, taking mortgages on governments, buying up industries, engrossing power resources, building railroads and factories.

The latest census of America's invading dollars shows \$5,200,000,000 invested in Latin America, \$4,300,000,000 in Europe, \$3,500,000,000 in Canada, \$700,000,000 in China, Japan, and the Philippines, and \$400,000,000 in other parts of the world. These dollars, which extend the domination of American capitalists over the economic activities of other peoples, are increasing more than \$1,000,000,000 a year.

ENSLAVE LATIN AMERICA

The growth of imperial power over Latin America is evident in the increase in dollar investments in Cuba from \$220,000,000 in 1912 to \$1,400,000,000 in 1918, by the increase in dollar investments in Mexico from \$800,000,000 in 1912 to \$1,288,000,000 in 1928, by increases in China from \$15,000,000 to \$451,000,000, Brazil from \$50,000,000 to \$388,000,000, Peru from \$35,000,000 to \$169,000,000, Venezuela from \$3,000,000 to \$162,000,000 and so on all the way down to ments increased from \$3,000,000, to \$20,000,000.

UNITED STATES INVESTMENTS FIRST

In total foreign investments the United States is still second to Great Britain, if British investments in the Dominions are included. But American foreign investments are increasing more rapidly and in economic power there is no comparison. The annual income of the United States at \$90,000,000,000 is nearly equal to the entire national wealth of Great Britain, which is estimated at \$100,000,000,000. American wealth is estimated as high as \$550,000,000,000. In productive power the United States stands preeminent.

UNITED STATES DOLLAR CONTROLS WORLD

The dollar has established capitalism in Europe, blocking the spread of bankruptcy and social revolution. It is recognized even by British bankers as the world standard of value. American bankers, bulwarked by the Federal Reserve System, are capitalizing the situation. Under their direction American dollars are boldly storming the economic defenses of other nations or filtering in as the situation requires. And behind the dollars are the American marines and the enormous potential war strength of the American people.

All this is summed up in the celebration of Fourth of July 1928. It marks the development of empire worship.

Mr. LYLE. Here is one you gentlemen will enjoy, I am sure, because it concerns you. This is a photostatic copy of a Federated Press Labor Letter, June 14, 1928. I will summarize it here. According to Mr. Olds, in this state the Government of the United States is nothing more than a servant of business. He views it as a popular delusion that a political system created in a much simpler economic era still affords the people effective control through their votes over the complex industrial state, which has come into being. He says "politicians must perpetuate this idea, for their jobs depend upon it, but the true view," he says, "would reveal the politician government handling administrative details for an immensely powerful ruling class."

I am quoting him from that statement wherein he relieves you gentlemen of the responsibility of thinking, the responsibility of acting. All you have to do is handle administrative details for the powerful ruling class.

Senator JOHNSON. Without objection we will perform one of those details now and insert this in the record.

(The document above referred to is as follows:)

[From Labor Letter, June 14, 1928]

SOUR KEY NOTES

By Leland Olds, Federated Press

A 25 percent increase in product with 10 percent less labor seems a hollow boast for a Republican keynoter unless he shows what the party has done for the millions of workers laid off in the process. Senator Fess at Kansas City had nothing to say about this because Coolidge and his pals failed to do anything about it.

So the spokesman of the party of big business was forced to gloss over what he acknowledges as the most important concern of Government, the welfare of the producers. Banking is sound, business is sound, industrial production is at the highest level, the country is wealthy, its annual income exceeds the wealth of the wealthiest nations, yes, all these things are true but should not Republican prosperity also embrace the security of the worker and farmer?

Fess' speech is important not for the issues which it dodges but for its clear-cut recognition of America as a productive organization under the administration of business.

"The primary function of the administration of affairs of Government," says Fess, "is to keep open the channels of opportunity for the fullest play of the citizen in the promotion of the general welfare."

That sounds vague enough but among the ambitions of Republican leadership specified later in the speech is stabilization of prices at a high level "through regulation of production within the demands of consumption on the one hand and organization of labor on the other. The major problem of industry is low cost of production of high-grade goods manufactured by well-paid labor and sold at a profit. The second problem is that stability which insures normal increase and steady employment. The third problem is to eliminate all unnecessary waste in production and distribution. The fourth problem is to secure the maximum utilization of all resources, facilities, machinery, and agencies employed in commerce."

This sounds like a report of the national industrial conference board, statistical branch of the manufacturers' association. Yet it occupies the most prominent place in this Republican keynote speech. Never was it more clear that the Republican Party is the party of big business, the party which represents the closest alliance between industrial rulership and political administration.

The danger is that such a speech with its talk of high wages, quick turn-over, financial stability, markets for farm products, profits, etc., will perpetuate the popular delusion that a political system created in a much simpler economic era still affords the people effective control through their votes over the complex industrial state which has come into being. Politicians must perpetuate this idea for their jobs depend on it.

A true keynote speech would reveal the politician government handling certain administrative details for an immensely powerful ruling class of which Andrew Mellon today serves as the outstanding political spokesman.

Mr. LYLE. I have before me, Mr. Chairman, a photostatic copy of the Daily Worker, July 11, 1924, article written by Mr. Leland Olds, wherein he states the—

vicious circle into which productive workers have been led by the private ownership of capital is revealed by Government statistics of business activity during recent months.

He says among other things:

America's labor force, operating its own productive plant steadily throughout a normal working year of 8-hour days, could produce vastly more goods than there is a market for the people's purchasing power what it is today.

The article appeared under his byline, Mr. Chairman, in the Daily Worker.

Senator JOHNSON. Without objection the article appearing on page 5 of the Daily Worker of July 11, 1924, will be incorporated in the record.

(The document above referred to is as follows:)

LABOR'S UNDERCONSUMPTION CAUSING DEPRESSION WHICH SHUTS DOWN UNITED STATES INDUSTRIES

By Leland Olds, Federated Press industrial editor

The vicious circle into which productive workers have been led by the private ownership of capital is revealed by Government statistics of business activity during recent months. Manufacturing activity has been steadily throttled down until in May the rate of production was 18 percent under May 1923 and yet it continues to exceed demand. Unsold stocks of goods at the end of the month had increased to a point 68 percent above the 1919 level and 42½ percent above May a year ago, affording small hope for steady employment in the immediate future.

Denial to labor of the right to benefit by the increased productive capacity of machinery either in shorter hours or higher living standards, the figures show, is producing a situation where a steady job will be the exception rather than the rule. The right of labor to steady employment and the right of ownership to take increasing profits are proving incompatible.

MANUFACTURING DROPS SHARPLY

Production of manufactured goods, according to the Department of Commerce index, declined from 135 percent of the 1919 level in May to 111 percent in May 1924. This sharp drop was produced by reductions of 35 percent in production in the textile industry, of 38 percent in iron and steel, of 22 percent in leather, and of 24 percent in the miscellaneous group of industries.

In the cotton industry this meant a drop to 67½ percent of single shift capacity, as compared with 80 percent of capacity in April and nearly 108 percent of capacity in May 1923. In the steel industry it meant less than 50 percent of capacity. Production of passenger automobiles fell from 348,356 in March to 279,439 in May, or more than 20 percent under May 1923, when 350,460 cars were produced. Only 111 railroad locomotives were produced in May, as compared with 238 a year ago.

UNSOLD GOODS, UNFILED ORDERS

That industrial activity is not yet down to where consumption equals production is indicated not only by the increase in unsold goods in the hands of manufacturers, but in the continued decrease in unfilled orders. The amount of such orders, as reported to the Department of Commerce in May, was more than 50 percent below 1920 and 46 percent under May 1923.

The increase in unemployment and in part-time work is reported by the Department of Labor and by the leading industrial States as tending to increase the depression by decreasing the amount of money wage earners put into circulation each week. This decrease in the ability to buy goods is reflected in the Government statistics of wholesale and retail trade during May. Compared with May 1923, wholesale business has fallen off 5 percent, department-store sales 1½ percent, and mail-order sales 9 percent. The demand for dry goods, shoes, and hardware as reflected in wholesale business is off 13, 23, and 14½ percent, as compared with May 1923.

WHAT COULD BE DONE

America's labor force, operating its own productive plant steadily throughout a normal working year of 8-hour days, could produce vastly more goods than there is a market for with the people's purchasing power what it is today. Successive periods of speculative investment in which the productive plant of the country is further increased afford the basis for periodic booms, but also tend to make the situation of the worker worse.

Employment can be regularized by changing the emphasis from production of capital to production of leisure and a good standard of living for all. Secretary Mellon's economics, which make increase of capital available to productive enterprise primary rather than secondary, is out of date.

Mr. LYLE. I have before me, Mr. Chairman, a photostatic copy of the Federated Press Labor Letter of February 11, 1925, wherein Mr. Leland Olds heralds the dawn of a "new society", in submitting grounds—

for belief that the economic order based on exploitation is nearing its end.

He views this prospect with elation because—

we can view the apparently gloomy news with the assurance that a new age is coming—

to displace the "decaying" capitalist system.

Here is an interesting thing that I would like to call your attention to, and I am quoting from an article written by Mr. Leland Olds. "Promise In Decay" is the title of it:

Hardly a day but the editor of this New York bankers' organ does not go out of his way to show the worthlessness of Congress.

You know I have been proud that I am a Member of this great institution. That is what he says about it, "the worthlessness of Congress."

Senator JOHNSON. Without objection the article will be made part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, February 11, 1925]

PROMISE IN DECAY

By Leland Olds

Why can we look forward to a new society? What grounds are there for belief that the economic order based on exploitation is approaching its end?

The grounds for this belief fill the daily press. Unwittingly the great propaganda organization which bolsters up the capitalist system is broadcasting evidence of its decay.

There is the Wall Street Journal editorial column which constantly emphasizes the decay of our representative democracy. Hardly a day but the editor of this New York bankers' organ does not go out of his way to show the worthlessness of Congress.

The decay of the family under the strains of modern life furnishes nearly half the news items in the more popular journals. Divorces, numbering one in every five marriages, are only a starter in the list which runs the whole range from minor juvenile delinquencies to the murder of fathers and mothers.

An idle caste of very wealthy owners is pictured basking in the tax-free Florida sunlight. Says C. W. Barron, owner of the Wall Street Journal: "The amendment to the constitution of Florida, prohibiting inheritance taxes and State income taxes, will make Florida the Mecca for millionaires of America—and once they taste the climate they will never get away. The wealth and intelligence of the United States will flow more and more to southern Florida." Already Florida banks are hard pressed to meet the demand for safety deposit boxes to hold securities which are being moved south, and law offices are flooded with clients seeking advice on change of domicile.

Such pictures of America presented by each week's news indicate that the system is getting topheavy just as former civilizations did when the impulse to accumulate private wealth through exploitation was given full rein. And looking back we can see that they were most topheavy and unstable just when they appeared most wealthy and dominating. The evidences that decay had set in were just such as we note today in the news, the discrediting of representative government, the decay of the family and with it of moral stability, the idling of a pleasure-loving, wealthy minority contrasting with the poverty of an exploited majority. That is why we can view the apparently gloomy news with the assurance that a new age is coming.

Mr. LYLE. I have before me photostatic copy of a Federated Press Labor Letter, article written by Mr. Leland Olds, wherein he attacks the "social waste accompanying unregulated development of basic industry for private profit."

Referring to coal mining he says that—

if the development of the industry were regulated to provide necessary fuel at a price compatible with a decent living standard for producers, the waste due to overexpansion would be available for higher wages and lower prices.

Senator JOHNSON. Without objection the article under date of June 10, 1925, will be made a part of the record.

(The document above referred to follows:)

[From Profits and Wages, June 10, 1925]

WHAT MINE EFFICIENCY COULD DO

(By Leland Olds)

The social waste accompanying unregulated development of basic industry the year ended June 30, 1924. He says the bituminous coal situation in Illinois coal situation by United States Commissioner of Labor Statistics Ethelbert Stewart. He shows that 84 Illinois mines employing 49,206 workers 300 days could produce 7,000,000 tons more coal than was actually produced by 338 mines employing 95,499 miners an average of 149 days.

Stewart's analysis is based on statistics of the Illinois Department of Mines for the year ended June 30, 1924. He says the bituminous coal situation in Illinois may be taken as a fair picture of the industry as a whole.

"This means," he says, "that 254 of the 338 principal mines in the State represent an unnecessary expenditure of money so far as the capital invested in the mines themselves is concerned; that they simply prevent the adequate number of mines from producing an adequate amount of coal on a reasonably efficient basis; that the railroads must distribute cars to 254 unnecessary mines in a single State. It means that the industry wastes not only the money actually invested, but the time and energy of the officials and clerical help that must be on hand the year round even when not producing unnecessary coal."

The average number of employees, number of days worked per employee, average daily production per employee, and number of men necessary to secure the same production on a 300-day basis for the 338 mines, classified according to tonnage, was:

Illinois mines producing—	Number actually employed	Average days worked	Tons per man-day produced	Employees required on 300-day basis for same production
Under 10,000 tons.....	834	46	2.9	127
10,000 to 24,999 tons.....	2,437	74	3.5	603
25,000 to 49,999 tons.....	4,054	85	3.6	1,147
50,000 to 99,999 tons.....	10,690	98	4.0	3,502
100,000 to 149,999 tons.....	9,268	129	4.8	3,991
150,000 to 199,999 tons.....	5,081	152	5.0	2,574
200,000 to 249,999 tons.....	7,267	150	4.5	3,642
250,000 to 299,999 tons.....	6,662	147	4.6	3,269
300,000 to 399,999 tons.....	12,802	150	5.1	6,409
400,000 to 499,999 tons.....	8,813	175	4.9	5,452
500,000 to 599,999 tons.....	9,773	159	5.6	5,471
600,000 to 699,999 tons.....	3,042	216	4.9	2,486
700,000 to 799,999 tons.....	5,120	200	5.1	3,417
800,000 to 899,999 tons.....	3,635	198	6.0	2,394
900,000 tons and over.....	6,021	189	5.5	3,786

The 84 mines producing 300,000 or more tons in the year ended June 30, 1924, employed more than half of all the miners and produced nearly two-thirds of the 70,328,322 tons of coal. Operated steadily on a 300-day basis they would have produced 77,743,800 tons in the year.

If the development of the industry were regulated to provide necessary fuel at a price compatible with a decent living for the producers, the waste due to overexpansion would be available for higher wages and lower prices.

Mr. LYLE. I have before me a photostatic copy of Industrial Solidarity, July 1, 1925. The article appearing in there is headed "Twenty big trusts make three billion profits," by Leland Olds, Federated Press. It contains four articles by Leland Olds on the same page. I think this shows his concept of surplus value, the fundamental doctrine, you know, of Karl Marx and his Communist followers.

Senator JOHNSON. Without objection the article—did you want all of these articles in the record, Congressman?

Mr. LYLE. Mr. Chairman, I am trying to be helpful to you. If they are helpful to you, you use them as you feel they should.

Senator McFARLAND. Four written by Mr. Olds? I think that the one—

The CHAIRMAN. Mr. Chairman, I do not think that this committee ought to edit the material they put in the record. I think they ought to take it as it is.

Senator JOHNSON. Without objection all four articles appearing in the issue of July 1, 1925, of Industrial Solidarity will be made a part of the record at this point.

(The documents above referred to follow:)

[From Industrial Solidarity, July 1, 1925]

TWENTY BIG TRUSTS MAKE THREE BILLION PROFITS

By Leland Olds, Federated Press

The tens of billions of dollars taken from the public in profits since 1914 are reflected in Dow, Jones & Co. figures showing total profits of 20 corporations from 1914 to 1924. After paying hundreds of millions as interest on their bonds these 20 companies reported profits of \$3,167,674,935 remaining.

Cash dividends of \$676,494,184 went to the owners of preferred stocks, leaving \$2,491,080,751 for common stockholders. These received cash dividends of \$1,249,122,407.

The following figures from the Dow, Jones table tell the story. A number of the companies appear for only part of the 10-year period.

Company	Period	Profits	Company	Period	Profits
United States Steel.....	1914-24	\$1,183,225,079	Swift.....	1918-24	\$79,452,228
General Motors.....	1914-24	322,367,663	National Biscuit.....	1916-24	71,037,067
General Electric.....	1914-24	253,478,829	American Sugar.....	1914-24	67,374,249
Bethlehem Steel.....	1914-24	178,242,091	Allied Chemical.....	1921-24	60,450,297
American Tobacco.....	1914-24	171,908,520	American Car & Foundry.....	1918-24	56,357,500
E. I. du Pont.....	1918-24	128,732,717	American Locomotive.....	1916-24	51,418,447
Sears, Roebuck.....	1915-24	99,504,398	American Woolen.....	1918-24	30,380,424
Corn Products.....	1914-24	96,139,903	Endicott-Johnston.....	1919-24	27,742,084
International Harvester.....	1917-24	91,261,457	Montgomery Ward.....	1914-24	25,155,473
Armour.....	1914-24	87,313,069			
American Can.....	1918-24	86,042,410			

The first three are great Morgan corporations. The profits of United States Steel amount to more than 136 percent on the entire capital stock, over half of which represents no original investment.

Such profits go far to explain the unstable condition in industry where employment is far from satisfactory, while excessive profits continue. Profits greatly in excess of the sums needed by the country for new capital result in a continuous overdevelopment of producing power.

In the first place these companies reserved \$1,241,122,407 out of the profits for reinvestment in improving and expanding their plants. This sum, approximately equal to the cash dividends paid on common stock, would alone have taken care of the country's expansion. But the bulk of the dividends also represented savings, for, with all their extravagance, the leisure-class owners cannot spend their income.

The job of the investment bankers is to manufacture new securities to absorb these funds which are literally crying for investment. Otherwise they would glut the money market and bring down the return on capital. The new securities mean the erection of additional productive plant. The result is that production tends always to run away from the ability of the public to buy the products. This means chronic unemployment for labor.

[From Industrial Solidarity, July 1, 1925]

WAGES RISE? SURE—BUT PROFITS FIVE TIMES FASTER

(By Leland Olds, Federated Press)

Normalcy poured wealth into millionaire pockets out of all proportion to the slight gains handed to wage earning and salaried classes. This is shown in the report of the Commissioner of Internal Revenue covering personal incomes in 1923. Through rents, royalties, and interest, the owning class collected \$8,235,004.648 in 1923 compared with \$5,919,665.492 in 1922.

This represents a gain of \$2,315,339,156 or 39 percent. The corresponding increase in wages and salaries was \$1,082,814,665, or 8 percent.

The income received from business, including profits on sales of real estate, stocks, bonds, etc., jumped from \$5,258,250,071 in 1922 to \$8,095,614,926 in 1923, an increase of 54 percent. Taking business income and property income together, we discover a combined increase of \$5,212,704,011, approximately five times the increase in salaries and wages reported.

The proportion of income from property to income from salaries and wages increased from 81 percent to 110 percent.

The changes in income from salaries, wages, business and property since 1918, when reports first covered all net incomes, over \$1,000, are shown as follows:

Income	Wages, etc.	Business	Property
1918.....	\$8,267,391,550	\$4,630,455,322	\$4,847,914,601
1919.....	10,755,692,651	6,708,344,984	4,973,648,190
1920.....	15,270,373,354	5,927,327,538	5,492,568,961
1921.....	13,813,169,165	4,170,363,591	5,345,249,176
1922.....	13,393,992,791	5,258,250,071	5,919,665,492
1923.....	14,776,807,456	8,095,614,926	8,235,004,648

The amounts collected from the public in dividends, interest, rents, and royalties in 1923 were the highest ever recorded. Dividends amounted to \$3,559,924,264 compared with \$2,664,219,081 in 1922, \$2,735,845,795 in 1920, and \$2,418,749,244 in 1918, an increase of 44 percent in 5 years. Interest amounted to \$2,762,866,525 compared with \$2,030,517,413 in 1922 and \$1,403,485,691 in 1918, an increase of 97 percent. Rents and royalties totaled \$1,912,213,859 compared with \$1,224,928,998 in 1922 and \$975,679,663 in 1918, an increase of 96 percent.

Rents, royalties, interest, dividends, and profits from the sale of stocks and bonds are the chief items in the incomes of multimillionaires. The enormous growth in income from these sources accounts for the increase in the number of large incomes. It shows the increasing toll the upper classes are collecting at the expense of the normal purchasing power of the population.

[From Industrial Solidarity, July 1, 1925]

GOVERNMENT AID, CHILD LABOR MAKE SUGAR TRUST PROSPEROUS

(By Leland Olds, Federated Press)

Exorbitant profits of the American sugar trust at the expense of women and little children exploited in the sugar beet fields reveal the hypocrisy of President Coolidge in his apology for refusing to cut the sugar tariff as recommended by the majority of the Tariff Commission. Coolidge based his defiance of this scientific method of adjustment by pleading for the producers of sugar beets.

Profits totaling \$12,420,753 were taken by the Great Western Sugar Co. in the year ended February 28, 1925. Great Western, with plants in Colorado, Nebraska, Wyoming, and Montana, is the dominant corporation in the country's beet-sugar industry. Its profits amount to \$14.40 on each \$25 share of common stock, or about 58 percent. Cash dividends are being paid at the rate of 32 percent a year.

Sugar companies operating in Puerto Rico, the Philippines, and Hawaii will also be beneficiaries of Coolidge's little favor. As these territories are reckoned as parts of the United States, their sugar comes in duty free.

The Central Aguirre Sugar Co., with plants in Puerto Rico, affords a glimpse of the profits which these companies are making out of the high sugar tariff. Its 1924 profit of \$1,200,369 meant a return of 40 percent on its common stock. It paid its stockholders cash dividends totaling 30 percent, bringing the total cash distributed in the last 8 years up to 318.5 percent or more than three times the entire capital stock.

But Coolidge said nothing about protecting these millionaire profits. His ostensible appeal was for the farmer. He said: "The farmer is entitled to share along with manufacturers by direct benefits under our national policy of protecting domestic industry." He referred to the sugar tariff of 1.764 cents a pound as protecting the American farmer "from the competitive impact of cheap Cuban labor."

The conditions under which the farm work is done in this so-called protected industry have been revealed by the Children's Bureau of the United States Department of Labor. The Bureau found that under the contract system prevailing the labor of mothers with little children and of boys and girls as young as 6 years was the regular thing in the sugar-beet fields. In both Colorado and Michigan one-fourth of the child workers were under 10 years, one-half under 12 years, and only one-fifth to one-sixth were over 14 years. Coolidge's twice-rejected nominee for Attorney General, Charles B. Warren, is the principal child slaver in the Michigan beet fields.

The Bureau found these little children working long hours at work which was frequently dangerous. Working hours ran as high as 15 a day. Families were found living huddled together in shanties which were not even waterproof, and with practically no decent provision for sanitation.

Such revelations show that the high sugar tariff means no protection to the standards of workers who produce the sugar beets. It simply enables the Sugar Trust, which operates branches in Cuba, Puerto Rico, Hawaii, and the Philippines as well as in the States, to add nearly 2 cents a pound to profits made by exploiting American labor to the limit. It is in the interest of this trust, which was an important agent in his election, that Coolidge refuses to reduce the sugar tariff as recommended by the Government commission of experts.

[From Industrial Solidarity, July 1, 1925]

EVERY CENT BELONGS TO LABOR

(By Leland Olds, Federated Press)

A quarterly dividend of \$2,500,000 declared by the First National Bank of New York on its \$10,000,000 capital stock means an annual dividend rate of 100 percent on the stock of this branch of the Morgan combine. It means that the owners, with a nominal investment of \$10,000,000, will receive \$10,000,000 back each year as their share of the tribute levied by bankers on industry.

In recent years the owners have been satisfied with a mere 60 percent. During that period the bank accumulated surplus profits of \$6,000,000, nearly seven times the par value of the stock. The recently announced increase in the dividend rate caused the market value of the stock to jump over \$2,600 a share.

That the bulk of bank profits go to a little circle of multimillionaires who constitute the country's money aristocracy is revealed by a compilation in the Chicago Evening Post, showing 24 owners holding \$32,949,890 of the stock of Chicago banks. The list starts with the N. W. Harris estate holding worth \$4,228,260, and includes only those owning more than \$1,000,000 of Chicago bank stock. For that reason Hell an' Maria Dawes does not figure, as his bank holdings only total \$759,994. But that ought to help out his Presidential salary.

The estate of E. C. Converse includes New York Bank stocks now worth more than \$8,000,000. Converse held 9,777 shares of Bankers Trust, 4,375 shares of Guaranty Trust, and 4,000 shares of Liberty Trust, to mention only the largest holdings. These are all parts of the Morgan combine through which railroad and industrial corporations are manipulated.

What does the banker mean when he talks about the small investor? You and me? Not a bit. In discussing the shift of the small investor from tax-exempt bonds to railroad and public-utility securities, bankers define him as one who owns from \$1,000 to \$15,000 or \$25,000 in securities.

The power over the country's economic life exercised by bankers through the funds which small investors have accumulated in life-insurance companies is

shown in a recent study of their assets by the superintendent of insurance of New York State. His figures show that today \$9,000,000,000 of the country's wealth is controlled by life-insurance companies. The largest item is \$3,863,644,281 of stocks and bonds. Next comes \$3,465,104,333 in mortgage loans. For a generation the New York financiers have used these huge assets in building up their control of industry.

Mr. LYLE. I have a photostatic copy of the Daily Worker, July 20, 1925, article by Mr. Leland Olds wherein he alleges that America is "overexpanded industrially" and resorts to "exploitation" both at home and abroad. His expressions adhere to the Marxian theory of capitalistic overproduction, "surplus value" and exploitation.

Senator JOHNSON. Without objection the article written by Mr. Leland Olds, under date of July 20, appearing on page 5 of the Daily Worker under his byline will be made part of the record at this point.

(The document above referred to follows:)

[From the Daily Worker, July 20, 1925]

STANDARD OIL TRUST COLLECTS \$40,000,000 IN 3 MONTHS—MILLIONAIRES GET ALL PROFITS

By Leland Olds, Federated Press industrial editor

The Standard Oil dynasty, split into 38 companies, collected from the users of petroleum products in the second quarter of 1925, \$41,985,728 in cash tributes.

This is the largest amount ever distributed in cash dividends for April, May, and June in the history of this giant trust. Only twice before have the cash dividends of any 3 months exceeded this huge total. Both exceptions include large extra distributions for special purposes.

MILLIONAIRES GET ALL

Total cash dividends paid to Standard Oil owners since 1911 amount to \$1,417,260,987. In addition stock dividends total \$1,446,448,870. The combined total of \$2,863,709,857 added to the wealth of the owners by oil alone means a return of more than 250 percent on the par value of their stock as of 1912.

The greater part of this huge gain in wealth has gone to a few multimillionaire families including the Rockefellers, Pratts, and Mellons. The Rockefellers alone probably received at least half a billion.

HOW CASH ROLLED IN

How the cash rolled in year by year is shown in the figures compiled by Pforzheimer & Co., Standard Oil specialists:

Standard Oil cash dividends

1912-----	\$51,686,634	1919-----	\$105,901,477
1913-----	107,795,361	1920-----	115,776,793
1914-----	62,692,884	1921-----	115,294,292
1915-----	62,401,204	1922-----	129,039,865
1916-----	98,627,875	1923-----	138,423,295
1917-----	99,957,923	1924-----	149,841,122
1918-----	103,480,916	1925 (6 months)-----	76,341,346

THREE TIMES THOSE OF 1912

The exceptional 1913 figure includes \$39,335,352 disbursed by Standard Oil of New Jersey from repayment of loans to former subsidiaries following the fake trust dissolution.

Standard Oil dividends today are practically three times those of 1912, the increase amounting to more than 192 percent. The increase over 1914, the last pre-war year, amounts to more than 137 percent. Such figures show up big business when it complains because the meager \$3.46 prewar daily wage of a contract anthracite miner has been increased 162 percent.

The enormous funds available to Standard Oil owners every quarter year cannot be profitably invested in America, which is already overexpanded industrially. As a result, they turn to oversea investment, where unlimited exploitation of subject populations is sought. So American imperialism grows with its increasing pressure on labor at home as well as abroad.

Mr. LYLE. I call this to your attention, gentlemen, a photostatic copy of the Industrial Solidarity for October 14, 1925, and an article appearing in there by Mr. Leland Olds, which does not give a byline to the Federated Press.

As you know, this was, so it says, the official organ of the Industrial Workers of the World, the IWW. I simply call that to your attention. You may put it in the record or not.

Senator JOHNSON. Without objection, the article will be made part of the record.

The CHAIRMAN. What is its connection with Mr. Olds?

Senator JOHNSON. "The futility of government arbitration to establish just wages is emphasized in Interstate Commerce Commission figures showing changes in wage rates—"

The CHAIRMAN. Is he supposed to have written it?

Mr. LYLE. It is signed by him.

The CHAIRMAN. Oh, all right.

Mr. LYLE. I called it to your attention because the Federal Press was not given any credit for it. Nobody but Mr. Olds has the dubious honor there of handling that article.

(The document above referred to is as follows:)

[From Industrial Solidarity, October 14, 1925]

BOARD HINDERS LABOR

By Leland Olds

The futility of Government arbitration to establish just wages is emphasized in Interstate Commerce Commission figures showing changes in wage rates of eight classes of railroad employees since 1921. The wide variation in the treatment accorded shows that, except as moderated by organization among the workers, supply and demand determines railroad wages. The judicial atmosphere of the United States Railroad Labor Board has been a pretense to discourage strike action.

Changes in average hourly straight-time earnings in the last 4 years, according to the figures, vary all the way from a 6-percent reduction for freight-car repairmen to an increase of 2 percent for section foremen. The contrast in the southern district is even more striking, the variation in treatment ranging from a reduction of 9½ percent for carmen to an increase of 4 percent for section foremen.

Mr. LYLE. I have before me here a photostatic copy of the Daily Worker, October 15, 1925, written by Mr. Olds, wherein he extols the Russian system contrasting it with conditions in the United States. It is an article entitled "Did You Get A Vacation With Pay This Year," by Leland Olds, Federated Press, industrial editor:

Now that the vacation season is about over, how about yours? Have you had your 2 weeks' fishing trip with pay? This question is raised for every wage worker by a bulletin on vacation policies in manufacturing industries issued by the New York State Department of Labor.

According to this report, the chances are 9 to 1 that you had your vacation with pay if you are an office worker, but 6 to 1 that you didn't if you engaged in actually producing the goods.

Down toward the bottom of the article he says:

On this question Russia, where unions are a recognized part of the industrial order, presents a strong contrast. There the finest country estates are being developed as worker rest homes, and vacations with pay are a regular feature of union agreements.

That is an article written by Mr. Leland Olds.

Senator JOHNSON. Without objection, it will be made a part of the record, the article appearing on page 5 of the Daily Worker of October 15, 1925.

(The document above referred to follows:)

[From the Daily Worker, October 15, 1925]

DID YOU GET A VACATION WITH PAY THIS YEAR?

NO REST FOR WICKED WORKERS IS RULE

(By Leland Olds, Federated Press industrial editor)

Now that the vacation season is about over, how about yours? Have you had your 2 weeks' fishing trip—with pay? This question is raised for every wage worker by a bulletin on vacation policies in manufacturing industries issued by the New York State Department of Labor.

According to this report, the chances are 9 to 1 that you had your vacation with pay if you are an office worker, but 6 to 1 that you didn't if you engaged in actually producing the goods.

NO REST FOR WICKED WORKERS

Out of 1,500 plants investigated, the department found 1,360, or 91 percent, with vacation policies for office workers; 1,021, or 68 percent, with vacation policies for foremen, but only 270, or 18 percent, with such policies for their productive workers. Vacations for productive workers are, however, more common in large plants than in small ones, the proportion of plants with more than 500 employees running as high as 30 percent.

Productive workers also receive less favorable treatment in length of vacation allowed and in length of service required to qualify for vacation privileges. Where a majority of the office workers receive 2 weeks' vacation, the productive workers receive only 1 week.

And where a large proportion of the office workers qualify for vacations after 6 months and practically all after a year's service, productive workers must put in from 1 to 2 years to qualify. As a result, a considerable proportion of the workers do not have vacations even in factories with vacation policies.

DIFFERENT FROM RUSSIA

On this question Russia, where unions are a recognized part of the industrial order, presents a strong contrast. There the finest country estates are being developed as worker rest homes, and vacations with pay are a regular feature of union agreements. In the Baku oil field, to cite a single instance mentioned in the British trade-union delegation report, "each worker who has completed 5½ months' service becomes eligible for a fortnight's yearly holiday on full pay."

Mr. LYLE. I have before me, Mr. Chairman, a photostatic copy of a Labor Letter for November 11, 1925, an article entitled "The Founders Fade," by Leland Olds. It is astonishing, gentlemen:

Political democracy based on geographical representation is played out. The attempt to run twentieth-century industrial states with governmental machinery designed in the eighteenth century is breaking down. This is the significance of revolutionary events in Russia, Italy, and England.

Confusion of thinking arises when social revolution is conceived as an extension of democracy. Fundamentally, it is a transformation of government to conform with the lines of economic interest and authority.

Lenin knew what would take the place of political partyism when he made his bid for power in Russia with the slogan "All power to the Soviets."

That is an article written by Mr. Leland Olds. That is the man that wants to serve, with your permission.

Senator JOHNSON. You read this quotation:

Lenin knew what would take the place of political partyism when he made his bid for power in Russia with the slogan "All power to the Soviets." Mussolini, with his Socialist background, saw it when he moved to constitute in Italy under his dictatorship a government composed of the industries rather than regions, and so forth.

That change is coming in America. Upon labor's advance preparation will depend its share in the new apportionment of authority.

Without objection, it will be made a part of the record.

(The document above referred to follows:)

[From Labor Letter, November 11, 1925]

THE FOUNDERS FADE

(By Leland Olds)

Political democracy based on geographical representation is played out. The attempt to run twentieth-century industrial states with governmental machinery designed in the eighteenth century is breaking down. This is the significance of revolutionary events in Russia, Italy, and England.

Confusion of thinking arises when social revolution is conceived as an extension of democracy. Fundamentally, it is a transformation of government to conform with the lines of economic interest and authority. The break-down of political democracy becomes critical when the failure of any political party to command a majority prevents the government from handling social maladjustments. Class antagonism comes to the fore, and the cooperation necessary to economic functioning is not forthcoming. Organized groups take to direct action.

On the collapse of representative government in England, a Wall Street Journal writer in London says: "The fact is that a state of political apathy has settled down upon the people of Great Britain. In 9 constituencies out of 10, there is no political organization worthy of the name. Even in Parliament, party lines are broken up when a vote is taken. The strangest and ablest nucleus in Parliament is the industrial group."

Lenin knew what would take the place of political partyism when he made his bid for power in Russia with the slogan "All power to the Soviets." Mussolini, with his Socialist background, saw it when he moved to constitute in Italy under his dictatorship a government composed of the industries rather than regions, with the dominant branch of Parliament composed of representatives of organized capital and labor. Both followed the prophecy delivered 20 years ago by Daniel De Leon, leader of the Socialist Labor Party in this country:

"As the slough shed by the serpent which immediately appears in its new skin, the political state will have been shed; and society will simultaneously appear in its new administrative garb. The industries, regardless of the former political boundaries, will be the constituencies of the new central authority. Like the flimsy cardhouses that children raise, the present political governments will tumble down, their places taken by the central and subordinate administrative organs of the nation's industrial forces."

That change is coming in America. Upon labor's advance preparation will depend its share in the new apportionment of authority.

Mr. LYLE. Mr. Chairman, I brought this over here to show you. It is a photostatic copy of the Daily Worker for November 11, 1925. I read the record when Mr. Olds was here before in which he emphasized that he never wrote for the Daily Worker. I do not know whether he did or not, but there is an article appearing in the Daily Worker that says "by Leland Olds," and it does not give anybody else the dubious honor of sharing it with him. Federated Press or anybody else

Senator JOHNSON. Without objection the article appearing on page 5 of November 16, 1925, will be made a part of the record.
(The document above referred to follows:)

[From the Daily Worker, November 16, 1925]

SUPERTRUSTS IN UNITED STATES SHOW TREND OF DEVELOPMENT—67 FIRMS HAVE \$7,000,000,000 CAPITAL

By Leland Olds

The overshadowing importance of the supercorporations in American industrial life is shown in the capital stock tax returns to the United States Commissioner of Internal Revenue. The report covers 326,100 corporations in 1921 with common stock of \$56,607,362,000 and preferred stock of \$13,623,115,000 par value, a total of \$70,230,477,000. The fair value of this enormous capitalization, according to Treasury experts, was \$75,406,625,000.

The 67 largest corporations, each reporting more than \$90,000,000 capital stock, had a combined capitalization of \$7,589,420,000 at par with a fair value according to Treasury experts of \$12,383,197,000. Thus one five-thousandth of all the corporations of the country have one-sixth of the total capital-stock value. The average capital stock value of these 67 giants was over \$180,000,000.

There were 864 corporations each with a capital stock of more than \$10,000,000. These were the basis of \$22,274,000,000 of the total stock at par and \$30,827,000,000 of the total fair value. Although only one four-hundredth of all the corporations, this group represented nearly one-third of the capital stock at par and over two-fifths of the capital stock rated at its fair value.

The host of smaller corporations are survivals of a previous industrial order in which competition of thousands of independent businessmen was the rule. They will probably continue to appear in industrial statistics, allowed to survive to give the impression that the old order still exists. But the supertrust in the real order of the day and belongs in an entirely different category. It represents the development of state capitalism.

Mr. LYLE. I have before me here a photostatic copy of the Daily Worker for November 17, 1925, an article here in the right-hand column entitled "Painters Among the Few Unions Getting Raise," by Leland Olds. It does not say whether it came out of the Federated Press or what, but there is a significant thing about these writings.

Now if my name was appearing on articles in their unlawfully, if I was not writing for them or was not permitting them to use it, I would have done something about it especially if it appeared on a page like this where it says:

This page is devoted to the activity and interests of the Trade Union Educational League, North American Section of the Red International of Labor Unions, RILU.

Senator JOHNSON. Without objection article appearing on page 3 of the Daily Worker will be made a part of the record.

(The document above referred to follows:)

[From the Daily Worker, November 17, 1925]

PAINTERS AMONG THE FEW UNIONS GETTING RAISE—AND THEN LIVING COSTS ARE GOING UP TOO

By Leland Olds

Union painters have continued to advance their wages through 1925, according to the report of the United States Department of Labor on union wages and hours. In 18 of the 40 cities covered by the report union rates for painters May 1, 1925, were materially higher than in 1924. In not a single city did the Brotherhood of Painters, Decorators and Paperhangers take a cut.

Extending the comparison back to 1920, we find the painter's minimum hourly rate raised in 27 of the 40 cities while 4 cities show lower wages than in 1920.

Some of the increases were considerable including a gain of 31.3 cents per hour in Pittsburgh and 30 cents in Cincinnati. In general the union has materially improved the living standards of its members the last 5 years.

Painters have the 44-hour week or better in every city except Richmond where 48 hours is still the rule. They lead the other crafts with a 40-hour week in Boston, Newark, New York, Portland, Scranton, and Seattle. Since 1913 hours have been reduced in 19 cities.

Chicago tops the list in painter wages with a minimum of \$1.50 an hour. Pittsburgh follows with \$1.438 and New York with \$1.313. Chicago has a gain of 20 percent over 1920 and 131 percent over 1913, Pittsburgh 28 percent and 162 percent. The lowest painter scale is 55 cents in Charleston, S. C.

Minimum hourly rates for union painters in 15 cities in 1913, 1920, and 1925 were:

	1913	1920	1925		1913	1920	1925
Baltimore	\$0.375	\$0.90	\$1.00	Minneapolis	.50	1.00	1.00
Boston	.50	1.00	1.10	New Orleans	.40	.75	.85
Chicago	.65	1.25	1.50	New York	.50	1.125	1.313
Cleveland	.50	1.125	1.25	Philadelphia	.425	1.00	1.00
Denver	.50	1.00	1.175	St. Louis	.57	1.00	1.30
Detroit	.45	1.00	1.125	San Francisco	.563	1.063	1.044
Kansas City	.60	1.00	1.25	Seattle	.563	1.00	1.125
Los Angeles	.438	.875	1.00				

Union painters secured increases since 1924 in Baltimore, Birmingham, Buffalo, Chicago, Cincinnati, Denver, Kansas City, Little Rock, Minneapolis, Pittsburgh, Scranton, Seattle, and Washington. Their rates of pay are materially below the average in Atlanta, Charleston, Fall River, Jacksonville, Manchester, New Orleans, Richmond, and St. Paul. All except the last are either in the South or in low-wage textile centers in the North and the rates are 90 cents or less per hour.

Their average of the 40 cities was \$1.048 May 1, 1925, compared with \$1.013 in 1924, 93.9 cents in 1920, and 46.7 cents in 1923. The present rate is 3 1/4 percent over 1924, 11.6 percent over 1920, and 114.4 percent over 1913.

Mr. LYLE. Mr. Chairman, I have before me here photostatic copy of Industrial Solidarity, article written by Mr. Leland Olds, Federated Press, wherein he cites "the inevitable doom under capitalism of all independent producers, whether in the shops or on the land," who, according to Mr. Olds, "are being transformed into wage slaves. The agriculturalist is just the last to come into bondage."

Senator JOHNSON. Without objection the article referred to will be made a part of the record.

(The document above referred to follows:)

[From Industrial Solidarity, April 21, 1926]

CAPITALISTS SING DIRGE OVER UNITED STATES OF AMERICA FARMER

By Leland Olds, Federated Press

That the dispossessed farmers and their families may become the radical element in the Nation's citizenship is forecast by B. F. Yoakum in the Manufacturers Record. Yoakum who is a railroad magnate on the directorates of the St. Louis-San Francisco and the Seaboard Air Line, expresses the state of mind behind recent reports of the National Industrial Conference board on the farm problem.

"The American farmer," says Yoakum, "because of circumstances over which he has no control, is fading from the present day picture of free, independent Americanism. Men and women of the farm who lose their homes cannot remain as tenants on soil that was once theirs and continue with the same feeling of loyalty and devotion to their country they had before. They cannot be expected to perform the same useful part as citizens after they are forced to hire out to labor at industrial work or on farms they once owned."

Yonkum says the American farmers today owe \$12,500,000,000, an amount equal to the funded debt of the country's railroad system and that they are paying an average of 8 percent a year interest on this huge debt. He says "Public records of farm mortgage foreclosures are misleading. The facts are that many thousands of farmers are peacefully surrendering their farms, their homes, and their all." He continues in part:

"Instead of American farmers continuing as owners and operators of their farms, American farming is drifting toward being corporationized and the farmer is vanishing. Wealthy town people are rapidly becoming owners of the farms. It is they who will control their operations with the farmers as their laborers or their tenants. Tenantry is only one step removed from peasantry."

"Farmers and their families, there is grave ground to fear, may be forced to become the radical element in the Nation's citizenship."

This view fits in with the statement from President L. F. Collins of the Citizens National Bank, of Knoxville, Iowa, published by the Chicago Journal of Commerce. Collins says: "Farm conditions are improving only in the fact that a good many of the busted farmers are being eliminated. The cost of operating the farm is steadily increasing and the cost of marketing farm products—freight, commission charges, and other expenses—is taking everything. The farming business is going into the hands of the young men who have no capital and are willing to work for a living without much prospect of ever being better off."

The high costs which are killing the farmer are not fundamentally connected with high farm wages. As pointed out by the National Industrial Conference Board, farm labor costs in 20 years have increased only 90 percent while overhead capital costs, including all taxes and interest charges, have increased nearly 600 percent in the same period. Farm costs would have increased only 90 percent if all factors had risen no faster than farm wages. They have actually increased over 300 percent when the charges of capitalism are included.

Thus a financier and a big business research agency bear witness to the inevitable doom under capitalism of all independent producers, whether in the shops or on the land. They are being transformed into wage slaves. The agriculturist is just the last to come into bondage.

Mr. LYLE. Here is a photostatic copy of the Daily Worker of July 21, 1928, article by Leland Olds, Federated Press, wherein he says:

Opportunity for at least \$1,000,000,000 more profits a year is what the development of the automobile means to the American investor class, company reports indicate. Each step in mechanical progress provides the owning class one more field for tribute.

Senator JOHNSON. Without objection the article referred to will be made a part of the record.

(The document above referred to follows:)

[From the Daily Worker, July 21, 1928]

\$1,000,000,000 PROFIT YEARLY GOING TO THE STOCKHOLDERS OF AMERICAN AUTOMOBILE INDUSTRY

(By Leland Olds, Federated Press)

Opportunity for at least \$1,000,000,000 more profits a year is what the development of the automobile means to the American investor class, company reports indicate. Each step in mechanical progress provides the owning class one more field for tribute.

The billion-dollar total includes nearly \$350,000,000 in profits to the owners of auto plants, about \$70,000,000 to the owners of parts and accessories factories, over \$500,000,000 to the petroleum kings, and probably at least another \$50,000,000 to owners of the rubber industry. It does not take into account the indirect profits on the steel, aluminum, copper, glass, cloth, and other materials. Nor does it include retail profits and the profits of garage owners.

FOUR MILLION CARS SOLD IN 1925

These profits come out of the country's total expenditure on automobiles, which probably exceeds \$10,000,000,000. In 1925 people in the United States and Canada purchased 3,839,302 passenger cars and 497,452 trucks, busses, and com-

mercial vehicles, a total of 4,336,754 cars with a wholesale value of \$2,977,906,000. Additional parts cost \$308,830,000 and replacement of parts and tires \$923,440,000.

Mr. LYLE. Here is a photostatic copy of Industrial Solidarity, August 11, 1926, by Leland Olds, Federated Press. It starts out:

As fellow worker Payne told us in the July issue of the Industrial Pioneer, it is important that the I. W. W. papers publish just such articles as Leland Olds is writing.

Senator JOHNSON. Without objection the article by Mr. Olds appearing in Industrial Solidarity of Wednesday, August 11, 1926, will be made a part of the record. The article is entitled "Unearned Income Beats All Previous Records in the United States."

(The document above referred to follows:)

[From Industrial Solidarity, August 11, 1926]

UNEARNED INCOME BEATS ALL PREVIOUS RECORDS IN UNITED STATES

(By Leland Olds, Federated Press)

(As fellow worker Payne told us in the July issue of the Industrial Pioneer, it is important that the I. W. W. papers publish just such articles as Leland Olds is writing. He says, "We must show to each worker the stream of wealth he creates and its course into the vaults of the giant banks of the Nation.")

This article by Olds is of especial interest. He points out that the dividend and interest payments for the first half of 1926 amount to enough to warrant an increase in wages of 25 percent to more than double the number of workers at present belonging to labor unions in this country.—(Error.)

American dividend and interest payments the first half of 1926 were sufficient for a 25-percent wage increase for more than 12,000,000 wage earners. But this huge total was paid instead to the investing class. It sets a new record in the amount of tribute collected by the country's financial oligarchy.

The total for the 6 months is \$2,166,262,000. In the same period of 1925 the investing class received \$2,049,120,000. The increase this year is about 6 percent. If continued the 1926 dividend and interest payments will reach \$4,360,000,000. This will mark a gain of 28 percent since 1920 and 144 percent since 1914.

Last year's cash payments to the owners of stocks and bonds crossed the \$4,000,000,000 mark for the first time in history. This year's will be well on to \$4,500,000,000.

Dividend and interest payments for July more than maintained this rate of increase, bringing the 7-month total to \$2,166,262,000. For the first 7 months of 1925 the total was \$2,049,120,000. The month-to-month record for each year reported by the Department of Commerce is:

Dividends and interest

	1926	1925		1926	1925
January	\$509,250,000	\$458,625,000	May	\$338,650,000	\$328,225,000
February	218,715,000	201,000,000	June	341,350,000	323,100,000
March	332,222,000	333,350,000	July	491,915,000	437,900,000
April	426,075,000	404,820,000			

More than two-thirds of this steady flow of cash into the pockets of the well-to-do is interest on bonds. It represents the fixed charges the people must meet before income can be distributed as wages, salaries or profits. The 7 months' dividends amounted to \$595,877,000 compared with \$662,350,000 in the same period of 1925.

This year dividend payments to date were distributed to owners of the major divisions of industry as follows: Railroad dividends, \$119,115,000; street railway dividends, \$64,310,000; industrial and miscellaneous corporation dividends, \$432,452,000. In the first 7 months of 1925 railroad owners got \$190,535,000;

street railway owners, \$59,135,000, and the owners of other corporations, \$413,680,000.

In addition to these record payments to investors the corporations are salting away surpluses. The Chicago Journal of Commerce says: "In the comfortable feeling generated by the dividend statements of the numerous large corporations another feature has been lost sight of, and that is the large surplus accounts which are being accumulated. In other words, not only are business concerns able to pay their stockholders well for the year's business, but they are putting aside large reserves against the rainy day and to assist in the inevitable era of expansion which lies ahead."

The journal points out that the huge accumulations of surplus profits are also serving the financiers in their plans to effect giant mergers. It says: "These great surplus accounts must be invested and thus holdings have been acquired in those concerns slated for absorption."

Mr. LYLE. Mr. Chairman, I do not want to be facetious, but when I was a young man about this time people were scared in my country of the IWW. Your folks used to scare you with it instead of using the bogeyman. It had a pretty bad reputation in our country during those days.

Here is a photostatic copy of the Labor Letter of April 27, 1927 entitled "May Day Plotting," by Leland Olds. It is an interesting article. He says:

The organized capitalist effort to obliterate the significance of May 1 as International Labor Day by making the healthy child a May Day symbol is doomed to failure.

He goes on:

The class war note is to be forgotten.

He says:

Will it be forgotten? Not while economic oppression under the wage system remains the chief force denying children a decent chance in life.

Listen:

In Russia—

the same article by Leland Olds, May Day plotting,—

in Russia the labor movement is building a workers republic which leads the world in its attempt to guarantee every child a chance to flower.

Into what, I do not know.

Senator JOHNSON. Without objection the article will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, April 27, 1927]

MAY DAY PLOTTING

(By Leland Olds, Federated Press)

The organized capitalist effort to obliterate the significance of May 1 as International Labor Day by making the healthy child a May Day symbol is doomed to failure. It is doomed because the healthy child might well be the emblem of the 40,000,000 organized workers who are moving surely toward a common goal. That goal is a world made fit for children.

The American Child Health Association, with Herbert Hoover at its head, has taken the lead in this attempt to render May Day harmless. It reports that 50,000 churches, movie houses, magazines, newspapers, and other propaganda vehicles of the capitalist order as well as such organizations as the General Federation of Women's Clubs and the American Federation of Labor lined up to make May Day known as Health Day. The class war note is to be forgotten.

Will it be forgotten? Not while economic oppression under the wage system remains the chief force denying children a decent chance in life.

The child health campaign is a capitalist attempt to undo with one hand the harm done to childhood in grasping for profits with the other. Low wages, employment of mothers, employment of children, and congested living in working class quarters are the chief enemies of child health. They are features of the economic order developed under private capitalism.

The only great movement for child health is the labor movement. From the beginning of the factory system, more than 100 years ago, it has waged constant war against the conditions which blight childhood. It has fought to reduce the working hours of women and children from 16 hours to 12, then to 10, then to 8 hours, and finally to eliminate child labor altogether. It has fought for wages sufficient to give the children of wage earners a decent life. It has fought for safety and health provisions and for employers' liability insurance to protect the family against loss of the breadwinner.

In Russia the labor movement is building a workers' republic which leads the world in its attempt to guarantee every child a chance to flower. In China it is engaged in a desperate fight to eject the foreign exploiters who consume women and children in their lust for profits.

Labor will be fighting for child health long after the American Child Health Association has been forgotten. And May Day will remain a symbol of its struggle.

Mr. LYLE. Mr. Chairman, I have before me a photostatic copy of Federated Press Labor Letter dated May 11, 1927, headed "The coming war," in which he says:

But the rumble of the class war is rising. The manipulation of democratic institutions by this wealthy autocracy forces labor to seek other than constitutional processes. What is needed is a constitution to make democracy effective in a new economic order.

Senator JOHNSON. Without objection the article referred to will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, May 11, 1927]

THE COMING WAR

(By Leland Olds, Federated Press)

"Workers defend your rights" is the slogan with which the British Trade Union Defense Committee opened its May Day manifesto, read at 3,000 meetings over the length and breadth of the land. The manifesto states:

"A dangerous attack has been launched upon the workers' organizations by the powerful employers' associations and reactionary class influences which control the Tory government. The aim is to deprive the workers by act of Parliament of their strongest weapons of defense against exploitation and oppression.

"The trade unions," the manifesto proceeds, "are to be fettered by legal restrictions on the right to strike, the right to picket, the right to use union funds for union purposes, the right of trade-unions to associate with one another and to act together in pursuit of a common policy by lawful means."

It is just a year since the reactionary Baldwin government forced a general strike on the British unions in order to deal them a crushing blow. The bill now passing through its final stages in Parliament is a continuation of that attack.

The calling off of the general strike May 12 a year ago was hailed by the capitalists of all lands. Labor's most powerful weapon had been discredited. The present legislation aims simply to clinch that victory, chaining labor to cooperation in the present industrial order. But the rumble of class war is rising.

A struggle has begun in England "in which in one form or another we shall occupy probably the remainder of our lives." That is not radical Cook of the miners speaking but Chancellor of the Exchequer Winston Churchill addressing 10,000 Conservatives. He says:

"A rival power is seen to be seeking to establish itself within the nation, a power which challenges our democratic institutions, which is organizing to coerce the Government by other than constitutional processes."

Churchill is right except in his definitions. The rival power is the nation rising to challenge the right of Churchill's class to use the state for exploiting the workers. The manipulation of democratic institutions by this wealthy autocracy forces labor to seek other than constitutional processes. What is needed is a constitution to make democracy effective in a new economic order.

Mr. LYLE. I have before me, Mr. Chairman, a photostatic copy of Federated Press Labor Letter, May 25, 1927, article written by Leland Olds, Federated Press, wherein he says:

Both the oil and coal industries are suffering from wasteful development due to unregulated private exploitation.

Senator McFARLAND. Mr. Lyle, I do not want to detract your attention from that article, but I notice here in this article one sentence that says:

The manipulation of democratic institutions by this wealthy autocracy forces labor to seek other than constitutional processes.

Mr. LYLE. Isn't that astonishing?

Senator McFARLAND. Does that mean that Mr. Olds is advocating revolution in this country?

Mr. LYLE. Well, sir, I sincerely hope not, but it is astonishing that a man who wrote that would come before you and ask to serve under constitutional government.

Senator McFARLAND. I will be interested in what Mr. Olds has to say about it.

Mr. LYLE. Now you know why I am here, gentlemen. It is not a pleasant task, but when you run into that sort of thing, you feel you owe it to your country to call it to the attention of the people that have to pass on him.

He says in this one:

Both the oil and coal industries are suffering from wasteful development due to unregulated private exploitation. In the oil industry the capitalists have made the first move for unified control under Government supervision.

It is a rather long article.

Senator JOHNSON. Without objection the article will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, May 25, 1927]

NEED SAME CURE FOR CHAOTIC OIL AND COAL INDUSTRIES

(By Leland Olds, Federated Press)

The oil trust's move to curb production in the interest of profitable prices to producers affords the locked-out coal diggers a powerful argument. Both the oil and coal industries are suffering from wasteful development due to unregulated private exploitation. In the oil industry the capitalists have made the first move for unified control under Government supervision.

The plan to appoint an oil dictator over the Seminole area in Oklahoma with power to cut down production over a 2-week period is a trial balloon sent up by Standard Oil to try out public opinion. If there is no flare-up at this violation of the spirit of the Sherman Act the plan may extend to other big producing fields.

"The condition of overproduction of crude oil at the present time," says Pres. W. C. Teagle, Standard Oil Co. of New Jersey, "is not a local situation existing in one particular district, but general, applying to Oklahoma, California,

and Texas. Overproduction is the direct result of too much drilling and therefore any constructive program must deal first with the cause of overproduction, i. e., the present drilling activities."

The solution toward which the oil interests are carefully feeling their way is unified operation of all oil pools under joint ownership by the various interests.

The program of the United Mine Workers for stabilizing the soft coal industry under a continuing joint conference body representing miners and operators is based on the same premises. The inability of coal operators to pay the real producers a decent wage is due to overdevelopment under unregulated private initiative. Too many shafts have been sunk. Cutthroat competition makes it impossible to charge a fair price for the product.

The remedy of the miners' union is restated by Vice President Philip Murray in the Mine Workers' Journal in part as:

"Creation of a continuing joint conference body composed of representative miners and representative operators whose duties shall be to work out a complete equitable policy of stabilization, keeping in mind the fact that capital invested in the coal industry is entitled to a fair return and the men engaged in it are entitled to full opportunity to earn a decent wage with which to support themselves and their families.

"Complete 100 percent organization of all mine workers on the one hand and of all operators on the other hand, so that each side would possess a responsible body with power to speak and act in its behalf.

"Maintenance of the status quo with the Jacksonville wage scale while the joint conference body is engaged in the formulation of a definite and lasting policy."

This program has the same basis of appeal to the public for letting down Sherman Act barriers as the plan of the oil interests. It would mean control of the development of the industry and of production in the interest of a good return to all engaged in production. It would also make for conservation of resources and for economy in operation. It goes a step further than the Standard Oil program in recognizing the fundamental interest of workers in the rational conduct of their industry.

Mr. LYLE. I have before me here, Mr. Chairman, photostatic copy of Federated Press Labor Letter, Wednesday, June 22, 1927, by Leland Olds, Federated Press:

One branch of the labor movement is quietly building an international economic fabric to take the place of the decaying capitalist order.

It goes on:

While capitalism is pitting one people against another the international cooperative alliance is laying the basis for a new world unity of workers.

Senator JOHNSON. Without objection the article will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, June 22, 1927]

COOPERATION AHOY

(By Leland Olds, Federated Press)

Cheers greeted the announcement in the British cooperative congress that China was the thirty-seventh country to knock at the door of the international cooperative alliance. One branch of the labor movement is quietly building an international economic fabric to take the place of the decaying capitalist order.

The volume of business transacted between the cooperative societies composing the international alliance last year rose to \$200,000,000. This is only a beginning. Within the last few months negotiations for a cooperative combine uniting the movements in Great Britain, France, Germany, Belgium, Denmark, Sweden, Switzerland, Czechoslovakia, Poland, Russia, Finland, Australia, and New Zealand have been under way.

"The links of trade," said President Jackson addressing the congress, "are the bonds of peace, and every increase in international cooperative trade and ex-

change represents an advance in international understanding and forms a new barrier preventing war."

The 13-nation cooperative combine, according to a Wall Street Journal London item, will represent more than \$2,000,000,000 of assets. The total assets of the British societies alone are now more than \$1,000,000,000.

"This cooperative combine," says the journal, "when it is fully organized, will be the biggest aggregation of chain stores in Europe, if not in the world. It will represent every fourth family in Great Britain, every fifth family in Sweden, every third family in Switzerland and 3 out of every 10 families in Russia. It is a new cooperative league of nations which has sprung up without the aid of any government."

Here is a constructive development in strong contrast with the world capitalist fabric, torn by trade war. The motion unanimously adopted by the British cooperative congress on relations with the Russian co-ops following the severance of diplomatic and trade relations by the British Government brings out this contrast. The motion reads:

"That this congress renews its greetings of friendship to Russian cooperators and urges all sections of the cooperative movement to maintain and develop trading relations with the Russian cooperative movement and to work for the full renewal of peaceful relations with that country."

While capitalism is pitting one people against another, the international cooperative alliance is laying the basis for a new world unity of workers.

Mr. LYLE. Here is a photostatic copy of a Federated Press Letter, Mr. Chairman, June 29, 1927, wherein he expresses his frequent thesis regarding the decay of capitalism:

Coal, the basis of modern industrial civilization is becoming a barometer forecasting the increasing storms which will mark the decay of capitalism.

Senator JOHNSON. Without objection the article will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, June 29, 1927]

BRITAIN'S COAL TRADE REVEALS WORLD SLUMP

(By Leland Olds, Federated Press)

Coal, the basis of modern industrial civilization is becoming a barometer forecasting the increasing storms which will mark the decay of capitalism. The intensity of the conflict between the great capitalist powers seeking an outlet for their surplus production is revealed in a United States Department of Commerce bulletin on the world coal trade with special reference to Europe.

World production of coal in 1925 and 1926, according to the bulletin, ran only slightly above prewar. In 1925 it was 1,361,000,000 tons and in 1926, 1,355,000,000 tons, compared with 1,342,000,000 tons in 1913. But changes in production and export centers, and especially in consuming areas, are noteworthy.

The British share of world production has declined from 21.4 percent in 1913 to 18 percent in 1925. The 1926 figures are not comparable because of the effect of the 7-month coal strike. The United States produced 38.5 percent in 1913, 38 percent in 1925, and 44.4 percent in 1926. Germany, France, Poland, Japan, and China are also among the countries with a slightly greater percent of world coal production in 1926 than in 1913.

The coal trade has been important to England not only in itself but also because it provided outgoing cargo making possible lower shipping rates on goods brought from other countries in British vessels. England is now fighting with its back to the wall to recover foreign markets for its coal.

France, the principal foreign market for English coal, is using drastic measures to favor its own mines. Starting with reductions in freight rates on its own coal and increases in the tariff on imported coal it is proceeding to a general embargo on foreign fuel other than reparations coal from Germany.

"Thus," says the London Daily Herald (labor), "the price-cutting in the export trade practiced by the British mine owners and denounced by Herbert Smith at the recent meeting of the international miners executives in Paris has produced its deadly effect. The new French measure is merely a crushing retort to an uneconomic price war begun by British exporters."

The productive capacity of the British coal industry is greater than ever. Wages have been slashed. But it is doubtful whether Britain will regain her markets in face of the increased competitive power of Germany and the diminished dependence of France, the Netherlands, and other countries on British coal. Meanwhile, more than 200,000 British miners are unemployed.

Mr. LYLE. This is a photostatic copy, Federated Press, Labor Letter of July 28, 1927, wherein Leland Olds envisions the "discard" of private property under the heading "Property beware." This is his conclusion on an incident occurring in Italy. He says:

Here is certainly a breach which may widen until the sanctity of private property in the capitalist sense follows the divine rights of kings into the discard. Inevitable changes in the economic organizations of society are exposing it as just another myth—

Senator MCFARLAND. Will you read that last article again?

Mr. LYLE. Yes, sir; I will read from the article:

Here is certainly a breach which may widen until the sanctity of private property in the capitalist sense follows the divine rights of kings into the discard. Inevitable changes in the economic organizations of society are exposing it as just another myth preached in the interest of a small class seeking to retain power and privilege.

That, sir, was written by Mr. Leland Olds, Federated Press, in 1927. He was then 36 years of age.

Senator JOHNSON. Without objection it will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, July 28, 1927]

PROPERTY BEWARE

(By Leland Olds, Federated Press)

Two landlords are sentenced to exile on a small island off the coast of Sicily, to all intents political prisoners for 2 years. Another is condemned to live for 2 years under police control. All because they exacted rents above the maximum fixed by the state. Storekeepers punished for making undue profits. Such things happening in Fascist Italy, supposed bulwark of capitalism, suggest that the right of the individual to use his property as he chooses is due for severe limitation in the coming world order.

These drastic measures are incidents in the deflation policy of Mussolini. The theory is that so far as possible wages, prices, and rents shall come down in proportion as the value of the money unit is raised. The burden of the transition is not to be thrust entirely on the workers simply because property is in control.

This theory (however it may be carried out) is in strong contrast with post-war deflation in the United States. Here it was left to the financiers operating through the Federal Reserve. As a result the big corporations came through with their accumulated wealth enhanced in value. Dividend and interest payments flowed in ever larger streams to the investing class. City land values held up, but farmers, wage earners, and small tradesmen held the bag.

That the incidents in Italy reflect a change in the conception of property is remarked by Arnaldo Cortesi in a copyrighted dispatch to the New York Times from Rome. He says:

"Owners of houses in Italy have been virtually deprived of the free use of their property. The rents they may ask are fixed by the government, and they are not allowed to evict tenants. Landlords are therefore in actual fact merely administering their property on behalf of the government, which has taken from them the right of disposing of it as they please.

"This is an agreement with the Fascist idea of the status of private property. This theory naturally holds some dangerous implications if applied to industry. Up to the present, however, the only attempt at government interference between property owners and their property has been made in the case of the landlords."

Here is certainly a breach which may widen until the sanctity of private property in the capitalist sense follows the divine rights of kings into the dis-

card. Inevitable changes in the economic organizations of society are exposing it as just another myth preached in the interest of a small class seeking to retain power and privilege.

Mr. LYLE. This is a photostat of Federated Press letter, August 11, 1925, wherein he laments—

the failure of American labor to join the international and the break-down of negotiations with the Russian unions.

He says here:

If the indignation of isolated labor bodies the world over had been forged into the demand of 40,000,000 organized workers, the gates of the capitalist prison would have opened years ago.

Senator JOHNSON. Without objection the article referred to will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, August 11, 1927]

LABOR'S FOLLY

(By Leland Olds, Federated Press)

Sacco and Vanzetti suffer for labor's failure to maintain a powerful international organization capable of challenging the international of big business. If the indignation of isolated labor bodies the world over had been forged into the unified demand of 40,000,000 organized workers, the gates of the capitalist prison would have opened years ago.

The weakness of labor in the international field is emphasized this August by the fourth congress of the International Federation of Trade Unions (Amsterdam) now in session in Paris. The report of the executive covering the last 3 years shows a falling off of more than 3,000,000 in membership and a decline in per capita until it is almost impossible to carry on the limited activities.

The federation's membership is down to 13,500,000, only about a third of the organized workers throughout the world, while its income for 1926 was \$50,200.

The decline of the federation since 1920 as reflected in membership and dues payments is shown in the table:

	Member- ship	Dues paid		Member- ship	Dues paid
1920.....	22,701,103	\$40,700	1924.....	13,133,004	\$37,400
1921.....	21,991,615	44,600	1925.....	13,366,387	60,000
1922.....	18,185,531	56,000	1926.....		50,200
1923.....	15,316,127	30,800			

The federation has been weakened rather than strengthened by the decay of capitalism in Europe. The report says:

"This decline in membership must be attributed primarily to the unemployment which is to be found in every country in Europe. We think it necessary to emphasize this fact because no important improvement can be anticipated in this state of things within any short space of time.

"As therefore no considerable increase of membership can be counted on in the immediate future the congress will have to decide what measures shall be taken to enable the executive committee to continue to fulfill its duties."

Dissensions between large groups in the world of organized labor keep labor weak. The report discusses the failure of American labor to join the International and the break-down of negotiations with the Russian unions. Unless these breaches in the labor front can be closed, not only labor's champions but its living standards will continue to suffer under the relentless dictatorship of capital.

Mr. LYLE. Here is an interesting one, gentlemen. This is a photostatic copy of the Federated Press Labor Letter, Thursday, August 18, 1927. At that time as I calculate it Mr. Olds was 36 or 37 years old.

The article in here is entitled "Beyond Capitalism," by Leland Olds, Federated Press:

Beyond capitalism? Will the decaying capitalist order be transformed by workers in countries now at the peak of industrialism?

He goes on further down:

The impact of capitalist industrialism on the so-called backward countries has produced great revolutionary movements convulsing the lives of hundreds of millions who a few years ago were not reckoned in the labor movement. This calls not only for a new policy on the part of the older movement but for a new labor international.

Unless the workers of Europe and America find some basis for unity with the movements in the so-called backward countries, they must be content to sink with decaying capitalism, leaving the workers of Russia, China, and the other fringes of the Atlantic era to inherit the world.

That is written by Leland Olds, in 1927.

Senator JOHNSON. Without objection the article will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, August 18, 1927]

BEYOND CAPITALISM

(By Leland Olds, Federated Press)

Beyond capitalism? Will the decaying capitalist order be transformed by workers in countries now at the peak of industrialism? According to the theory of the labor movement, yes. But President A. A. Purcell, of the Amsterdam International Federation of Trade Unions, in his address to the recent Paris Congress said an emphatic "No."

Purcell holds that developments following the war point to the newly industrialized workers of Russia, China, India, Mexico, etc., as the advance guard since European workers under the heel of capitalism have got stalled. They need not go through the long historical process of the workers in Britain, Germany, or America. They are making the jump to capitalist industrialism with intense rapidity "and that jump—as with Russia—will be beyond capitalism," Purcell declares.

CAPITAL IS UNPREPARED

The workers of the non-European countries, he holds, have all the benefit of working-class organization and action developed by European workers through long struggle, while the capitalist ruling class has not developed its powerful repressive agencies in these newly industrialized countries.

In Russia, he says, the workers "in the face of inconceivable difficulties have rebuilt their industrial economy. They have established a great Union of Soviet Socialist Republics."

The impact of capitalist industrialism on the so-called backward countries has produced great revolutionary movements convulsing the lives of hundreds of millions who a few years ago were not reckoned in the labor movement. This calls not only for a new policy on the part of the older movement but for a new labor international.

NEED NEW INTERNATIONAL

The Amsterdam International, its own report shows, is practically limited to Europe. Of its 1926 income nearly 75 percent was supplied by the trade-union movements of England and Germany.

Unless the workers of Europe and America find some basis for unity with the movements in the so-called backward countries, they must be content to sink with decaying capitalism, leaving the workers of Russia, China, and the other fringes of the Atlantic era to inherit the world.

Senator McFARLAND. Pardon me. You are just a little bit ahead of me here. I do not want to slow this hearing down. I notice this

quotation. You may have read it. I just hurriedly read this article. It says:

Dissensions between large groups in the world of organized labor keep labor weak. The report discusses the failure of American labor to join the international and the break-down of negotiations with Russian unions. Unless these breaches in the labor front can be closed, not only labor's champions but its living standards will continue to suffer under the relentless dictatorship of capital.

Does the writer mean that Russian labor unions should dominate our labor unions and that we would then have a better standard of living for labor in the United States?

Mr. LYLE. Well, you can easily get that idea about it.

Senator McFARLAND. Certainly I do not see how anyone could seriously say that association with the Russian labor movement could improve the standard of living in the United States of America—

Mr. LYLE. No, sir.

Senator McFARLAND. The best in the world.

Mr. LYLE. That is right, I think you are right, sir.

This is a photostatic copy of the Federated Press Labor Letter, August 18, 1927, wherein there is an article written by Mr. Olds entitled "Building Trade Fails To Give Steady Work." He says among other things—when I quote from these, I am not trying to keep you from seeing the whole letter. I just have not time to read the whole letter.

Senator McFARLAND. I may say, Congressman, I am going to read all of these articles and I am going to read them carefully.

Mr. LYLE. I hope you do, sir. I think you should, before you make a decision on this matter. I want to quote here:

This anarchy due to unregulated private initiative in an important industry should be borne in mind when figuring building-trades wages.

Senator JOHNSON. The article will be made part of the record, without objection.

(The document above referred to follows:)

[From the Federated Press Labor Letter, August 18, 1927]

BUILDING TRADE FAILS TO GIVE STEADY WORK

(By Leland Olds, Federated Press)

Building is an overmanned industry giving its workers only about 75 percent of full-time employment, according to a statistical analysis of the construction industry in Ohio by the Ohio University bureau of business research.

The survey covers the years 1914 to 1924. It shows that during January and February on an average only about half the workers in the industry are employed and that during 5 months of the year less than three-fourths are employed. There are only 4 months of the year in which more than 95 percent of the building-trades workers have jobs.

The survey's estimated average percent of employment and the average number unemployed in the construction industry in Ohio in the period 1914-24 by months was:

Building trades 10-year average	Percent employed	Number unem- ployed	Building trades 10-year average	Percent employed	Number unem- ployed
January.....	55.7	37,776	August.....	99.9	85
February.....	53.6	39,590	September.....	100.0	0
March.....	59.6	34,462	October.....	97.2	2,388
April.....	73.1	22,946	November.....	89.2	9,213
May.....	81.7	15,610	December.....	74.2	22,008
June.....	91.4	7,336			
July.....	90.6	2,900	Annual average.....	81.0	16,207

This shows that out of an average of about 85,000 workers attached to the industry in the period the number unemployed was over 22,000 in 5 months of the year, rose to more than 39,500 in February, and averaged over 16,000 throughout the 12 months. And, according to the report, this understates the amount of unemployment because an accurate measure of part time is not available. Including this it estimates average employment at 75 percent, which would mean that throughout the period an average of 21,000 out of 85,000 Ohio building-trades workers were unemployed.

This anarchy due to unregulated private initiative in an important industry should be borne in mind when figuring building-trades wages. A weekly wage which would produce over \$3,000 if earned steadily throughout the year affords the average building-trades worker hardly more than \$2,000 on the basis of employment actually offered.

Mr. LYLE. Here is an interesting one, gentlemen, photostatic copy of Federated Press Labor Letter, September 2, 1927, article entitled "Rest for the Rich," by Leland Olds, Federated Press:

What would it be in Russia? This question insists on an answer as one glances at a full-page for-sale ad in the Wall Street Journal. The property offered is a 6,300-acre mountain and lake estate in New Hampshire.

That the advertisement appears in the Wall Street Journal is significant—

and so forth.

I am skimming over some of this article:

What would it be in Russia? Once upon a time under the Czar, it would have been what it is in America today, the country estate of some member of the ruling oligarchy. But not under the workers republic. Today it would be a workers rest home. All the sports, all the beauty, all the health—but enjoyed by the workers and their families on their annual vacations or when recouping after illness or break-down.

That is an article written by Mr. Leland Olds.

Senator JOHNSON. Without objection the article will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, September 1, 1927]

REST FOR THE RICH

(By Leland Olds, Federated Press)

What would it be in Russia? This question insists on an answer as one glances at a full-page for-sale ad in the Wall Street Journal. The property offered is a 6,300-acre mountain and lake estate in New Hampshire.

That the advertisement appears in the Wall Street Journal is significant. It does not appear in the New York Times with its huge circulation. Among the relatively few readers of the financial daily would be found all possible purchasers of this paradise. As a matter of fact the ad specifies:

"No prospective purchaser will be considered who is not a man of wealth and high standing and repute."

"Lucknow," it says, "is a country home for a man who wants to make it possible for his family to spend long, happy summers and autumns in the open, close to nature, where they can enjoy within the limits of their own property every conceivable healthful outdoor sport. Such a man and his family appreciate the purity and tonic effect of the pine-scented mountain air; the joy of living their own lives in their own way, free from interference and intrusion of class neighbors."

The estate includes every sort of scenery from mountain top to 1½ miles of frontage on Lake Winnepesaukee. The enormous house is built of stone and hand-hewn oak. There is a servants' house, a greenhouse, a boathouse, a stable, a garage, and two gate lodges.

"Within this private domain," says the ad, "await all outdoor sports, both summer and winter, riding, driving, golf and tennis, canoeing, hunting, fishing, bathing, motorboating, shooting, skating, snowshoeing, skiing, sleighing, and tobogganing."

What man would not want all this for his family? Yet under the present system it is all for a single exclusive family of the American dollar nobility.

What would it be in Russia? Once upon a time under the Czar, it would have been what it is in America today, the country estate of some member of the ruling oligarchy. But not under the workers republic. Today it would be a workers rest home. All the sports, all the beauty, all the health—but enjoyed by the workers and their families on their annual vacations or when recouping after illness or break-down.

Mr. LYLE. Here is an unusual article, gentlemen, of the Federated Press Labor Letter, December 8, 1927, wherein Mr. Olds, I gather from the article that he would say what is good or bad for people to buy. He says people buy cigarettes and make other people rich.

Senator JOHNSON. Without objection it will be incorporated in the record at this point.

(The document above referred to follows:)

[From the Federated Press Labor Letter, December 8, 1927]

CIGARETTE HABIT NETS PLUTES GOLDEN TIDE

(By Leland Olds, Federated Press)

More than half a billion dollars profits since 1914 is the record of three companies whose contribution to the country has been the stimulation of the cigarette habit. Granted that we like our fags the question naturally arises, is the mere development of this habit beyond all reasonable bound worth such a price? The owners of these concerns are receiving annually more than 100 percent on their original investment simply as a result of sandbagging millions into the incessant smoking of Camels, Chesterfields, and Luckies.

American Tobacco Co. leads in the 13-year period with profits totaling \$216,762,000. American Tobacco was the original trust dissolved as a violation of the Sherman Antitrust Act. Its offspring, Liggett & Myers Tobacco Co., made profits totaling \$121,922,000 in the years 1914-26. R. J. Reynolds Tobacco Co. is the third with 13-year profits totaling \$190,064,000. Altogether these three companies turned over to the owning class an aggregate tribute of \$528,748,000 between 1914 and 1926.

The country now consumes more cigarettes per month than it consumed in the entire year 1910. It is only a matter of months before men, women, and children throughout the United States will be puffing cigarettes at the rate of 100,000,000,000 a year, an incredible figure. The figures are 8,000,000,000 in 1910, 16,000,000,000 in 1914, 47,000,000,000 in 1920, 89,000,000,000 in 1926, and 82,000,000,000 in the first 10 months of 1927.

It is a commentary on the capitalist order that the successful stimulation of the cigaret habit should be one of the roads to power, raising a few men to seats among the money lords who rule the land. The \$500,000,000 in profits which has flowed into the treasuries of these cigaret barons in the last 13 years has enabled them to purchase control of enterprises far more important to the country than the tobacco companies which serve merely as tribute gathering agencies.

By the most elaborate means people have been persuaded to smoke more cigarets simply because the price of each cigaret includes a profit toll which goes to swell the wealth of the capitalist class. That wealth has been invested in the control of such enterprises as giant electrical power plants which provide the energy for industry, and great universities, which formulate the country's social idens.

Mr. LYLE. Here is a photostatic copy of the Federated Press Labor Letter, January 19, 1928, under the heading "Gravediggers Up," Leland Olds foresees the end of capitalism, identifying this prediction with the "ruthless American theory that a piece of machinery should be scrapped as soon as a better appears."

He says the "process" going on "in England and America as surely as in Italy and Russia, although the pace and methods vary."

This is my own commentary. The word "gravediggers" is of interest in view of Karl Marx' statement in the Communist Manifesto, page 42. I am quoting from Karl Marx:

Before all, therefore, the bourgeoisie produces its own gravediggers. Its downfall and the victory of the proletariat are equally inevitable.

Senator JOHNSON. Without objection it will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, January 19, 1928]

GRAVEDIGGERS UP

(By Leland Olds, Federated Press)

Capitalism is simply a useful machine, to be replaced when a better offers. This is not blasphemy from an irresponsible revolutionist but the assertion of the conservative Wall Street Journal. It is nonetheless a revolutionary application to the whole social system of the ruthless American theory that a piece of machinery should be scrapped as soon as a better appears. Criticizing the rather hackneyed Socialist phrases used by the League for Industrial Democracy the journal says:

"When a man says that capitalism is a religion and that all the world save the United States is profoundly skeptical of this religion, his facts are at least 20 years out of date. Hardly anywhere are men more skeptical of capitalism, or any other conception of a fixed system than here."

The journal defines skeptical as meaning a questioning attitude. It holds that a generation ago capitalism was something like a religion but that a better understanding of human needs has come.

"Today," says the journal, "capitalism is regarded in America as merely a useful machine to be overhauled, redesigned and reconstructed like any other; even to be replaced when a better instrument appears."

This statement has almost the ring of Jefferson's revolutionary phraseology in the Declaration of Independence. The Declaration asserts that the purpose of Government is to protect the people in their inalienable right to life, liberty and the pursuit of happiness and that whenever any form of government becomes destructive of these ends the people have the right to alter or abolish it and institute a new government in a form most likely to effect their safety and happiness.

The journal is right. The world-wide questioning whether capitalism is the most useful machine for manufacturing human well being does extend to the United States. New social machinery is being developed in many parts of the world and the effect of the new designs as they pass out of the experimental stages is to force a redesigning of the capitalist machine even in countries where it is most strongly mounted.

The world is busy readapting the form of the state to correspond with the new machine civilization. Under pressure of the labor movement the process is going on in England and America as surely as in Italy and Russia, although the pace and methods vary.

The new order will be a world order, but not the ideal world order envisioned either in capitalist America, Fascist Italy or Socialist Russia. Impersonal forces rather than the intellectual patterns of men determine the succession of human cultures. The Wall Street Journal editorial indicates that the spiritual unity of capitalism is dissolving.

Mr. LYLE. Mr. Chairman, here is a Federated Press Labor Letter, or photostatic copy of it, March 1, 1928, in my judgment applying the Marx doctrine down the line, wherein Leland Olds asserts that "the onward sweep of machine production" under capitalism results in over-production and "growing unemployment." This problem "is facing the entire world," and "will be a growing factor until these machines are controlled in the interest of the workers."

Senator JOHNSON. Without objection it will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, March 1, 1928]

TEN MILLION JOBS

(By Leland Olds, Federated Press)

What is to become of the workers displaced by machines? That is the outstanding question today. It is facing the entire world. The machine equipment of the world today enables the workers to turn out far more than the scheme of distribution permits them to consume.

The unemployed workers throughout the world at the beginning of 1928, if put to work in American mines and factories, could duplicate the entire output of American industry. Enough workers are idle to provide an entire new shift to keep American machines producing day and night. How can they be put to work unless the workers of the world may consume additional goods and services?

The world unemployment roster can only be roughly estimated. Excluding Asia, Africa, South America, and Australia it would look somewhat as follows:

Number of unemployed workers in 1928

United States.....	4,000,000	Denmark.....	86,000
Germany.....	1,548,000	Canada.....	75,000
England.....	1,178,700	Czechoslovakia.....	50,000
Russia.....	1,127,000	Portugal.....	50,000
Italy.....	414,000	Other European.....	97,287
Austria.....	224,000		
Holland.....	220,000	Total.....	9,186,987
Poland.....	117,000		

Government reports from Japan, China, India, and Australia show considerable unemployment in all these outposts of capitalism. There is industrial depression in Mexico and in South America. Taking all these into account it would undoubtedly be conservative to estimate the number of unemployed industrial workers in the world today at 10,000,000. Other millions are working only part time.

This huge army of unemployed is due only in a small measure to bad business which may be expected to improve. It is due largely to the onward sweep of machine production serving the interests of small groups of financial overlords in Holland, England, and the United States. While capitalism was extending its empire over millions of producers of raw materials who had no machines, the workers displaced at home were absorbed by the constant extension of industrialism. But today with machines multiplying in all parts of the world, unemployment will be a growing factor until these machines are controlled in the interest of the workers.

Mr. LYLE. Here is another one, photostatic copy, Federated Press Labor Letter, April 12, 1928:

Unless the profit system is superseded, the problem of unemployment and profitless industry will grow more ominous, the public projects will be increasingly nonessential, and a system of doles will be devised to sustain at a pauper level those workers rendered permanently unnecessary.

Senator JOHNSON. Without objection the article will be incorporated in the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, April 12, 1928]

BEGIN AT HOME

By Leland Olds, Federated Press

Unemployment could be practically eliminated if the country's vast supply of capital were administered for the people. Capital diverted from stock market speculation and foreign investment into comprehensive public works would

push the wheels of industry over the present dead center and start healthy expansion.

This is the opinion of Irving Fisher of Yale, one of the country's outstanding capitalist economists. It is supported by Frank A. Vanderlip, former president of the National City Bank of New York. Both agree that American capitalists are building European prosperity by just this means and Vanderlip suggests that this may mean effective competition against American industries. Fisher points out that foreign trade is only a tenth of our commerce. He says:

"If profits on the nine-tenths representing domestic business continue to dwindle, we shall have more shut-downs and unemployment while Americans famish for goods they cannot buy. But bank credits issued to Federal, State, and local governments, if prompt enough, can help—just as they are helping convalescent Europe. An expansion of bank loans for an extraordinary program of public works would now draw opportunely on the steel, cement, machinery, lumber, and other industries to construct public buildings, dams, levees, and spillways for flood control; to extend National and State highway systems; to build sewers, waterworks, tunnels, subways, parks, schools, and hospital systems."

Fisher observes that the stock speculation which has held the attention of the country is not the cause but the result of business depression. He holds that public works "might deflect into business channels some of the swollen stream of credits now being dissipated in stock speculation."

This solution is based on the fact that America is a comparatively undeveloped country. But as the development of the continent approaches its limit the problem of unemployment and profitless industry will grow more ominous, the public projects will be increasingly nonessential, and a system of doles will be devised to sustain at a pauper level those workers rendered permanently unnecessary.

Unless the profit system is superseded.

Mr. LYLE. Here is an article appearing in the Federated Press Labor Letter—this is a photostat under date of July 12, 1928—wherein Mr. Olds says:

But workers are the privileged class in Russia. There are no Woolworths.

It is a very interesting article. I hope you will read it.

Senator JOHNSON. Congressman, you have been speaking for about an hour and 10 minutes. I just thought you should have that notice.

The CHAIRMAN. Well, Mr. Chairman, it seems to me the Congressman ought to be given what time he requires. He does not have very many files left.

Senator McFARLAND. I think without question he ought to be given 3 hours if he wants it.

Senator JOHNSON. We have an agreement with each side, and I just want you to know you have consumed an hour and 10 minutes.

Mr. LYLE. I will hurry through here.

Senator McFARLAND. I do not think you should hurry. I think you should present this matter the way you care to. That is my opinion about it. We certainly owe you that courtesy.

Mr. LYLE. I appreciate that very much. You are very courteous, Senator, but there are a lot of people who want to be heard and I do not want to take advantage of the fact that I am a Congressman.

Senator JOHNSON. Congressman, that is Senator Reed of Kansas.

Senator REED. Mr. Chairman, I want to apologize. I understood Mr. Olds was to be the first witness this morning, and I read his statement last night.

Senator JOHNSON. We plan to hear Mr. Olds very shortly, but we announced at the meeting yesterday that Congressman Lyle would be here first. Proceed, Congressman. The article you just referred to will be incorporated in the record at this point.

(The document above referred to follows:)

[From the Federated Press Labor Letter, July 12, 1928]

POISONED PROFIT

(By Leland Olds, Federated Press)

Two items in the same issue of the London Daily Herald suggest a remarkable contrast. Both deal with tribute, one the tribute paid by an English working girl to the multimillionaire oligarchy in America, the other the tribute of an English worker's wife to Russia. But paid in very different coin.

Josephine Wilson was the English working girl who paid her tribute to American capital. It was her last tribute, for she paid it with her life. She poisoned herself because life did not seem worth while on the 24 shillings (\$5.80) a week she received from Woolworth's.

Yes, her employer was the same Woolworth that exploits thousands of girls in the 5-and-10-cent stores scattered throughout the United States. The Woolworth chain extends to England where it employs girls at about \$5.80 a week to pile up part of its enormous profits. Last year's profits of \$35,350,473 represented a return of more than 1,000 percent on the original investment of the owners.

Room rent absorbed more than half of Josephine's earnings. In fact, after paying for the room and a morning cup of tea she had less than \$2.70 a week left for food, clothing, carfare, and the other necessities of life. And her work place is surrounded by gorgeous hotels, restaurants, and shops purveying the most costly luxuries to the rich. The Daily Herald comments:

"Presumably Woolworth's will not miss her very much. There are so many other girls available. But is this firm, which is owned and controlled by an American millionaire, proud of the payment it made to Josephine?"

The tribute to Russia is from the pen of Mrs. James Morton, widow of an English worker who accepted Lady Astor's offer to pay the traveling expenses of any worker who would go to live in Russia. Mrs. Morton writes that she is receiving a pension from the Soviet Union of about \$58 a month and continues:

"When you stop to think of what would have happened if we had remained in England during Jim's long illness, then I think I am fortunate in spite of all our misfortune. By this time in England we would all have been in the poor-house. I can never tell you how kind they have been to us all the time during his illness. We had the best physicians, professors, hospital treatment, and nurses. Nothing was spared to make it better for him and for the rest of us as well."

But workers are the privileged class in Russia. There are no Woolworths.

Mr. LYLE. Here is a photostatic copy of the Daily Worker of July 24, 1928, article written by Mr. Leland Olds, Federated Press, headed "New England is scene of decay of capitalism," wherein he says, among other things:

Massachusetts unemployment is a symptom of the aging of capitalism. That order is decaying and the decay will spread as the industrialization of the world proceeds at an increasing pace.

Senator JOHNSON. Without objection the article referred to on page 5 of the Daily Worker of July 24, 1928, entitled "New England Is Scene of Decay of Capitalism," will be made a part of the record.

(The document above referred to follows:)

[From the Daily Worker, July 24, 1929]

NEW ENGLAND IS SCENE OF DECAY OF CAPITALISM—THOUSANDS ARE JOBLESS WHILE INDUSTRIES DIE

(By Leland Olds, Federated Press)

What does the protective tariff mean to the Massachusetts factory worker? Less than \$25 a week, if he is lucky enough to have a job. But there is one chance in three that he is unemployed. This is the answer of the June report of the State department of labor on factory employment. That these wage earners must

now choose between two major parties, each supporting a tariff for protection, appears a grim joke.

DEATH THROES

The situation in Massachusetts warrants more careful study than the monthly fluctuations of employment in other States. June reports from New York and Illinois show a slight change for the better which appears characteristic of factory employment throughout the country. But Massachusetts continues to slump. The conditions which made New England the pioneer manufacturing center of the country have changed.

Massachusetts employment is a symptom of the aging of capitalism. The economic order which developed in western Europe and made England mistress of the world established an outpost in New England. That order is decaying and the decay will spread as the industrialization of the world proceeds at an increasing pace.

The Massachusetts report for June indicates a decline of 2.5 percent in factory employment compared with May, of 14 percent compared with June 1927, and of 26 percent compared with the average for the 5 years 1919 to 1923. Since 1919 the employment level has fallen 31 percent. This means that where Massachusetts factories gave jobs to about 714,000 workers in 1919 there were only 490,000 on the pay rolls in June of this year. The department figures the normal number of factory workers in the State at about 652,000.

SHARP DECLINE

The cotton mills, oldest and greatest employers of factory labor in the State, report less than half as many workers as they employed from 1919 to 1923. On the basis of the average for those years as 100 percent, the figure for cotton-mill employment in June was 43.9 percent, a drop of 43 percent from June 1927. The sharp decline from a year ago is due in part to the New Bedford strike, but indications are that conditions in the industry would have forced a shut-down anyhow and the New Bedford mill owners were glad to place the responsibility on labor.

All other branches of the textile industry show sharp reductions in employment compared with June 1927. Woolen mills report employment down 9 percent to a level about 19 percent below the 1919-25 average. Hosiery and knit goods manufacturers report a 12 percent drop to a level 23 percent below the earlier average. Manufacturers of textile machinery are employing only 51 percent of the number in the earlier years, a drop of more than 21 percent in the last 12 months.

The boot and shoe industry, which also established New England as an early capitalist center, is similarly on the rocks with only 56.6 percent of the average number of workers employed in the year 1919-25. Compared with a year ago, it has reduced its working forces 17 percent.

The metal trades, grouped together as the foundry and machine-shop industry, are continuing on the down grade with only 65 percent as many workers as in the earlier years. Since June 1927 the manufacturers in this group have laid off more than 10 percent of their workers.

STAGNATING TOWNS

Massachusetts cities associated with the rise of American industrialism are feeling this decay. Textile cities like Fall River, Holyoke, Lawrence, and New Bedford; Brockton and Lynn, famous for shoes; Springfield, Worcester, and the smaller towns where metal manufacturers early established their plants, all are trying to escape the fate which is sapping the capitalist life in them.

Massachusetts is a forecast of the problem which will increasingly beset the capitalist world. Capitalism was founded on small geographical areas which produced huge surpluses of machine-made goods for sale to the large areas of the world's surface still in an era of agriculture and handicraft. The age when that was possible is rapidly passing and with its passing must come a change in the capitalist order.

Mr. LYLE. Here is an article by Mr. Leland Olds in the Federated Press Labor Letter of July 26, 1928. If you will permit me, I am going to try to sum these up. You can have them. If my summation is not correct, of course, you will use your own judgment about it.

Leland Olds follows the Marx doctrine that the capitalist system results in general overproduction by depriving workers of "surplus value" through exploitation. As a consequence, Olds anticipates "the complete passing of the old order of capitalism" and "a sharp modification, if not the complete elimination, of the present conception of property rights so far as they affect the means of production."

That is his words there.

Senator JOHNSON. Without objection, the article referred to will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, July 26, 1928]

MUST MAKE JOBS

By Leland Olds, Federated Press

Inventors have a new job cut out for them. Invention of mechanical aids to production or of new consumer's goods is no longer the first essential. The people cannot now buy anywhere near the wide variety of goods that are produced. Inventors must invent new jobs to the number of many million if the workers who are being turned off in droves by increasing efficiency are to be absorbed.

This is the long-time forecast of Editor Benjamin Baker of The Annalist. I would rate Baker as one of the accurate students of the trend of capitalism. His prophecy that industry must turn to the invention of jobs means that capitalism must resort to artificial respiration.

"Among the forces shaping the longer-range development of business," says Baker, "two which will bear a concentration of study are (1) the growing efficiency of production and (2) the accumulation of capital." And then in a few sharp sentences Baker shows how the first of these forces is adding rapidly to the surplus of workers while the second is reducing the swapping power of consumers for the goods which labor can produce.

"It will presently be made evident," says Baker, "that all the agricultural products the country can either use or sell abroad will within a decade be produced on much less than the present acreage, and perhaps by less than half of the present farm population and that in consequence industry will have to absorb, or invent new jobs for, additional workers to the number of many millions."

But industry is itself headed for overproduction. Says Baker, "There promises within a decade such a development of producing capacity as will far outrun the absorbing power of all markets; that position is already visibly in the making in the case of steel and iron; it is not beyond the range of vision in the automobile industry; it long ago arrived in the case of cotton textiles, and in considerable measure also of woolen textiles. In a number of other industries that point has been more nearly approached than is publicly realized—this fact being behind the agitation for the legal right to fix prices and apportion markets."

Baker knocks sky high the old capitalist economic theory that general overproduction is impossible because there is no limit to human wants. He says: "Neither this conclusion, nor the assumed basis of it is valid in the present economic world. It is not true that everyone wants unlimited quantities of anything—with the exception of money and leisure. And even if everyone did, the bounds of economically possible production are set by the economic swapping power of the individual whose wants can never be satisfied. The advance of machine production and the management thereof are steadily reducing what the great mass of individual workers have to give in an economic swap of service for goods."

Baker does not believe that the saturation point for American industry as a whole is near. But "there is little room for serious debate that the productive equipment of the country and the world is in some directions already in excess of the swapping power of consumers. The period of readjustment to this fact has for some industries already arrived. It will arrive for all."

This readjustment, before it is complete, will mean the complete passing of the old order of capitalism which, in the present economic world, has become as outworn as the economic theory which Baker punctures. The balance

between production and the power of workers to consume their products, which has been thrown out of gear by the grasping nature of the capitalist oligarchy, will have to be restored. This will involve a sharp modification, if not the complete elimination, of the present conception of property rights so far as they affect the means of production. Baker's prophecy forecasts a long period of transition to a new economic order.

Mr. LYLE. Here is an interesting one for you Democrats.

Senator REED. You are not speaking to me now.

Mr. LYLE. No, but sir, you do have a magnificent record whether you are a Democrat or not.

Photostatic copy of the Federated Press Labor Letter of November 1, 1928. On the eve of the 1928 national election, he wrote:

The election must mark the beginning of the end for the Democrats if it is to be a forward step for the workers.

It has been a long beginning, has it not?

Senator REED. The end has been delayed, has it not?

Senator JOHNSON. As I understand it, Mr. Olds is nominated as a Democrat, is that correct, Mr. Chairman?

The CHAIRMAN. That is correct.

Mr. LYLE. That I could not say.

Senator JOHNSON. Just a moment. The committee may be interested in this:

Hoover's class is filtering into the older aristocracy of inherited business wealth. As it gains executive positions it relegates the hereditary owners of stocks and bonds to functionless idleness. But eventually the new technician class must curtail the parasites and it will need popular support.

With the same progressive purpose labor can vote for either Hoover or Thomas, but not for Smith. Hoover represents the trend from the anarchy of competing capitalists to a planned economic order with a responsible capitalist government integrated on a national scale. Thomas represents the trend apparent in the new program of the British Labor Party toward gradual control by the workers of this recently coordinated industrial order through progressive nationalization of its fundamental activities.

Both the Hoover leadership and the Thomas leadership are in reality working toward the same new social order. But the leadership of the Republican Party will not long remain progressive except for the increasing challenge of a Socialist Party. Radical minorities express the unrealized sentiment of the masses before which the most reactionary party must bend.

The present campaign has one vital issue for labor. It is not prohibition, or the tariff, or Muscle Shoals. It is the development of a real opposition party. The election must mark the beginning of the end for the Democrats if it is to be a forward step for the workers.

Senator REED. Mr. Chairman, I did not find anything like that in the statement which I read last night.

Senator JOHNSON. The article will be incorporated in the record at this point.

(The document above referred to follows:)

[From the Federated Press Labor Letter, November 1, 1928]

PROGRESS THROUGH THE PRESIDENCY

(By Leland Olds, Federated Press)

Progressive capitalism versus progressive socialism. That is the issue for labor in the campaign. It will persist with increasing vitality through many succeeding campaigns after the prohibition and religious side issues introduced by Smith's candidacy have subsided. It means that unless the voters

are completely stupefied into believing in the fake struggle between two capitalist parties a party of socialism will eventually challenge Republican leadership.

A vote for Smith and the Democratic Party in the present campaign means a vote for the continued confusion of the electorate on the basic issue. The liberal press of the country appears to have been misled by Smith's catch phrases. Capitalist strategy has again been too much for these would-be progressives.

Hoover stands preeminently as the leader of progressive capitalism. Comparison of his speeches with those of Al Smith reveals this. Hoover has a keen understanding of capitalist evolution, that is noticeably lacking in Smith. Hoover, in fact, represents the class which is slowly taking over the reins of government from the merchant capitalist class which shouldered out the feudal aristocracy.

Hoover's class is filtering into the older aristocracy of inherited business wealth. As it gains executive positions it relegates the hereditary owners of stocks and bonds to functionless idleness. But eventually the new technician class must curtail the parasites and it will need popular support.

With the same progressive purpose labor can vote for either Hoover or Thomas, but not for Smith. Hoover represents the trend from the anarchy of competing private capitalists to a planned economic order with a responsible capitalist government integrated on a national scale. Thomas represents the trend apparent in the new program of the British Labor Party toward gradual control by the workers of this recently coordinated industrial order through progressive nationalization of its fundamental activities.

Both the Hoover leadership and the Thomas leadership are in reality working toward the same new social order. But the leadership of the Republican Party will not long remain progressive, except for the increasing challenge of a Socialist Party. Radical minorities express the unrealized sentiment of the masses before which the most reactionary party must bend.

The present campaign has one vital issue for labor. It is not prohibition, or the tariff, or Muscle Shoals. It is the development of a real opposition party. The election must mark the beginning of the end of the Democrats if it is to be a forward step for the workers.

Senator JOHNSON. Proceed, Congressman.

Mr. LYLE. Mr. Chairman, here is a photostatic copy of Federated Press Labor Letter, January 24, 1929, an article written by Mr. Leland Olds, Federated Press, entitled "Why Any Owner?" I would like to read you some very interesting things in this article.

Senator JOHNSON. I would like to point out for the record at this point, that Leland Olds' term expired June 22, politics Democrat, residence, New York.

Nelson Lee Smith, term expires June 22, 1950. Independent, New Hampshire.

Claude L. Draper, term expires June 22, 1951, Republican, Wyoming.

Thomas C. Buchanan, June 22, 1952, Democrat, Pennsylvania.

Harrington Wimberly, June 22, 1953, Democrat, Oklahoma.

Mr. LYLE. This article, written by Mr. Leland Olds, asks "Why Any Owner?"

He anticipates that—

capitalism in the United States is rapidly passing into the stage which has marked the decay of many earlier social orders, the stage in which a dominant owning class ceases to perform a function in the business of society. Ownership is divorced from responsibility. The owners exist only, a privileged class of parasites whose idleness and dissipation become an increasing stench in the nostrils of the people. When the oppression of their tribute reaches the stage where it takes bread from the mouths of the workers their days will be numbered.

That was written by Mr. Leland Olds, the man, Senator, who wants your approval to serve on this Commission.

Senator JOHNSON. Without objection, it will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press Labor Letter, January 24, 1929]

WHY ANY OWNER?

By Leland Olds, Federated Press

A complete divorce of ownership from responsibility in the huge aggregations of wealth which dominate the social order is today recognized in the highest corporate circles. Owen Young, chairman of J. P. Morgan's giant electric power combine and also of the experts meeting which will probably say the final word concerning German reparations, has stated the fact without equivocation in the pulpit of the Park Avenue Baptist Church of New York.

Young chose a particularly fitting pulpit for his pronouncement. For the Park Avenue church is the spiritual home of the sanctimonious John D. Rockefeller, Jr. His highness is at present voyaging down the Nile while matters of great importance connected with his ownership of Standard Oil are being settled at home by his stewards.

Young pointed out that while a few years ago the owners of business were responsible for it, that is not so today. He said: "In our modern organizations we have completely divorced ownership from responsibility. And as a result we have developed managers of business, chairmen and presidents, and vast executive organizations. They alone know the business. They must be held responsible not only for its material but for its moral conduct."

The material welfare and moral conduct of a business can mean only its vitality as a part of the social order and its direction to social ends, that is the effectiveness with which it plays its part in serving the interests of the community. With the increasing integration of production and distribution into huge units this community may include the entire country or even all the people of the world.

Young's statement naturally raises the question, to whom is this new managerial class responsible for its conduct of business? Can it be responsible to a small class of absentee owners who demand simply a steady flow of tribute with which to disport themselves on the Nile or wherever their desire for luxury, sport, and sensual pleasure may lead them?

Capitalism in the United States is rapidly passing into the stage which has marked the decay of many earlier social orders, the stage in which a dominant owning class ceases to perform a function in the business of society. Ownership is divorced from responsibility. The owners exist only, a privileged class of parasites whose idleness and dissipation become an increasing stench in the nostrils of the people. When the oppression of their tribute reaches the stage where it takes bread from the mouths of the workers their days will be numbered.

Mr. LYLE. Here is a photostatic copy of the Federated Labor News, February 28, 1929. Mr. Leland Olds expounds the Marxian doctrine of "surplus value," crises, and exploitation.

In another article on the same page, Mr. Olds asserts that "the fundamental aim of all business conducted for private profit" is, "like that of the old robber barons, the lightening of the pockets of consumers," written by Mr. Leland Olds.

Senator JOHNSON. Without objection the articles will be made part of the record.

(The documents above referred to follow:)

[From the Federated Press, Labor's News, February 28, 1929]

FLOOD OF PROFITS BRINGS UNITED STATES CRISIS

(By Leland Olds, Federated Press)

Too much money. Can you beat it? That's what is at the root of this orgy of speculation which the Federal Reserve and all the other bankers are breaking their necks to cure.

Too much money. Not in your pocket or in mine, not in the jeans of the average wage earner or behind the average farmer's clock. We consumers

could still use a lot more money in purchasing necessities and comforts which low wages today deny our families. It's too much money in the pockets of the investing class that's causing the trouble, that's threatening the stability of business.

Too much money in the pockets of investors means too much profits, too much interest and dividends. Then why don't they say so? Why not admit that the only practical and permanent solution is to cut down profits and increase wages? Because the capitalist system is still run for the benefit of profiteers rather than to provide wholesome stability of life for all.

The men in control of the Federal Reserve, the bankers who determine the immensely important credit policy, are profiteers or the agents of profiteers. They are trying desperately to find some solution which will not involve reduction in profits, reduction in the tribute flowing ceaselessly to the investing class.

The system has been geared to produce a constantly increasing surplus over and above what the workers are allowed by their wages to consume. That surplus, whether distributed to the owners in interest and dividends or held in corporate surpluses, is potential capital looking for profitable employment. Today this surplus is being increased too fast to find productive employment and the owners are seeing to it that instead of competing with other capital, and so reducing the wages of all capital, a considerable proportion of it is diverted to gambling on the stock exchanges.

In this gambling the multimillionaires hold the banks and by well-timed raids win periodically from the small investors, that is, from those who would normally spend on consumer goods the money which they lose. That means still more profits adding to the surplus of potential capital and intensifying the problem.

This is the dilemma of capitalism constantly tending to produce crises that threaten the stability of the profit system. Temporary expedients are always resorted to to restore the equilibrium, always at the expense of the workers, who are forced to accept unemployment and reduced wages in the interim.

The announcement from the Federal Reserve and the big banks mean that the present wave of excessive profiteering is reaching the point where it threatens the security of profits. They aim to restore the situation to the point where the millionaires can safely begin grabbing all over again. Temporarily the supply of money going into stock market gambling must be curtailed, they maintain.

The difficulty is to get all the people with too much money to act together. For the money supplied by the banks through loans is only a part of the huge total. Other billions are being supplied from swollen corporate surpluses and from the constant flow of profits into private bank accounts.

Too much money. That is not the real trouble. It is rather a wrong distribution of money and credit. The country could today use every dollar of money available provided it were so distributed as to increase the real wealth of the people, that is, their ability to command the wonderfully full life which their joint labor using modern machinery could produce. When the country's banking system is governed with that objective, crises like the present, threatening a curtailment of general well-being, will not arise.

[From the Federated Press, Labor News, February 28, 1929]

"COKE" AND GUM BREAK PROFIT RECORDS

(By Leland Olds, Federated Press)

How advertising enables clever capitalists to levy a tribute out of all proportions to their service to the community is revealed in the annual reports of Coca-Cola Co. and Wrigley, the chewing gum king.

Between them these two companies wheedled over \$20,000,000 in profits out of the pockets of millions of people in whom they developed the coke and chewing habits. The stimulation of these two habits has raised a few men into the multimillionaire oligarchy which dominates the country's life from a few big bank directorates.

The Coca-Cola 1928 return on the investment in common stock is reckoned at \$10.19 a share. But as the 1,000,000 no par shares, after taking into account of 100 percent stock dividends in 1927, do not represent an investment of more than \$15 per share the years' profit really represents a return of about 68 per-

cent. In 5 years the owners have received something like 275 percent on the nominal value of their investment.

Coca-Cola's profit per gallon of extract produced has increased from 39.3 cents in 1925 to 42 cents in 1928. In 1925 profits represented 27.6 cents out of each dollar of the sales total. In 1928, 29.3 cents out of each dollar represented clear profits for the owners. And it should be remembered that this is only the profit of the producer, taking no account of the added millions in profits snatched at soda fountains where cokes sold to consumers were measured in billions.

Wrigley profits also set a new mark in 1928 with a total of \$10,268,048. This huge total went to compensate the missionary of gum chewing for his service to the country. It gave him a return of considerably more than 100 percent on his investment.

In the last 7 years the William Wrigley, Jr., Co. has extracted more than \$60,000,000 in profits from the pockets of American workers. This represents a return of more than 400 percent on the common stock which the company carries on its books at \$15,000,000. If we take into account stock dividends issued in 1917 and 1922 the 7-year return of this corporation really exceeds 600 percent.

These two corporations were not created to provide economically for a normal demand but to promote the excessive development of a habit in order to tap the pocketbooks of consumers. Their purpose is exactly that of the old robber barons, the only difference being in method, they using psychological weapons. This lightening of the pockets of consumers is the fundamental aim of all business conducted for private profit, although in some lines greater apparent service to the community sugars over the real purpose.

Mr. LYLE. This is a photostatic copy of Federated Press Labor News, April 13, 1929, wherein Mr. Olds hails the "fatal illness of the profit system," refers to the tobacco industry as a "scheme for shaking down the public," and as a "racket with the capitalist as the modern counterpart of the medieval robber baron," and forecasts the "end of the capitalist system." He says that while profits "may be endowing universities and churches," they are also contributing to an "excess of capital." This article is written by Mr. Leland Olds.

Senator JOHNSON. Without objection the article referred to will be made a part of the record.

(The document above referred to follows:)

[From the Federated Press, Labor News, April 13, 1929]

FAKE FAG BLAH NETS \$100,000,000

(By Leland Olds, Federated Press)

A penetrating X-ray is turned on the social order by the huge 1928 profits of a dozen leading tobacco companies. These profits of more than \$100,000,000 reveal the fatal illness of an economic order based on the assumption that social well-being is a necessary byproduct of profiteering.

In the case of the tobacco manufacturers, the reward is clearly out of all proportion to the social value of their service. Their enterprise is a scheme for shaking down the public, a racket with the capitalist racketeer as the modern counterpart of the medieval robber baron.

These tobacco profits mean returns to the owners ranging to several times their actual investment in land, plant, and equipment. But they are even more exorbitant when compared with the wages paid the tobacco workers for their part in producing the goods.

Consumers are led to spend at least \$1,500,000,000 in a single year on tobacco products. About \$1,100,000,000 of this goes to the big tobacco corporations but only just over \$100,000,000 reaches the employees. Profits actually exceed wages.

The United States census of manufactures show the workers' share of what they produce smaller in the tobacco industry than in any other industry in the country. In 1927, employees of the tobacco companies got just 14.2 percent of the \$743,101,866 added to the value of the raw tobacco in the manufacturing process. The balance went to the corporations to provide huge sums for advertising, dividends, reserves, etc. For the factory industry as a whole, the workers' share was 39.3 percent.

The census also reveals the tobacco workers as the lowest-paid wage earners in industry. In 1927, wages in the tobacco industry averaged \$814 compared with \$1,040 in the textile industry and a general average of \$1,297 for all industries.

The tobacco racket has stepped the country's consumption of cigarettes up from 16,855,626,164 in 1914 to 47,430,105,055 in 1920 and 105,915,965,014 in 1928. This does not reflect a natural increase in demand or the desirability from the country's viewpoint of such inflated consumption. It is simply a result of the greed of profiteers who are interested solely in the coin which the consumer is forced to drop into the profit bag before he can get his smokes.

Tobacco profits	1927	1928
Reynolds Tobacco.....	\$29,090,664	\$30,172,563
American Tobacco.....	23,257,803	25,014,434
Jiggett & Myers.....	18,743,395	19,408,644
United Cigar.....	7,744,471	8,352,762

Such profits may be endowing universities and churches but they are also contributing to the excess of capital which threatens to engulf not only present prosperity but in the end the capitalist system itself.

Mr. LYLE. Now, Mr. Chairman, these that I have here are all photo-static copies. There are attached to them my own notations.

Senator JOHNSON. In the interest of saving time, without objection, we will make them a part of the record.

(The documents above referred to and, in addition thereto, other items carrying the byline of Leland Olds, contained in the material submitted but not heretofore herein incorporated, follow:)

[From the Federated Press Labor Letter, May 13, 1925]

BARGAINS AND JOBS

By Leland Olds, Federated Press

There are bargains aplenty at the 5- and 10-cent stores.

At Kresge's I bought a serviceable jackknife for a quarter. A chain was thrown in for good measure. All for 25 cents. The knife compares favorably with those sold at 75 cents to \$1. On the blade is inscribed A. W. Wadsworth & Son, Germany. The concern sounds like English or American capital, but the labor was low-paid German. The knife was a bargain. It undersold the product of American workers. Perhaps this explains why cutlery and tool plants in the United States employ 10 to 15 percent fewer workers than a year ago.

There are other bargains at Kresge's. You will find a counter covered with tungsten electric bulbs, round or long, frosted or clear, all colors, ranging from 10 to 300 watts—all for 25 cents. Examine one. It bears a faint stamp "Made in Hungary," where, with the permission of the League of Nations, the reactionary Admiral Horthy holds the workers down. Manufacturers of electrical supplies and apparatus in this country employ 11 percent fewer workers than a year ago.

These are goods picked up by chance. They show that American workers are buying unemployment with their bargains. The sales of these bargain stores go up by leaps and bounds. Yet businessmen are baffled by the increase in unemployment. Operations in Illinois factories, says the State labor department, are 15 percent or more below full utilization of manpower, and the labor market is glutted with an oversupply of men and women eager to find jobs. The report for April shows business on the down grade. Illinois employers continue to lay off help. Employment fell 1 percent in April; is 10 percent below April 1924, and 15 percent below April 1923.

New York State reports between 20,000 and 25,000 dropped from factory pay rolls between March and April, a loss of almost 2 percent. This means 5 percent fewer workers than a year ago and 11 percent fewer than in April 1923.

Chronic unemployment will grow more severe. Capitalism has filled the world with machinery without allowing the workers enough purchasing power to buy the product. The bargains of today are signs that capitalist industrialism cannot last.

[From Industrial Solidarity, October 28, 1925]

PREPOSTEROUS INCOMES CLASS OF HANGERS-ON; BIG BLOODSUCKERS SURROUNDED BY SMALLER LICE

By Leland Olds, Federated Press

Prize contest: Name the 16,634 individuals who were of such outstanding worth to America in 1923 that they received a combined income which would support 1,250,000 families at the average wage of a skilled railroad mechanic—and we will send you a year's free subscription.

You can mention Rockefeller, Morgan, Gary, Ford, and perhaps a dozen other big noises in financial juggling, but how about the remaining 16,620 to whom the workers of the country were forced to turn over \$2,140,434,697? This is 20 percent of the entire amount paid in wages to all the factory workers in the country in that year. How many of them produced enough of value to the country to be worth even a mechanic's slender wages?

These 16,634 individuals received \$912,587,633 just for owning assorted stocks in the country's productive enterprise. It amounts to over \$1,000,000,000 if dividends and interest are combined, 5 percent on somewhat more than \$20,000,000,000. They own a pretty big chunk of the country.

The full report of the United States Commissioner of Internal Revenue on 1923 incomes is surprising not because of the small number of very rich, although the size of their incomes is preposterous, but because of the large class of social parasites which has grown up around them as heirs and hangers-on.

The country's five richest men, grouped together by the Bureau to hamper identification, had gross income in 1923 of \$42,835,939, an average of \$8,567,180. Three of these appear to be John D. Rockefeller, Jr., and the Fords. They received \$35,728,185 in dividends and only \$206,716 in wages and salaries. Their dividends represent a 5-percent return on something like \$600,000,000. They amount to about 180 times the income they draw for personal service, which in turn probably exaggerates their relative worth to the country. Altogether, their combined income could have supported 30,000 families according to the wage earner's standard approved by the National Employees Industrial Conference Board—or about 150,000 persons.

The 71 individuals whose net incomes were over \$1,000,000 were apparently worth \$178,954,543 to the country in 1923, an average of \$2,418,000 apiece. Yet, you would probably go far astray, even with Who's Who before you, if you tried to pick out these persons of outstanding worth. Their combined income would have provided a mechanic's wage for 100,000 families. Their dividends amounted to \$85,387,024.

Dropping the limit to the level where wealthy families must skimp to make both ends meet, we find 4,182 individuals with net incomes over \$100,000. Their grand total was \$1,127,273,897, or an average of \$270,000 apiece. Here is enough income to pay mechanic's wages to more than 150 times their number. In dividends alone they received over half a billion. Their receipts from the ownership of stocks and bonds represents 5 percent on \$14,000,000,000.

Thirty-four of the 74 persons with incomes of more than \$1,000,000 live in New York, while 62 of the 74 live in New York, New Jersey, Pennsylvania, Illinois, and Michigan. Similarly, 1,445 of the 4,182 net incomes of over \$100,000 were reported from New York, and 2,469 from four States: New York, New Jersey, Pennsylvania, and Illinois. This leaves very few large incomes to be apportioned among the remaining 44 States. It shows how the centers of predatory finance levy tribute on the rest of the country.

1,000 CORPORATIONS GET 65 PERCENT OF ALL PROFITS

(By Leland Olds, Federated Press)

If you pick the right ones, control of 1,000 corporations means control of just about half the country's corporate profits. Yet, these 1,000 are about one-fourth of 1 percent of the total corporations reporting to the Commissioner of Internal Revenue in 1923. This is the story of concentrated profiteering by the big trusts, told by figures in Statistics of Income for 1923 issued by the Commissioner. It shows how the big financiers are increasing their control of the surplus over a bare subsistence produced by the workers.

The figures show a group of 168 corporations with combined net income, after all possible deductions to escape the tax, of \$2,294,954,330. The entire 398,933 corporations reporting showed a total of \$8,321,529,134. Thus, less than one-twentieth of 1 percent of all the corporations took 27½ percent of all the profits.

The 1,026 largest corporations, representing one-fourth of 1 percent of the total number, took \$3,990,671,042 in profits, or 48 percent of the total. And 2,115 corporations, or just over one-half of 1 percent of the total number, took \$1,743,524,129, or over 57 percent of all the profits.

If we include the upper 1 percent of all the corporations, we are dealing with about two-thirds of the total profits. With some 400,000 corporations, the country is turning over the bulk of its profits to about 4,000 of the total number.

The proportion of profits differs in the industries. In agriculture and related industries 1 out of the 9,360 corporations listed got \$38,735,891, or 42 percent of the \$92,201,206 profits reported, and 4 corporations got \$46,101,431, or an even half the total. In mining and quarrying 190 out of 18,509 corporations got \$197,298,828, or about 70 percent of the \$283,565,648 combined profits. In the transportation and public utility group 45 out of 21,113 corporations got \$706,855,314, or 56 percent of the total \$1,257,409,896, while 177, or less than 1 percent, got \$978,687,276, or 78 percent of the total.

Among the 85,139 manufacturing corporations 98 received \$1,354,733,166, or about 32 percent of the \$4,271,899 total, while 538 got \$2,324,860,760, or about 55 percent of the total. In the manufacturing of food products less than 1 percent of the corporations got 66½ percent, or two-thirds of all the profits. In textiles and their products 1.7 percent of all the corporations got 56 percent of the profits. In rubber products 2 percent of the corporations got 74 percent of the profits. In chemicals and oils 1 percent of the corporations got 67 percent of the profits.

That was in 1923. Since then the process of concentration through giant mergers has been continuing rapidly.

The table shows the corporations distributed according to the size of their 1923 net income, together with the combined income of each group:

	Number of corporations	Total income		Number of corporations	Total income
1923 corporation income:			1923 corporation income—		
Under \$2,000.....	99,240	\$87,992,887	Continued		
\$2,000-\$5,000.....	48,269	153,069,832	\$1,000,000-\$5,000,000....	858	\$1,695,716,712
\$5,000-\$10,000.....	27,602	199,336,286	\$5,000,000 and over.....	168	2,294,954,330
\$10,000-\$50,000.....	39,764	891,426,019	Reporting net income	233,339	8,321,529,134
\$50,000-\$100,000.....	8,258	577,435,489	Reporting no net income.....	165,594	2,013,554,987
\$100,000-\$250,000.....	5,942	923,065,165	Total corporations..	398,933	6,307,974,147
\$250,000-\$500,000.....	2,149	745,679,327			
\$500,000-\$1,000,000....	1,089	752,853,087			

¹ Deficit.

BOOZE IS DIFFERENT

By Leland Olds

How precious in the eyes of Wall Street is the principle of liberty appears in the Wall Street Journal editorial on a recent Supreme Court decision upholding a person's right to be secure against unreasonable searches and seizures. But it's liberty for bootleggers and illicit-drug sellers, not for radicals. Says the Journal:

"This principle is as old as the Anglo-Saxon race. The English law held a man's home to be his castle. No officer could enter it unless he held a warrant charging felony, crime of violence, or concealment of stolen goods. The fourth amendment to the Constitution declares that the right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated, and no warrant shall issue but upon probable cause supported by oath or affirmation particularly describing the place to be searched and the persons or things to be seized."

The Journal describes the memorable occasion in 1761 when James Otis, of Massachusetts Colony, resigned his commission as King's advocate to plead the cause of personal liberty against the writs of assistance which were being issued for arbitrary searches against the colonists.

Does it then lament the raids, searches, and arrests carried out without warrant against outspoken representatives of the labor movement in the war and postwar periods? The case of Peter Frank, American-born citizen, member of the shoe workers' union, not a Communist, whose house was broken into by immigration officers at 1 o'clock at night, who was arrested and his papers taken without warrant?

Or the January 1920 raids in which members and nonmembers of radical labor organizations, citizens as well as aliens, were arrested, and hundreds held for about 10 days until warrants could be obtained from Washington. Or the raids on the Rand School and the New York Russian People's House in which such warrants as were used failed to conform to constitutional provisions?

Or the many raids of IWW offices without even the pretense of a warrant? No; none of these flagrant violations trouble the conscience of this great paper. But it is indignant at the thought, "how many, many times it has been violated by prohibition officials enforcing the prohibition and narcotic drug laws." Boldly it asserts "they have no right to enter a home without a warrant charging a crime." But it means a bootlegger's home, not the home of a worker devoted to advancing the interests of his class.

[From the Daily Worker, November 23, 1925]

CREDIT BOOM HEADED FOR A BIG BREAK—BANKER WARNS PANIC IS ON THE WAY

(By Leland Olds)

Stop, look, and listen! Whether planning to invest in a little Florida land, in a share of industrial stock or just trying to prepare for days when jobs will be scarce, watch your step. There is little doubt that good business will prevail during the early months of 1926 but genuine reason for doubt about business after that. So says Vice President L. P. Ayres, of the Cleveland Trust Co., in its mid-month bulletin. Ayres is a very good business observer.

He says cautiously: "Sometime in the future building must slow down. When that happens real-estate booms will calm down also. If the automobile manufacturers really built next year all the cars they are now planning to build, that industry will surely oversupply its market. Sometime the possibility of expanding retail sales of all sorts of goods by selling on easy partial payments will reach and pass the limits of its usefulness. The time will come when even the Florida boom will be checked."

Ayres thinks these developments may overlap and intermingle toward the latter part of 1926. He points out as elements of weakness in the present situation (1) the fact that millions of people of slight financial means have mortgaged their future incomes for present satisfactions, (2) the fact that the newer finance companies have been organized by salesmen and promoters who can be expected to get by only so long as competition is easy and credit cheap, and (3) the fact that the operations of these companies have been made possible by bank credits on terms which will be made more rigorous whenever interest rates advance.

Ayres believes that the real break in the stock market will be postponed until after January 1 by the desire of people to keep their stock-market profits out of this year's tax returns. When they rush to realize the paper profits of the boom by selling their securities the results are likely to be spectacular.

Signs that Ayres' forebodings are not far ahead of events multiply. First the Boston Federal Reserve Bank raises its interest rate. A sharp break in the stock market follows. Cleveland Federal Reserve raises its rate. There is a probability that New York will follow in 3 weeks. The first cut in automobile production is announced by the Willys-Overland Co. Watch your step.

[From the Daily Worker, November 30, 1925]

RAIL PROFITS INCREASE, BUT WAGES DO NOT—TREMENDOUS INCREASE SINCE 1920

By Leland Olds

It's time for the railroad unions to demand as a unit that the United States Railroad Labor Board reconsider the entire wage structure of the industry to

establish decent American standards, in view of 9-month railroad profits totaling \$797,347,520, a gain of \$117,902,403, or 17.3 percent over the same period in 1924.

The suggested wage demand would be a legitimate response to the invitation contained in the Board's 1922 decision when it asked the employees to "bear and forebear" until the railroads were again on their feet. With the largest profits of any year in their history assured, no one can deny that the roads have regained their equilibrium.

The probable total of railroad profits for 1925, estimated on the basis of the 9-month figure, is \$1,106,000,000, more than \$60,000,000 above the previous peak in 1916. The year's return on the excessive valuation set by the Interstate Commerce Commission will be about 5½ percent while a full 5 percent will be earned on the entire investment value in the road and equipment claimed by the carriers themselves.

The net profits of the last 6 years, including the estimate for 1925, are:

1920-----	\$17, 226, 902	1923-----	\$961, 955, 457
1921-----	600, 987, 356	1924-----	973, 870, 978
1922-----	760, 187, 319	1925-----	1, 106, 000, 000

Of special importance to labor is the steady climb in railroad profits since 1920, because the Labor Board made this prerequisite to "increased consideration of all the intricate details incident to scientific adjustment of a living and saving wage."

The \$134,584,916 September profit shows that the steady gain continues. It is the largest total ever secured by the railroads in any month in their history, comparing with the previous high point of \$127,000,000 in October 1924. It is equivalent to an annual return of 6¼ percent on the swollen valuation of the entire railroad system. October earnings, early figures indicate, will exceed this, probably reaching \$142,000,000.

The railroad unions have the facts to demand that the Labor Board make good.

[From Industrial Solidarity, April 28, 1926]

BRITISH CRISIS ON MAY 1—CAPITALISTS MIGHT YIELD, LAST MOMENT

By Leland Olds

The decision of the British mine owners to talk wages on a district instead of a national basis was a declaration of war on British labor. It brought the industrial committee of the British Trade Union Congress into line behind the miners' executive.

The miners on April 10 adopted a resolution against wage reductions, lengthening of hours, and substitution of district for national agreements regarding minimum wages. The crisis comes May 1. In turning down district negotiations the miners are in harmony with the report of the government's coal commission which said:

"We do not see how a wage, in a community so small and so closely united as Great Britain, can be ultimately fixed by other than national authorities. To give a free hand to each district to settle its own standard of living, without consultation and without regard to any other, is to expose the standards of the more efficient and prosperous areas, on which the future of the country rests, to undermining by the weaker areas; it opens the door to the cutthroat competition between different districts at the expense of wages."

The situation is described by A. A. Purcell, former chairman of the British Trade Union Congress and now president of the International Federation of Trade Unions, in a statement to the Federated Press on April thus: "Things seem to be developing sternly along lines leading to a struggle this summer. In any case my view is that the Baldwin government is not really anxious for a fight. I rather lean to the view that in the event of the trade-union movement definitely arraying themselves on the miners'—[Continued on p. 5.]

(P. 5 not incorporated.)

[From the Federated Press Labor Letter, September 8, 1927]

SACCO AS SYMBOL

(By Leland Olds, Federated Press)

Sacco and Vanzetti will be written largest on the page of labor history for the year which ended with Labor Day 1927. These names will signify the maladministration of capitalist justice, by a class grown reckless in its power, against two humble champions of a hesitant labor movement.

The judicial murder of two workers after 7 years of torture is fitting climax to a labor year characterized by weakness, temporizing, and failure to understand the machine civilization in the development of which labor must play its part. Glenn Frank, writing in the Magazine of Business, says:

"The man who is today trying to conduct a business without knowing the character and tendency of machine civilization is like a man who tries to create a business in a country the people, the customs, the needs, the climate, and the peculiar risks of which he has not taken the trouble to learn."

This applies with equal force to trade-union leadership. Too many men are today trying to conduct a union without knowing the character and tendency of machine civilization. That explains the increasing futility of the American labor movement in the year 1926-27.

The London Daily Herald (labor), expressing the indignation and horror of the British labor movement, uncovers the deeper significance of the Sacco-Vanzetti martyrdom. It points out that the workers can best honor their memories by altering the social system which places the enormous power of machine civilization at the service of Mammon.

"The fact is," says the Herald, "that Mammon law is the product of capitalism and operates not only in America but in every place where capitalism holds sway. Against the massed forces of capitalism, sporadic or disorganized action is futile. Mammon law will continue its career of cruelty and injustice so long as capitalism dominates the world, and only when labor controls the machinery of government can we hope to see the false weights removed from the scales of justice. To work for ordered and fundamental change in the political and social conditions of this country is the best service British citizens can render to the memory of Sacco and Vanzetti."

To work for ordered and fundamental change in the social conditions of the United States is the best service American workers can render to the memory of Sacco and Vanzetti. But those social conditions will be found inextricably bound up with control of machine civilization. Until the American labor movement is intelligently directed to change that control it will know years of weakness similar to that just passed.

[From Foreign Labor News, September 22, 1927]

NOTES ON RELATIONS BETWEEN BRITISH AND RUSSIAN LABOR

By Leland Olds, Federated Press

Attempts of the capitalist press to make it appear that the British trade-union movement has followed Premier Baldwin's lead in breaking with the Soviet Union are designed to discredit the Russian movement in the eyes of American workers. The British Trades Union Congress decision to end the Anglo-Russian joint trade-union committee seems to have been just one of a series of maneuvers out of which will come eventually a labor international; international in fact as well as in name.

"If the revolution in Russia were attacked," said Secretary Walter Citrine, of the congress, "British workers would stand unitedly with the Russian workers."

The creation of a real international requires not only bringing together what remains of the Amsterdam International Federation of Trade Unions with the Red International of Labor Unions but also the inclusion of the American Federation of Labor, with its Pan-American satellite. Differences concerning the degree of autonomy of the separate national movements and the influence of

the political wing over the industrial wing are the chief stumbling blocks. The American movement wants more autonomy and less political influence than Amsterdam theoretically provides, while the national movements supporting Amsterdam want more autonomy and less political control than the Russians call for.

The Russian trade-union leaders, according to Citrine, looked on the Anglo-Russian committee as the nucleus of a new international while the British attempted to keep it simply as a link between the two movements. The real attitude of British labor is revealed in the resolution unanimously adopted immediately after the decision to end the joint committee. It reads:

"That this congress deeply deplores the step taken by the British Government in breaking off diplomatic relations with the Union of Socialist Soviet Republics and the further act of the British Government in terminating the trade agreement with Russia without justifiable cause, and in a manner contrary to international procedure and contrary to the specific terms of agreement between Britain and Russia."

It is worth noting that the great National Union of Railwaymen, of which the conservative, J. H. Thomas, is political secretary, opposed ending the Anglo-Russian committee on the ground that such action would be misused by opponents of the workers in both Britain and Russia. The union feared it would be interpreted, to quote the Daily Herald, "not only as a justification for the continuance of a policy of hostile encirclement, hostile diplomacy and hostile actions against the Soviet Republics, but as a sign that the working class would allow that foul work to go forward to its hideous conclusion."

"There is no breach with the Russian working class," says the Herald editorially, "no diminution of determination to do all possible to safeguard peace and aid the Russian leaders in the great task of reorganizing their own country."

[From the Daily Worker, December 30, 1927]

ANTHRACITE SUPPORTS RAILROADS

By Leland Olds

How J. P. Morgan has used the anthracite industry to support one of his bankrupt railroads is revealed in the Wall Street Journal analysis of the earnings and assets of coal companies belonging to the Erie Railroad. The Journal shows that for nearly a generation this overcapitalized road has been carried at the expense of anthracite miners and consumers of hard coal.

The exorbitant profits of Erie's coal subsidiaries explain the excessive spread between what consumers pay, and what the miners get for anthracite.

Since 1902 the Erie's two anthracite properties, the Pennsylvania Coal Co. and the Hillsdale Coal & Iron Co., have made profits totaling \$88,186,543. Out of this, they have paid to the railroad \$82,163,061 in cash dividends. According to the Journal, the coal companies furnished about 63 percent of the total profits of the Erie Railroad during the period. In fact, the profits of the railroad proper represented less than half what the company spent out of earnings on additions and betterments in order to keep its roadbed and equipment in serviceable condition.

DEBT INCREASE

In 1895 a typical bankers' organization which left the Erie saddled with an exorbitant funded debt took place. This debt was increased when the carrier took over the Pennsylvania Coal Co. Now, the Journal points out, the railroad could not safely aggregate its coal subsidiaries unless it materially reduced this huge burden.

The 1926 profits of the Erie's anthracite subsidiaries totaled \$5,135,853 on a combined production of 6,257,772 tons, or a profit of 82 cents a ton. This actually meant a return of more than 8 percent on the \$6,000,000 capital stock of the coal companies. In 1913, a good prewar year, they made about 55 cents a ton and 65 percent on the capital stock. In years of wild profiteering like 1919, 1920, and 1923 these anthracite companies took profits of more than \$1 a ton, and more than 100 percent on the par value of their capital stock.

PROFITS SHOWN

In the last 15 years the profits, dividends and tonnage produced by the Pennsylvania and Hillsdale subsidiaries of the Erie have been—

Erie anthracite profits

	Profits	Dividends	Tonnage		Profits	Dividends	Tonnage
1912.....	\$3,087,766	\$1,500,000	6,395,730	1920.....	\$6,463,471	\$3,650,000	5,704,867
1913.....	3,877,633	2,450,000	7,054,434	1921.....	6,125,707	8,900,000	6,617,892
1914.....	3,358,627	500,000	6,907,449	1922.....	2,284,184	10,300,000	3,780,837
1915.....	2,693,965	500,000	7,013,003	1923.....	7,241,544	7,975,000	6,768,830
1916.....	4,053,612	1,800,000	6,723,234	1924.....	3,182,979	4,400,000	6,319,546
1917.....	6,387,018	6,550,000	7,485,416	1925.....	772,251	2,550,000	4,349,585
1918.....	5,269,893	4,600,000	7,331,271	1926.....	5,135,853	5,600,000	6,257,772
1919.....	6,908,467	3,500,000	6,642,793				

Since 1902 the profits of Erie's anthracite subsidiaries have averaged \$3,458,295 a year on an average annual production of 5,893,048 tons. This means an average return of 59 cents on every one of the 150,727,738 tons mined, and of about 58 percent a year on the capital stock. Cash dividends have averaged about 54 percent on the stock, and ran as high as 170 percent in 1922.

The Erie Railroad's purchase of the Pennsylvania Coal Co. affords a glimpse of the financial juggling by which the bankers have inflated the road's capitalization. In the process the bankers poured in about \$30,000,000 in water.

Such a picture is typical of the entire industry. A thorough investigation of the finances of the great anthracite-railroad combine would show that miners' wages could be raised and prices lowered simultaneously.

[From the Federated Press Labor Letter, April 19, 1928]

ECONOMIST CAL

By Leland Olds, Federated Press

Capitalism on the defensive against the new cooperative conception of a social order is revealed in President Coolidge's remarks to the convention of the Daughters of the American Revolution. Coolidge appears to be leading a rearguard action against the economic forces which are slowly destroying the belief that the people are best served by a brutal fight for private profit.

American freedom to Coolidge means the unregulated freedom of the profiteer. He sees the resulting free-for-all as raising society to a higher level than communism. Under communism he includes all movements aiming at social regulation of the country's essential economic activities. He is backing the DAR in its blacklisting of all liberals and radicals.

"There is one field," says Coolidge, "upon which the people have insisted that the Federal Government should not trespass. That is the domain of private business. In general the country is best served through the competition of private enterprise. If people are to remain politically free they must be economically free. Their only hope in that direction is for them to keep their own business in their own hands."

Coolidge does not seem to realize that the era of giant industrial combinations dominated by Wall Street has already written finis to the era of individual enterprise. His ownership of 70 shares of United States Steel stock, with the possibility that he will eventually be chairman of that great Morgan enterprise, apparently blinds him to the significance of his own statement that people cannot be politically free unless they are economically free. For that is a slogan borrowed directly from the labor movement which aims to transfer the ownership of the great social enterprises from the small financial oligarchy to the people themselves.

Coolidge is indeed naive when he contends that this is being accomplished by customer-and-employee-ownership campaigns, whose sole purpose is to render the people more docile victims of organized exploitation.

Coolidge's ideal American order is one in which all would exist by preying on each other, by making a profit at each other's expense. He says:

"The very essence of business is the expectation of a profit on the part of those who conduct it. When business is in private hands it is expected to be run for the benefit of the owners. When the Government steps in the purchasers, the users and beneficiaries of what the Government undertakes to supply, insist that it should be conducted for their benefit."

What an extraordinary demand. That the Nation's business should be run in the interest of the consumers, of the millions of the workers, instead of in the interest of a small class of privileged owners. Once the millions get Coolidge's point, that these are the alternatives, capitalism will no longer be able to cover its retreat. Its defenses will be overrun and the Coolidges will no longer mumble antiquated economics to the descendants of men who in a former age overthrew a dictatorship of absentee owners.

[From the Federated Press, Labor News, February 28, 1929]

NEW YORK-CHICAGO CAPITAL RIFT

By Leland Olds, Federated Press

The Rockefeller-Stewart battle for control of Standard Oil of Indiana is appearing more and more as a forewarning of an impending struggle between the old aristocracy of American capitalism whose center is New York and the rapidly developing capitalism of the western empire centering in Chicago. This conflict for financial leadership may well become an outstanding feature of the next generation. If so, it is bound to include important changes in the nature of capitalism itself for Chicago leadership differs in kind from that of the old families of the East.

Hints that the controversy was based on economic rivalry rather than moral issues began to crystalize with the announcement that a minority group of Standard of Indiana stockholders had formed the Justice Society, Inc., to support Stewart in his campaign for reelection. This group aims eventually to attack Stewart in the courts but holds that the present battle for control involves primarily the rivalry between Standard of New Jersey and the Indiana corporation.

The nature of this rivalry is developed in a special Chicago Journal of Commerce article by J. A. Mirt. According to Mirt: "It concerns the rise of Standard of Indiana from a refining and marketing unit in the oil industry—dependent for its crude supplies largely upon Rockefeller controlled properties—to an integrated organization no longer dependent upon any other organization whose world-wide ramifications in many instances have brought it into keen competition with Rockefeller-controlled concerns, or companies in which the Rockefellers are more heavily interested than in Indiana.

"Standard of Indiana's growth to probably the largest manufacturer and marketer of petroleum products in the world," he says, "has not been watched with approbation in the East."

[From Profits and Wages, May 4, 1927]

COOPERATORS PRESENT FINE ANNUAL REPORT

By Leland Olds, Federated Press

How the workers would gain from consumer cooperation on a national scale as a branch of the labor movement is strikingly illustrated in the 1926 report of the Cooperative Central Exchange, of Superior, Wis. This cooperative wholesale organization, serving 99 retail co-ops, celebrated the tenth year of its existence with sales totaling \$1,048,293, an increase of \$212,760 (25½ percent) over the previous year.

Savings to the consumer rather than excessive profits feature this annual report in contrast with the reports of capitalist enterprises. Of the total sales \$925,942 represented the actual cost of the goods, while \$122,350 covered the entire cost of operation, including \$44,033 for the modern bakery, \$2,817 for educational work, and a net gain of \$11,648. Out of the net gain the directors recommended the distribution of a \$7,722 purchase dividend payable in shares of stock. This is equivalent to the stock dividend of a capitalist enterprise and helps provide capital for expansion without recourse to money lenders.

The gross profit from the wholesaling of goods, according to the manager's report, absorbed only 7.36 percent of total sales. Expenses took 5.52 percent of the customer's dollar and 1.84 percent of it went as net gain to increase resources. The manager says:

"General statistics show that the gross profit of private wholesale houses of the same size is 11.3 percent, the expenses 10.6 percent, and the net gain 0.7 percent."

The success with which the Cooperative Central Exchange weathered the depression years 1921 and 1922 is an achievement, particularly since it depends for its business entirely on wage earners and farmers, the two classes most severely hit by the bad times.

Through the efforts of the Cooperative Central Exchange the 1926 congresses of both the Northern States Cooperative League and the Cooperative League of America adopted a resolution recognizing the cooperative movement as a part of the labor movement working toward a new economic order through the united action of the working class.

The directors refer to the criticisms leveled at such a program but note that many of the earlier co-ops, colorless from the class viewpoint, "have either been wiped off the cooperative map or are at the mercy of the owning and middle classes, while our organization has grown stronger year by year financially as well as organizationally."

[From Profits and Wages, May 4, 1927]

WORLD UNION STRENGTH

(By Leland Olds, Federated Press)

Russia and China are revealed as the only countries in which trade unionism is actively on the upgrade, in the annual review of trade-union membership throughout the world issued by the Canadian Department of Labor. The Department shows the workers of these two great countries almost solely responsible for the increase of 1,904,067 in the strength of the world trade union army in 1926.

The aggregate of organized workers at the close of 1926 in 46 countries covered by the report was 38,388,956. At the close of 1925 there were 36,448,067 organized workers. Russian unions gained 1,242,105 members or nearly 20 percent in a single year. The report shows 1,240,000 organized Chinese workers compared with 300,000 at the close of 1925, a gain of 940,000 or more than 300 percent.

Trade-union figures for 16 countries as shown in the report are—

Trade-union membership, 1926

Australia.....	729,155	Holland.....	517,914
Austria.....	1,044,068	Italy.....	2,234,520
Belgium.....	726,126	Mexico.....	838,000
China.....	1,240,000	Poland.....	539,089
Czechoslovakia.....	1,379,779	Russia.....	7,846,789
France.....	1,068,046	Spain.....	453,578
Germany.....	6,900,000	Sweden.....	451,650
Great Britain.....	5,531,000	United States.....	3,939,222

In addition to the big gains in Russia and China there were small gains in Canada, Greece, Japan, Palestine, and the United States.

Latest figures from the General Council of Trade Unions in Soviet Russia place its total trade-union membership at 9,539,200. Similarly the All-China Labor Federation now claims 3,200,000 workers.

These later figures swell the membership of the world trade-union army to well over 41,000,000, with Russia and China accounting for about 12,000,000 of the total.

[From Profits and Wages, February 16, 1928]

WORST JOB OUTLOOK IN 7 YEARS IN ILLINOIS

By Leland Olds, Federated Press

Unemployment, the most severe in years, is the picture presented by the employment report of the Illinois Department of Labor for January. The department tries to be hopeful on the ground that the condition is only tem-

porary but each year's seasonal drop carries the employment level lower than the last. The lost ground is never completely recovered.

Factory employment in Illinois, according to the report, declined 2.1 percent between December and January. This drop carried employment below any level since the war. January employment was 8 percent under January 1927 and 16 percent under January 1923. It was actually 3 percent under December 1921, the lowest so far recorded.

The department says: "Owing to the large number of unemployed at the present time, a pick-up does not imply immediate relief. It should be borne in mind that in addition to the usual volume of unemployment 120,000 workers have been dismissed in Illinois since 1923. Before conditions become comparable with those which are ordinarily designated as normal a great portion of this labor supply must be absorbed. The gradual replacement of men by machinery, which accounts for part of the labor surplus, will probably render the absorption a rather lengthy and difficult one."

The department points to the free employment office records as further evidence of widespread unemployment. These show that during January 239 workers applied for every 100 jobs, compared with 180 in December and 215 in January 1927. Fewer jobs were offered this January than in any January since 1921 when the ratio of applicants to jobs rose to 274.

Employment is lower than a year ago in every major industrial group except paper and printing. The predominant metal-trades employers had 12 percent fewer workers than in January 1927. Manufacturers of railroad cars and locomotives laid off 46 percent of their workers in the 12-month interval, reducing their forces to 26.3 percent of the number carried in 1922. Electrical equipment concerns show a reduction of 20 percent compared with January 1927.

Employment in the coal mines in January was about 26 percent under the previous year while the contracting industry, including building, employed 22 percent fewer workers.

The average weekly earnings of factory workers in Illinois in January 1928 amounted to \$27.42, comparing with \$28.23 in January 1927. Including trade, public utilities, coal and contracting, the average was \$28.74 a week this year compared with \$29.27 a year ago.

[From Profits and Wages, June 10, 1925]

BUSINESS LOADS DICE AGAINST BITUMINOUS COAL MINERS

By Leland Olds

Evidence of the open-shop conspiracy to strangle unionism in the soft coal mines again comes to light in the latest letter to the fuel supply committee of the National Association of Manufacturers to members of the association. Going back to 1922 it says: "The shopmen's strike had as one of its chief purposes the rendering of assistance to striking coal miners. It was believed that industry and the railroads would be crippled to such an extent that strong pressure would be brought on coal operators to accede to union demands." It asserts that 100 percent unionism in the bituminous coal mines would mean a threat to enforce the union shop on railroads and in industrial plants by depriving nonunion plants of their fuel supplies. It continues:

"The menace is serious in our opinion. It lies, it is true, in the future. Yet immediate, prompt, and continuous action at the present time by industrialists is necessary to prevent the threat becoming an actuality. Your committee recommends therefore that in obtaining coal, industrialists do not overlook the independent coal fields."

This is as definite as they dare make their recommendation that members of the national association boycott union coal. But the members will get the point.

Twelve electric-loading machines, each enabling 2 men to do the work of 30, will cost 300 coal miners their jobs at the largest mine of the Sheridan-Wyoming Coal Co. The mines of this company are operated by Peabody Coal Co., which has recently been accused of modifying conditions in defiance of the union agreement at its Kincaid, Ill., mine.

That the Pittsburgh Coal Co. inflated 1924 costs by continued operation of obsolete mines in order to report inability to continue production at the union scale appears from a Black Diamond report on the Pittsburgh district. This re-

port admits that the abandonment of 16 mines has only a remote connection with the union wage scale. These mines were about due for abandonment, anyhow. Says the report: "Many were mines in which the coal had been practically all worked out. Others were mines installed to work out certain coal and some of that coal is left but can be mined later by adjacent mines of the company."

This company controlled by Secretary of Treasury Mellon and his brother, is taking every means to undermine the union wage agreement. All its union mines are now closed.

[From Labor's News, July 20, 1929]

LABORERS GET 15 CENTS AN HOUR

Wide variation in the hourly wages of municipality employed common laborers is revealed in a United States Department of Labor survey covering more than 2,600 cities and towns. At the bottom are four municipalities paying these employees less than 15 cents an hour while at the other extreme three cities pay between 80 and 85 cents an hour for the same class of labor.

"The rates shown," says the Department, "are those paid by municipalities to common laborers when first engaged on the construction, repairing, or cleaning of streets. Higher rates may be paid for greater skill or after a period of service."

The largest single grouping of cities includes 593 which pay their common labor between 40 and 45 cents an hour. This group represents 23 percent of all the cities included in the survey. Next in point of numbers are 553 cities or 21 percent of the total which pay from 50 cents to 55 cents. Altogether they range from 40 cents to 55 cents includes 1,344 cities or 52 percent of the total number surveyed by the Department.

The fact remains, however, that 1,489 cities, or 57 percent of the total, pay their common laborers less than 45 cents an hour. As remarked by the Department: "While 896, or about 34 percent, paid under 40 cents per hour, only about 15 percent paid 55 cents or more."

The lowest rates are all paid in States south of the Mason and Dixon's line, two of the four under 15 cents being located in Georgia and one each in Arkansas and Louisiana. The only States with towns paying less than 25 cents an hour for common labor are those mentioned and Alabama, Florida, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, and Texas. But between 25 and 30 cents we begin to find municipalities in Illinois, Indiana, Iowa, Maryland, Missouri, Ohio, Pennsylvania, and Wisconsin.

States in which the largest group of cities pays from 40 to 45 cents an hour for common labor are Colorado, Idaho, Indiana, Iowa, Kansas, Michigan, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, Vermont, and West Virginia. In California, Connecticut, Illinois, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, and Rhode Island, the group of cities paying 50 to 55 cents is most important. Rates above 65 cents for common city labor are paid to any considerable extent only in California, Illinois, Massachusetts, New Jersey, and New York.

In 40 percent of the towns covered by the survey, common city labor works a straight 48-hour week while 53 percent of the towns have a regular week of 48 hours or less.

[From Industrial Solidarity, April 21, 1926]

OLD BEN BUYS NONUNION COAL MINES

By Leland Olds, Federated Press

Nonunion coal undersold Illinois and Indiana coal at every turn. It was being introduced to the trades in larger quantities than ever before because of the extensive operations of leading union operators in the nonunion fields. So runs the Chicago Journal of Commerce report of the Chicago coal market on the last day of the 1925-26 coal year.

Old Ben Coal Corp. is the latest union operator to strike against the Jacksonville wage scale in violation of the agreement. It is one of the largest producers of coal in the United States. It has followed the Peabody Coal Co. in securing

the output of nonunion mines in Kentucky. It has gone a step further by purchasing nonunion mines with large production of smokeless coal in West Virginia.

This move of Old Ben follows the closing of 10 of its 12 large mines in Franklin and Williamson Counties, Ill. The last to close was No. 20 in the Valier section March 13, which put 450 men on the street. The 12 mines when working employ about 8,000 union miners. Announcing its new policy the company says in part: "to meet all competitive market conditions, and to reduce strike interruptions to a minimum, Old Ben Coal Corp. has secured control of ample tonnage from the most desirable nonunion fields of eastern and western Kentucky which, with the Old Ben group in Franklin County and its nonunion West Virginia Quality coal operations, will offer every inducement to customers to concentrate their patronage in one account with a constant guarantee of service."

All three districts to which Old Ben is transferring operations, according to the Journal of Commerce, "are unhampered in the production of coal by the United Mine Workers of America." It says that "the corporation is in the unique move of purchasing nonunion mines and closing its union operations and also taking on for distribution and sale the product from other nonunion fields." The journal continues:

"In moving onto the nonunion territory the concern aims at keeping its large capital active. Other operators in Illinois are making identical moves. A few are still in process of negotiation.

"In the switches the producers are looking ahead more than a year. Next spring the union coal fields are expected to be tied up in a protracted strike as a result of failure of the operators and United Mine Workers of America to agree on a new scale. Since the nonunion mines will directly benefit from the controversial suspensions the operators are eager and anxious to tie up and control as much nonunion tonnage as possible in order to have coal for their regular customers and contracts when the wage dispute is on."

Here the operator strategy stands revealed. The Jacksonville agreement has covered a period in which capital temporarily shifted to the nonunion fields.

This shift was first noted in the spring of 1923 when the big open shop manufacturing interests were urged to make their purchases from nonunion mines. The conspiracy against union miners continued with the manipulation of railroad rates in favor of nonunion coal. It has now reached its last stage when the mergers, which were expected to eliminate overproduction are seen to combine nonunion with union production. Excess profits piled up for the owners by union miners in the years of high prices and low wages are now used against them, enabling the companies to purchase properties in the nonunion fields. It is planned to keep the union properties idle until the miners accept the operators' terms, while the nonunion mines keep these same operators in ready money.

[From Industrial Solidarity, April 21, 1926]

WILL AMERICAN BUNK SOLVE BRITISH COAL CRISIS?

(By Leland Olds, Federated Press)

What a blessing is America to capitalistic England and to the faint-hearted British liberals who wish to cure the fatal illness of capitalism by Christian science.

British captains of industry, engineers, economists, trade-unionists make quick personally conducted tours of American industry and go back with glad tidings that the industrial salvation of England hangs on mass production and high wages.

President Riley, of the British Manufacturers' Association, returns to London as an apostle of the new capitalism exuding the familiar phrases elimination of waste, industrial consolidation, higher wages, payment by results, standardization, efficiency, and diffusion of ownership. He says: "The prosperity of the United States is the greatest vindication of the capitalist system."

Messrs. Austin and Lloyd, young technicians, return and write the Secret of High Wages, referred to by Editor Garvin of the Observer as "perhaps the most valuable little book upon Britain's industrial crisis which has appeared since the war." They explain America's prosperity on the basis of promotion by merit, small-profit margins on rapid turn-over, simplification and cheapening of

processes, high wages, elimination of waste, welfare work, and research. Garvin sums up their conclusions for England thus:

"The very life of this country depends on two things: Deliberate adoption by the employers of a policy of high wages and intelligent understanding on the part of the men that every mechanical aid to efficiency must be used to the utmost. The organization of cheaper production on American lines must be accepted and restrictions on individual output must be swept away."

Last of all we hear that the so-called British labor delegation paid and sent to America by the reactionary London Daily Mail has completed its short tour of American industrial centers and sailed for home with the immortal words of President Coolidge ringing in its ears: "Well, American workers earn high wages because they work." Of course even the Daily Mail representative was forced to admit that British workers also know how to work. But he said for the delegation that they believed high wages in America were due to high production and high consumption, and that the high standard of living among American workers were due to those conditions.

"They have been greatly impressed," he said, "by the harmony they saw everywhere existing between workingmen and employer. They have been also much struck by the perfect organization they found in American workshops."

Needless to say this perfect organization does not refer to labor organization. For the carefully chaperoned delegates were piloted to all the great nonunion plants like Ford and General Electric.

So the American tune runs round and round again. High wages due to high production due to high consumption due to high wages due to high production, due to—etc., without end. The vital question is whether Britain will apply it immediately as a solution of the mine crisis which hinges on wages.

The Miner Federation of Great Britain has shown that if the Government subsidy is withdrawn May 1 and the wage reductions recommended by the coal commission put into effect wages in certain districts will fall close to the 1914 level. The cost of living is still 72 percent above 1914. Such an attempt to reduce worker living standards will unquestionably touch off a conflict, with a large part of public opinion lined up for the miners.

UNION MINING IS SAFER

(By Leland Olds, Federated Press)

More than 49,000 miners have sacrificed their lives in the production of coal in the last 20 years, according to the United States Bureau of Mines. This means an average of nearly 2,500 miners killed each year. In the 10 years, 1916 to 1925, coal mine accidents have taken the lives of 23,147 men.

The Bureau shows 2,230 miners killed in 1925 compared with 2,396 in 1924. The improvement is due largely to a reduction from 458 to 261 in the number killed in major disasters (5 or more persons are killed). Most deaths in the coal mines are caused by falls of roof or face. In 1925 such accidents took 1,078 lives.

The Bureau has not yet obtained all the figures necessary to compute the number of workers killed per 1,000 full-time workers employed. But assuming the same daily output per man as in 1924 it estimates the figure at 4.36 per 1,000 as against 4.79 in 1924. The estimate shows 4.79 per 1,000 full-time workers killed in bituminous mines and 3.87 per 1,000 killed in anthracite mines.

The Bureau's figures showing the death rate per 1,000 employed since 1906 are:

Coal mine fatalities	Miners killed	Deaths per 1,000 employed	Coal mine fatalities	Miners killed	Deaths per 1,000 employed
1906-10 (average).....	2,658	5.49	1922.....	1,979	4.89
1911-15 (average).....	2,517	4.65	1923.....	2,458	4.38
1916-20 (average).....	2,418	4.03	1924.....	2,396	4.79
1921.....	1,991	4.20	1925.....	2,230	4.36

The number of miners employed has been converted to the 300-day annual working basis to allow for the extreme irregularity of employment. In the 5 years 1906-10 an average of 675,067 miners worked an average of 215 days a year to produce an average of 451,112,384 tons. In 1922, 844,807 miners averaged only 144 days producing 476,951,121 tons. In 1924, the last year for which full figures are available, 779,613 miners worked an average of 192 days to produce 571,613,400 tons.

The figures show a steady reduction in the hazard of the industry during the 15 years 1906-20 in which the United Mine Workers was extending its influence. In the years 1916-20, when the power of the union reached a peak, there were only 4.03 deaths per 1,000 employed, compared with 5.49 in the 1906-10 period. But in the years 1921-25, in which the operators were extending open-shop operation, the death rate rose to an average of 4.52 per 1,000 full-time workers.

[From the Federated Press Labor Letter, August 18, 1927]

STOCK JUGGLING HIDES AUTO SUPERPROFITS

By Leland Olds, Federated Press

The bitter contrast between what multimillionaires get and what workers get out of industrialism is reflected in the latest announcement of the General Motors Corp. When this Morgan-du Pont giant carries out the proposed 2-for-1 split-up of its common stock, 1 share bought for \$100 prior to 1917 will have blossomed into 37½ shares with a market value August 1 of more than \$4,000.

Meanwhile the original workers who toiled for a subsistence wage are on the scrap heap or fast approaching that natural end of the machine slave.

The history of General Motors common stock is complicated. When the present Delaware corporation took over the original New Jersey company in 1917, it issued to the stockholders five shares for each share held. In 1920 stockholders received 10 shares for each share then held, giving the holder of the original share in the New Jersey corporation 50 shares. In 1924 the outstanding stock was reduced, owners receiving one share in exchange for each four shares held at the time. In 1926 a 50 percent stock dividend increased the shares representing 1 original share to 18¾. These had a market value of \$228 apiece August 1, 1927. The latest split-up brings the shares representing each original share to 37½.

A rich man who put \$10,000 into the original stock has profited mightily. The 100 shares he bought have become 3,750 shares with a market value of about \$417,500, giving him a profit of more than \$400,000. In addition this investor has received between 1917 and 1927 cash dividends totaling \$71,732, bringing his entire gain to date to about \$480,000. His next year's dividends, even if there are no extras, will bring him an income of \$18,750 from this one corporation.

This is an old story in motor finance. A \$10,000 investment in 100 shares of Nash Motors Co. in 1916 has now grown to 5,000 shares with a market value of about \$375,000. In the interim the owner has received \$110,200 in cash dividends. His entire gain to date has amounted to \$485,000.

Hudson Motor stock dividends include 900 percent in 1910, about 90 percent in 1913, 500 percent in 1922, 10 percent in 1924, and 20 percent in 1926. This gives the original investor in 100 shares of \$10 par stock in 1909 approximately 12,000 shares today with a total market value of about \$960,000, a profit of \$950,000. In addition he has received \$182,500 in cash. His entire gain to date on an investment of \$1,000 amounts to about \$1,131,500.

If we imagine a rich man who purchases 100 shares in each of these companies in the days when their original stock was to be had at par, we have an original investment of only \$21,000, surely a small amount for a rich man to risk in a new industry. But today he would hold 3,750 shares of General Motors, 5,000 shares of Nash, and 12,000 shares of Hudson, with a combined market value of about \$1,752,500, and would have received \$364,432 in cash dividends.

This wealthy man who started with \$21,000 invested in three motor stocks now would have a cash dividend income from this source alone of more than \$81,000 a year, or nearly 400 percent on his investment. Auto workers who invested their lives in the industry at the same time that this rich man invested his dollars are now being laid off, burned out by the grind for which they received an average of less than \$1,700 a year.

[From the Federated Press Labor Letter, July 19, 1928]

PLEASE OBLITERATE!

By Leland Olds, Federated Press

"We want your assistance in reducing labor costs." That is the extraordinary invitation sent British railway unions by the railways. In one form or another that request is going to labor in every country where the old capitalist order is struggling to save its prerogative. Capitalist competition has developed maladjustment between production and consumption to the point where profits can be saved only by reducing labor costs.

The predicament of the British railway workers is closely parallel to that of their fellows in this country. They face the sorry choice of reductions in wage rates or reductions in the number of jobs. In the last 2 years the British railways have effected drastic savings at the expense of their staffs by laying off men. Part-time work has also been common in the shops.

"Alongside this reduction of 30,000 workers," says the London Daily Herald, "there has been a continuation of the speeding up which has made the occupation of the average railway men today one of the most strenuous and nerve racking in the whole of industry."

That sounds as if it had been clipped from an American labor paper concerning reductions in force in this country. Nor are the railway workers the only ones who face this predicament in both countries. In England as in the United States there is no adequate market for the full product of the coal mines, and in both countries hundreds of thousands of coal diggers are out of work while the remainder work for low wages. In the steel industry steady improvement of machinery has been cutting the number of jobs offered by blast furnaces and mills on both sides of the Atlantic. In textiles it is the same.

The last 3 weeks has seen a steady growth of unemployment in England, the registered number of unemployed having risen to 1,217,000 on July 2. A New York Times special correspondent quotes Labor members of Parliament that there are 8,000,000 people on the line dividing normal poverty from actual suffering. He continues:

"Startling contrasts of wealth and poverty abound. In the midst of undeniable distress the London social season has been a brilliant success. There seems to be plenty of money in the hands of the few who buy luxuries, while some great areas of British population are slowly dying out because of continued lack of work."

Such contrasts abound in every capitalist country. Unemployment grows chronic. The workers are asked to cooperate in preserving stability. This means that they are asked to cooperate in reducing labor costs in order that the few may continue to buy luxuries during the period of transition to a new era. Are the workers going to let slip this opportunity for demanding a new status in the age which is to follow?

[From the Federated Press Labors News, April 6, 1929]

INFLATION FRENZY PUFFS PROFITS

By Leland Olds, Federated Press

"It never shall happen again," said the big-business leaders after the period of wartime inflation had been followed by the sharp deflation which plunged farmers in bankruptcy and wage earners in unemployment, which swallowed up the savings of the working class, took away the homes which they had been laboriously buying on the installment plan, and left millions of people to begin all over again at the bottom. The new control of the money market exercised by the Federal Reserve would guard against inflation, and the old-fashioned business crisis, they said, was a thing of the past.

But it has happened again. Once again the country has been allowed to climb the dizzy heights of inflation. Once again sharp deflation is a matter of absolute necessity. And the grim joke is that the Federal Reserve, in which the lords of credit rule supreme, has not only allowed it but has actually encouraged the development. To what extent will the deflation hit prices of food, clothing, raw materials, and so forth? To what extent will it hit wages? To

what extent will it result in business depression and unemployment? These questions are still to be answered.

So far it is deflation of the stock market which is holding the public attention because it has been the stock market which gave the clearest evidence of inflation. With huge sums of money available for investment and no possibility of the country's using such an excess of capital, gambling on an unprecedented scale resulted. From January 1, 1928, to January 1, 1929, the market value of stocks listed on the New York Exchange rose from \$49,738,000,000 to \$67,472,000,000, with only \$4,352,000,000 of this increase accounted for by the new stock listings. On March 1 the market value of shares on the New York Exchange had reached \$71,872,000,000.

Although stock prices rebounded after the March 26 tumble, in which over 8,000,000 shares were dumped on the market with a single day's loss of something like \$2,000,000,000 in the value of all listed stocks, deflation is under way.

It is only a little over a month since E. C. Bendere, of Cassatt & Co., investment bankers, pointed out that 75 percent of the people in the stock market were doomed to lose, and some of the 75 percent are already beginning to learn what that means. But in the end the deflation is likely to hurt many besides the small speculators now being plucked for the benefit of the multimillionaire stock gamblers who man the bank directorates.

There are a number of ways in which a stock-market crash may affect business, industry, prices, wages, and employment. In the first place, curtailment of credit to speculators cannot be accomplished without also curtailing the credit available for legitimate business enterprise. The financing of building, of automobile purchases, of all business in which partial-payment plans are featured, and of all small enterprises dependent on bank credit for their working capital becomes more difficult.

In the second place, the purchasing power of thousands of consumers spending real or expected speculative profits is suddenly curtailed, bringing a reduced demand for many varieties of goods. In the third place, business confidence is shaken.

Even the farmers may feel the effects of the pressure which the Federal Reserve is applying to stock-market speculation. For along with stocks the highly speculative wheat, corn, and other commodity markets are reported to have slumped. Many farmers took the advice of former Secretary of Agriculture Jardine and held their crops for higher prices. The last report of the Department showed considerably more grain still held on the farms than a year ago. Automatically the market value of this grain will follow the market slump.

The whole situation suggests that the people have again been fooled by the big capitalists who dominate the business order. As they were persuaded that the World War was a war to end war so they were also persuaded that the postwar deflation had ushered in a golden age in which inflation followed by business crisis was a thing of the past.

The fact is that constant inflation, punctuated by intervals of sharp deflation, is the very essence of the present profiteering business order. It is the process by which the owning class secures excessive profits, puffs up its wealth to unheard-of proportions, plucks the little fellows who attempt to get in on the game, and in general increases its power to exploit the land and its people.

Big financiers may get into print with yards of pious determination to regulate credit in such a way as to abolish inflation, but their power rests fundamentally on the right to inflate, and they show no signs of giving up this power without a struggle.

[From the Federated Press Labor's News, April 6, 1929]

RAIL LABORERS MISS GOLD RAIN

By Leland Olds, Federated Press

Ask one of the 385,000 railroad workers whose 1928 earnings averaged under \$1,000 what he thinks of the American standard of living. He'll probably answer, "It's hell, if you're trying to raise a family."

Life in a boxcar, shack, or unsanitary tenement, insufficient nourishing food, shoddy clothing, no surplus for comfort, recreation, or the education of children. These are among the penalties exacted of unskilled railroad workers. And, in addition, heartbreaking insecurity.

Such low standards on railroads which boast themselves the finest in the world would be hardly credible were they not revealed by the Interstate Commerce Commission. They are the base on which the railroad wage structure rests. While this minimum falls \$1,000 short of the sum necessary to support a worker's family in decency it will be impossible to push the wages of more skilled railroad workers to levels corresponding with America's wealth.

Practically all of these low-paid railroad workers are able-bodied men. They include 207,174 section men whose 1928 earnings averaged only \$874, 70,198 other maintenance-of-way laborers with \$933, and 52,598 common shop laborers with \$974.

In 1928 the railroads could have added \$500 to the pay of each of these underpaid workers without cutting their enormous profits below \$1,000,000,000. Half that amount added to the wages of all rail workers would still have left the owners more than \$600,000,000. Such a shift of profits into wages, with the resulting increase in demand for goods, would go far toward solving the problem of business stability.

The average annual wages of 20 typical classes of railroad employees for 1924, 1927, and 1928, according to the Commission, were—

Railroad wages	1924	1927	1928	Railroad wages	1924	1927	1928
Clerks (class B).....	\$1,536	\$1,598	\$1,644	Station agent, telegrapher.....	\$1,740	\$1,764	\$1,788
Freight handlers.....	1,260	1,273	1,293	Conductors, passenger.....	1,904	3,073	3,093
Freight truckers.....	1,104	1,125	1,149	Conductors, freight.....	2,712	2,819	2,788
Section labor.....	876	891	874	Engineers, passenger.....	3,108	3,230	3,386
Extra gang labor.....	888	931	933	Engineers, freight.....	3,012	3,149	3,255
Car repairmen, freight.....	1,673	1,790	1,798	Brakemen, passenger.....	1,968	2,072	2,072
Electrical workers.....	1,932	2,014	2,012	Brakemen, freight.....	2,016	2,109	2,095
Common shop labor.....	960	976	974	Firemen, passenger.....	2,316	2,485	2,562
Machinists.....	1,836	1,902	1,898	Firemen, freight.....	2,088	2,286	2,327
Helpers.....	1,272	1,345	1,348				
Telegraphers and tower-men.....	1,752	1,835	1,863				

Mr. LYLE. This is interesting, Mr. Chairman, in connection with what we were talking about, whether Mr. Olds was a Democrat or what he was. In 1938, when he made his keynote speech to the American Labor Party as reported by the New York Times of October 4, 1938, here is what he said:

Millions of men and women knew that neither the Republican nor Democratic Parties could be depended upon to name Franklin Delano Roosevelt to continue to lead the Nation into the promised land of security, equality, love, and peace. The Labor Party is the response to the political awakening that is shaking the foundations of old political machines which, while giving lip service to their problems, to the needs of the people, were in reality willing tools of the financial power that ruled America and made its democracy a sham.

That was 1938.

The CHAIRMAN. Make democracy a what?

Mr. LYLE. A sham, s-h-a-m.

Senator McFARLAND. That was while he was a member of the Federal Power Commission?

Mr. LYLE. I think that was just before he became a member.

Senator JOHNSON. He was appointed in 1939, I think, by the President referred to there.

Mr. LYLE. That, Mr. Chairman, is the manner of man which you, your committee, and the Senate are now asked to approve as a member of the Federal Power Commission.

This is a man who urged the comrades to meet to study the theology of communism. This is a man who condemned and ridiculed the church. This is a man who attacked our institutions of higher learning. This is a man who defamed the flag and the patriotism of loyal Americans who found the wellsprings of their patriotism in such ob-

servances as the Fourth of July. This is a man who advocated public ownership—yes, public ownership of railroads, public ownership of utilities, public ownership of coal—and, beyond that, the logic of his argument carried to public ownership of all resources. Yes, this is the man you are now asked to install for five more years—five critical years—in a position controlling the destiny of our vital resources. This is a man who loudly praised Lenin's system and foresaw its installation here. This is a man who saw your function here—your function as elected representatives of the people—as nothing more than handling administrative details for the ruling class.

These writings before you represent this man, Leland Olds, as nothing else can.

Perhaps Mr. Olds will say that these articles, taken from the period 1924 to 1929, reflect the beliefs he held in the days of irresponsible youth. By my calculations, Mr. Olds became industrial editor of the Federated Press in 1922, when he was 32 years of age. He continued in that position, as best I can determine, until 1939, when he was 39 years of age. If you will permit such a reference, I was elected to Congress at the age of 32. I am now 39. Throughout my years here, I have been held responsible for my philosophy and for that which I write and speak. I think Mr. Olds can and should be held responsible, also.

In 1944, during the hearings on Mr. Olds' confirmation then, he said, "I think that I was not advocating anything in my articles." I suggest that the record before this committee now shows to the contrary, and what is more, gentlemen, nowhere in any record will you find a recantation, a single statement that he has changed his philosophy, that philosophy so vividly shown by the various writings which are before you.

Leland Olds attacked the church, the schools, the flag, private enterprise, our American system and our American Government. Those attacks still stand—unrefuted and undenied—as part of the man's record.

No matter what Mr. Olds now says, no matter what his friends say for him, I do not think Mr. Leland Olds is qualified to sit as a judge on a judicial body—a body which was created to carry out the will of Congress, as expressed by Congress. I think that Mr. Olds is totally unfit, temperamentally and philosophically, to sit as a member of that body.

We are living in a time of fear, a time in which the fibers of our faith must be strong and trustworthy, a time when vacillation is of no value and no comfort to our security. The news which came to us only last week from behind the iron curtain should cause all of us to realize that this is not the time to gamble on the character of men in whom vacillation is represented as a virtue, and contempt for fundamental American institutions stands recorded as an undenied part of a man's claim to the responsibility of high office.

Shall such a man be permitted to control the destiny of our Nation's resources? Shall such a man be entrusted with the high responsibility of this office? I, of course, leave that to you to answer. Personally, my answer would be "No."

Mr. Chairman, since I have been a Member of this Congress I have often felt that the opportunities were not in line with the respon-

sibilities, and unpleasant as this task is for me today, if by this opportunity I help rid my Government of this type of thinking and philosophy, then I think I have contributed about all of the service that would be required of me.

I will be glad to answer any questions, Mr. Chairman. I am deeply grateful for your patience in permitting me all this time.

Senator JOHNSON. Any questions by the committee? Senator Johnson?

The CHAIRMAN. No questions.

Senator JOHNSON. Senator McFarland?

Senator MCFARLAND. Mr. Chairman, I have not any questions to ask of Mr. Lyle. I want to say that I am shocked beyond words at these articles that have appeared here from which you have read extracts.

Mr. LYLE. It is unbelievable, Senator.

Senator MCFARLAND. I want to read all of them, and I want to hear what Mr. Olds has to say. I want to be perfectly fair. I am not a reader of the Daily Worker, and frankly I did not know that such articles as these are going out through the United States mail.

I want to qualify that because I do not want to prejudge them until I read all of them and hear what Mr. Olds has to say. I just did not realize that we had gone that far.

Although I have read some few issues of the Daily Worker, it is so repugnant to me that I did not read very many of them.

I want to say this also; that, although I was a member of this committee when Mr. Olds was renominated before and confirmed by the Senate, I may be confessing to a little dereliction in duty now, but the war was on then, and I was a member of six committees at that time in the Senate of the United States. I did not attend the hearings. I did not even know that these articles were introduced. Now, that may be shocking to you also that I would have missed—

Senator REED. I do not think they were introduced.

Mr. LYLE. The record does not show it.

Senator MCFARLAND. Well, that makes me feel a little bit better about it, because I would hate to think that I had been that negligent in my duty, if you call it negligence. I call it overwork during the war-crowded conditions. I want to also confess—

The CHAIRMAN. Well, at that time, you will recall that Russia was our ally, and maybe we did not take these things quite so seriously.

Senator MCFARLAND. Well, Mr. Chairman, I would take these articles seriously if they are what they purport to be on the surface.

I want to read them carefully. I would take them seriously at any time. Now, I want to be perfectly fair in this hearing. I want to hear what Mr. Olds has to say.

I want to say to you, Mr. Lyle, that I am somewhat aggrieved at this situation because, although I have differed with Mr. Olds on some issues, in my work with him I have had rather an affectionate attitude toward him. I think that these are most serious charges, the most serious that I have ever heard made in Congress.

As I say, I am shocked by these articles, and I think that by your presentation it has become one of the most serious hearings that we will ever be called upon to consider in the United States Congress. I think that, if it is necessary, we should disregard this 6-hour limita-

tion under the circumstances. I want Mr. Olds to have all the time he needs. I want to hear what he has to say.

I certainly appreciate your coming here and presenting this to us.

Mr. LYLE. You can understand, sir, how shocked I was. I have not had the privilege of knowing Mr. Olds as you have. I wanted to find out about him; wanted to look into him, and, when I did, I felt I would not be doing my duty unless I brought this to you.

Senator REED. I want to apologize again. When Mr. Olds left his statement with the committee yesterday, I took it home with me and read it last evening. He said he would take about 3 hours, and I assumed it would take about that long to read the statement.

Having read it, I said to the chairman this morning I could not see any profit in coming down and sitting here 3 hours to listen to the same statement being read.

I notice here beginning on page 10 you make some very serious charges, Mr. Lyle. Are all these charges that you have numbered here through these pages supported by documentary evidence?

Mr. LYLE. Beginning on page 10?

Senator REED. Yes.

Senator JOHNSON. The bottom of page 10.

Mr. LYLE. Sir, I sincerely think so. I certainly would never attack the character of a man any other way. It is not a pleasant task for me.

Senator JOHNSON. I will say, Senator Reed, that there is a photostatic article—

Mr. LYLE. Covering each of them.

Senator JOHNSON. Submitted prior to your coming in.

Senator REED. That is all, Mr. Chairman.

Senator JOHNSON. Any other questions?

Congressman, you have consumed about an hour and 30 minutes.

Mr. LYLE. I regret that I have taken so much time. I regret, too, that the Senator was not here to question me. He seemed to want to—Senator Tobey. I believe it was—but I will be available, Mr. Chairman, to you; and, if I could be excused, may I go to my committee?

Senator JOHNSON. Thank you very much, Congressman.

Is Mr. Leland Olds present?

Mr. Olds suggests that we have a brief recess. He will be back shortly. So, the committee will stand in recess for a few minutes until he returns.

(A short recess was taken.)

Senator JOHNSON. The committee will come to order, please. This is a subcommittee made up of seven members of the Interstate and Foreign Commerce Committee. From time to time, some of our colleagues have appeared. The committee would be very glad for any Member of the Senate or the House to appear at any time they choose. Senator Tobey and Senator Myers were here yesterday, and I want to invite any members of the committee and any Members of the Senate who may choose to sit in on these deliberations with us.

Senator REED?

Senator REED. Mr. Chairman, I notice that many of these witnesses are from Washington or nearby. Some of them are from far-distant points. Mr. David M. Proctor, city councilor of Kansas City, Mo., one of the supporters of Mr. Olds, would like to get away by tomorrow evening. Would it be possible to adjust the program so that he and

perhaps others similarly situated, who will only take a very few minutes, might testify either this afternoon after Mr. Olds has testified, or tomorrow?

Senator JOHNSON. The Chair yesterday attempted to accommodate witnesses from New York and others who were prepared who had short statements. We are going to meet again this afternoon at 2 o'clock and run as late as the committee will indulge me. We plan to have a meeting tomorrow morning, and if possible tomorrow afternoon.

I think it is important that the subcommittee hear all the witnesses who have asked permission to appear; and any others who desire to submit statements for the record, we will be glad to have them do so.

At the request of Senator Kerr (who was present but had to go to another committee meeting), without objection of the committee, I want to insert in the record the statement of Mr. Reford Bond of the Corporation Commission of Oklahoma, in opposition to confirmation of Mr. Olds to be a member of the Federal Power Commission.

(The document above referred to is as follows:

STATEMENT OF REFORDBOND, CHAIRMAN, CORPORATION COMMISSION OF OKLAHOMA, IN OPPOSITION TO THE CONFIRMATION OF LELAND OLDS TO BE A MEMBER OF THE FEDERAL POWER COMMISSION

Mr. Chairman and gentlemen of the committee, my name is Reford Bond, a resident of Oklahoma City, Okla., chairman of the corporation commission, an elective office under the constitution and laws of the State.

The Corporation Commission of Oklahoma, under provisions of the State constitution, has jurisdiction over utility rate making. Under various statutory provisions, jurisdiction with respect to the conservation of oil and gas has been conferred upon the commission.

Your speaker feels a delicacy in opposing the confirmation of Mr. Leland Olds, and is moved solely by a sense of public duty to preserve and protect the jurisdiction of the Corporation Commission of Oklahoma over utility rate making and the regulation of oil and gas development practices necessary and desirable for the conservation of these natural resources.

Our commission has, for many years, worked in close cooperation with the Federal Power Commission, that the regulatory powers delegated to that Commission might be effectively enforced. Under the influence of Mr. Olds, our corporation commission has experienced a continuing and growing attitude of the Federal Power Commission to usurp and take over the prerogatives and jurisdictional functions of our State commission. Your speaker particularly refers to the States' jurisdiction over the production, gathering, and local sales of natural gas. The statements and arguments made by Mr. Olds before the House and Senate Interstate and Foreign Commerce Subcommittees of the Eightieth Congress considering the Rizley-Moore bills to amend the Natural Gas Act and the more recent statements and arguments of Mr. Olds before these same committees of the present Congress considering the Harris and Kerr bills to amend the Natural Gas Act, lead your speaker and his colleagues of the Corporation Commission of Oklahoma to the belief that Mr. Olds is imbued with a philosophy of centralized and nationalized government that would lead to a complete usurpation of the jurisdiction and regulatory power of our commission over the production, gathering, and field sales of natural gas, and would eventually lead to the destruction and usurpation of the constitutional powers of the State to regulate and control local business activities.

When the Natural Gas Act was passed by Congress, it was our clear understanding and we are convinced that it was likewise the clear understanding of the Congress and members of the Federal Power Commission, that jurisdiction was conferred upon the Federal Power Commission with respect to only three questions in connection with natural gas: First, the transportation of natural gas in interstate commerce; second, the sale, in interstate commerce, of natural gas to those who resold for ultimate public consumption after the gas had moved in interstate commerce; and third, to natural gas companies engaged in such transportation or sale.

We did not have the slightest idea that the Natural Gas Act could ever be construed to regulate a sale by any individual or corporation not otherwise a natural gas company. Our belief and understanding in this connection seemed to be well justified by the pronouncements of Congress in the committee reports and the declarations made in debate in both the House and the Senate at the time the Natural Gas Act was enacted. Our belief and understanding was later confirmed by the decision of the Federal Power Commission in the Columbian Fuel case, in which the Federal Power Commission found that the Natural Gas Act did not confer jurisdiction upon the Commission to invade the field of local regulation of production and gathering of natural gas.

This committee is thoroughly familiar with the language of the committee reports and the debates on the floor of the Senate and House when the Natural Gas Act was passed and your speaker shall not burden the committee or take your time to review the many statements in both the reports and the debates which so clearly indicated the congressional intent.

Your attention is called to the fact that immediately following the decision of the Commission in the Columbian Fuel case, Mr. Olds, as Chairman of the Commission, began to evidence a desire to expand the jurisdiction of the Federal Power Commission to the local activities of production, gathering, and field sales of natural gas, which finally culminated in the decision of the Supreme Court of the United States in the Interstate Natural Gas Co. case.

During the time this case was pending, there was an avowed public attitude on the part of Mr. Olds and other members of the Commission that there was no intention of exerting Federal Power Commission jurisdiction over the production, gathering, or field price of gas produced by independent producers not otherwise a natural gas company or affiliated with a natural gas company. Even after the decision of the Supreme Court in the Interstate case, the Commission continued to make such public avowals, in Commission orders and by letters and public statements, most of which facts were very fully developed in the various hearings on the pending Harris and Kerr bills to amend the Natural Gas Act.

In the face of these public declarations and official actions of the Commission, Mr. Olds and one other member of the Federal Power Commission, in recent hearings before the House and Senate Interstate and Foreign Commerce Subcommittees, considering the Harris and Kerr gas bills, startled the gas industry and members of the State regulatory bodies by calmly announcing that they had changed their minds about the whole subject and now held the firm conviction that the act conferred jurisdiction upon the Federal Power Commission to regulate production, gathering, and field sales of natural gas made at arm's length by an independent producer not otherwise a natural gas company or affiliated with a natural gas company.

At the time this statement was made by Mr. Olds, he must have known that the entire gas industry, and the oil industry, which produces a majority of the gas moving in interstate commerce, and the members of the various regulatory bodies dealing with the production, gathering, and field sales of gas in the several States, had built their business, created and shaped their policies and practices, and the State regulatory bodies had promulgated their rules, regulations, and issued their orders in reliance upon the announced policies of the Commission and upon their understanding that the Commission would not interpret the Interstate Natural Gas Co. case to require the extension of their jurisdiction over production, gathering, and field sales of purely independent producers selling at arm's length, not otherwise a natural gas company and not affiliated with a natural gas company.

Such sudden changes or switches in administrative practice, based upon the mere change of mind of a member of the Commission, destroys precedent and leaves those subject to the administrative regulations of such public official in a continual state of anxiety and uncertainty. Mr. Olds has pleaded guilty before this and other committees to indulging in this sort of administrative practice, which we feel disqualifies him for the important position to which he has been nominated.

There are other and more penetrating reasons, however, that cause me to suggest that Mr. Olds should not be confirmed. During the hearings on the Rizley bill before an Interstate and Foreign Commerce Subcommittee of the Senate, Mr. Olds was asked if he thought "that the gas producers in Kansas and Oklahoma ought to forego the opportunity to market their products until they can get industries down there to consume their gas," and if he thought "that is a good thing for the country." Mr. Olds' response to that question was that he thought "in

the long run it would be a good thing, provided there is an application of the rule of reason to the determination of what gas should be transported out of the area and what gas should not be transported out of the area and for what purposes."

You will recognize in that answer the elements of Federal control of the local activity of producing gas. Implicit in his answer is a philosophy that would give to a Federal body the right to determine how much gas is to be produced by the individual producers of the State of Oklahoma, how much they can sell for transportation out of the State, how much they can sell for retention and use in the State, at what price they may sell the gas, and for what purposes the gas may be used. That is a philosophy of nationalization contrary to the established national policy and constitutes a destructive threat and interference with the interest and rights of the States reserved to them under our Federal Constitution.

Later in the same hearings, Mr. Olds said: "I think that the record shows that somebody has got to exercise authority to limit the unlimited transportation of gas from these producing States, particularly into the areas that are abundantly supplied with other fuels." Again, Mr. Olds said: "I think, with the proper regulation of this industry, you are going to be able to protect the Southwest to a considerable extent in having a more permanent supply of gas to carry its industry."

Oklahoma, Kansas, and Texas and other Southwestern States have great reserves of natural gas. Oil and gas are two of our greatest natural resources. To a large degree, Oklahoma has been built by the oil and gas industries. Our highways, our farm-to-market roads, our cities and towns, our schools, our higher educational and other State institutions have been the beneficiaries of these great natural resources. The markets of the States without these natural resources made it possible for us to convert them into tangible State assets.

When the regulation of interstate commerce was granted to the Federal Government by the original States, it was for the very purpose of preventing one State from building a tariff wall against another. The whole fundamental idea underlying the interstate commerce clause of the Constitution was and is to insure the free flow of commerce among the several States. It was never intended that the commerce clause should be used by the Federal Government or any agency of the Government, or by any Federal official to create tariff walls between the States, or to restrain the free flow of commerce among and between the several States. Any Federal official who holds the philosophy that such should be the use or purpose of the commerce clause is not in accord with American constitutional concepts and we most respectfully submit should not be entrusted with the great administrative discretion that this important appointment carries with it.

Oklahoma producers are ready, anxious, and willing to sell gas inside or outside the State, wherever they can obtain a price sufficient to pay the cost of production and return a profit to the producer that will make the conservation of this great natural resource desirable. Unless the producers of our State obtain a price that makes conservation worth while, then the incentive to conserve this resource naturally is not present. Under the conservation laws of our State and in many other States, the Commission may consider economic waste and promulgate such regulations as may be necessary to prevent both physical and economic waste.

If the Federal Power Commission is to accept and apply the philosophy of Mr. Olds, that the Federal Government may tell our individual producers, selling gas at arm's length and who are not otherwise a natural gas company subject to the jurisdiction of the Commission, or not affiliated with a natural gas company, that they may obtain only such prices as are reflected by a return upon the original cost, plus a utility rate of 6½ percent, then this committee can see that the price of gas in Oklahoma fields will probably be such that it would make either the production or conservation of this natural resource undesirable and unprofitable.

Mr. Olds' proposal would probably destroy the effective conservation practices of the State regulatory bodies. The value of oil and gas resources to the State and the interest of the individual producers is the price at which they may sell these products. Such is the core of all competitive enterprise. Mr. Olds is not in accord with the free play of competition because he appears to be steeped in the philosophy that it is proper for a central government to plan and enforce what he refers to as a "balanced economy." Mr. Olds argues that it is proper to regulate the price of gas produced and sold in the field at arm's length, because the gas eventually finds its way into utility pipe lines and is resold by public utility companies for ultimate consumption. Now, if the theory of the

regulation of interstate utilities by the Federal Government is to be carried to this extreme, then Mr. Olds' philosophy would include the regulation of the price of all other raw products and basic materials used or consumed by public utilities engaged in interstate commerce. There is no more reason for the Federal Power Commission to regulate the price of raw field gas, which is later converted to heat, power, and light through the operations of a public utility company, than there is for it to regulate the price of coal at the mouth of the mine, which is later converted to heat, light, and power through the operations of public utility companies.

In fact, the theory of Government price fixing of any commodity—except in the case of public utilities and the preservation of public health and safety, or in times of emergency—is contrary to the entire basic principle of competitive enterprise. That is the reason Congress terminated OPA with the cessation of the war emergency. Under the philosophy proposed by Mr. Olds, Government agencies would be authorized to set up and enforce an OPA with respect to certain industries and certain commodities. This philosophy is not in accord with the constitutional concepts of American competitive enterprise, and men who hold these philosophies should not be confirmed for such high and important officer as a member of the Federal Power Commission.

The United States is practically the only remaining country in the world today in which free and competitive enterprise survives. The once great British Empire has crumbled under the weight of socialism and the nationalization of her important industries. The people of practically every country who are still hoping for the freedom of individual competitive enterprise are turning to America for financial aid and assistance. Therefore, our Federal officials who are invested with great responsibilities should be imbued with the traditional principles of Americanism. This must be true if we are to continue the world leadership which our Nation has assumed, and discharge the weighty responsibility which we have undertaken. Men who believe in or tend to the concept of nationalism and socialism, contrary to the constitutional separation of State and Federal powers, should not be appointed to, or confirmed for, important Federal positions.

The evidence of Mr. Olds' fitness for the position to which he has been appointed appears definitely against him, and we consider it our commission duty to urge upon your committee that you should not recommend his confirmation.

Senator JOHNSON. Mr. Olds, will you come forward? The members of the committee have copies of Mr. Olds' statement. Proceed, Mr. Olds.

STATEMENT OF LELAND OLDS

Mr. OLDS. Mr. Chairman, I would like to say that I am very glad that I had the opportunity to hear Representative Lyle's able presentation. I shall endeavor to answer what he had to say, to meet it squarely, and to answer it and leave you with an understanding of who I am and what I think and what I feel to be necessary in terms of government of this country.

I am grateful that President Truman has seen fit to nominate me for another, my third, term on the Federal Power Commission.

There have been some misleading statements made concerning my past life and my views and I want the committee to have the facts.

Senator JOHNSON. Mr. Olds, were any misleading statements submitted this morning by the Congressman?

Mr. OLDS. I think that as far as I know—I have not checked everything that he has submitted for the record—I would assume that everything he has submitted in photostatic form is accurate. I think the inferences that were drawn from that evidence are not accurate, and I am going to try to set that forth—

Senator JOHNSON. Let it be made clear they are his inferences and not the committee's. The committee has the basic data and it will draw its own inferences, if any.

Mr. OLDS. That is correct.

Senator JOHNSON. I assumed this second paragraph of your statement, which was delivered to us yesterday, did not refer to any misleading statements made by the Congressman.

Mr. OLDS. It did not, sir. It was written before the Congressman made his statement. It referred to matters that were carried in certain editorials by certain people in the press, and so forth.

Senator CAPEHART. Mr. Olds, are you employed at the moment?

Mr. OLDS. No, sir; I am not employed at the moment.

Senator CAPEHART. You are not working for the National Resources Board?

Mr. OLDS. No, sir; I am not.

Senator CAPEHART. Were you working for them?

Mr. OLDS. No, sir; I was not.

Senator CAPEHART. You never have?

Mr. OLDS. It has been indicated that I would have an opportunity to work for them.

Senator CAPEHART. But you have not as yet?

Mr. OLDS. No, sir; I have not.

Senator CAPEHART. You have not talked with Mr. Falck, the head of the Utilities—

Mr. OLDS. I have had a talk with Mr. Falck.

Senator CAPEHART. Is it the intention that you might go to work for them?

Mr. OLDS. That is the intention; yes, sir.

Senator CAPEHART. Did Mr. Steelman intervene for you in respect to that position?

Mr. OLDS. I do not know. He called me up and asked me to come and see him, and I had a talk with Mr. Steelman.

Senator CAPEHART. Did he tell you that the President desired that you have a position with the National Resources Board?

Mr. OLDS. I do not think he put it in just those words, Senator.

Senator CAPEHART. But you did discuss the matter with him?

Mr. OLDS. Yes, sir.

Senator CAPEHART. And you have talked with Mr. Falck?

Mr. OLDS. That is correct.

Senator CAPEHART. But you have done no work up to this time?

Mr. OLDS. That is correct. I took a walk with Mr. Falck in Rock Creek Park. He dropped around on a Sunday afternoon and asked if I would take a walk with him. We had a chat, and he mentioned the fact that he thought I might be working for him, with him.

Senator CAPEHART. And you did discuss the matter with Mr. Steelman?

Mr. OLDS. Yes, sir.

Senator CAPEHART. Did Mr. Steelman call you to his office, or did you suggest the idea?

Mr. OLDS. Mr. Steelman called me to his office. I took no initiative in the matter whatsoever.

Senator CAPEHART. That is the National Resources Board?

Mr. OLDS. It is called the National Security Resources Board.

Senator McFARLAND. Mr. Chairman, may I suggest that the testimony offered here this mornnig has been of such a serious nature that I personally feel Mr. Olds should be given the opportunity to

make his statement in chief without interruption, if that will be agreeable to the committee.

Senator JOHNSON. Let us put it this way. Let us hope Mr. Olds can proceed with his statement with a minimum of interruptions.

Mr. OLDS. I appreciate that, Mr. Chairman and Senator McFarland.

My name is Leland Olds. I was born in 1890 in Rochester, N. Y., where my father, George D. Olds, also born in the State of New York, was teaching mathematics at Rochester University. My first name ties me with my mother's family, a Boston, Mass., family dating back to the early days of the colony. I am told that my ancestry goes back to the Adamses. My father's family was associated with the development of western New York under the influence of that early waterway, the Erie Canal.

In 1891 my father accepted the position of professor of mathematics at Amherst College, and from that year forward my life has been associated with the village of Amherst, Mass. My mother still lives in her home there. The Amherst class of 1895, the first class with which my father was associated, made him an honorary member. Among the members of that class who throughout their lives looked back to the inspiration of his teaching were Calvin Coolidge and Dwight Morrow.

My education, until I entered Amherst College in 1908, was mainly in the Amherst public schools. It was during my high-school course that I first became interested in the conservation movement under the inspiration of Theodore Roosevelt and Gifford Pinchot. I was chosen as one of the senior speakers for the high-school graduating exercises and spoke on conservation, particularly of the Nation's forests. That interest in the conservation and use of natural resources for the benefit of the people has been a continuing influence throughout my life.

My education continued through 4 years at Amherst College, where I graduated magna cum laude in 1912. I am a member of Alpha Delta Phi, Phi Beta Kappa, and Delta Sigma Rho. My associates in college engaged in long discussions of social problems and modern trends in culture. They included such men as Evans Clark, now head of the Twentieth Century Fund, and Ordway Tead, of Harper & Bros. Mr. Tead is also president of the board of higher education in New York City. I was particularly influenced by two books: *Progress and Poverty*, by Henry George, and *In His Steps*, by Shelton. I rejected the approach of Karl Marx because I felt that the road to harmony must recognize spiritual values and that ambition for power was an unwholesome influence in human affairs. I still believe that.

I was chosen as one of five senior speakers for the Bond prize at Amherst College. The prize was awarded to me for an address emphasizing the importance of service as the primary motivation of the lives which we were entering upon.

During two summers while I was at college I helped to run the vacation school of Grace Church in the neighboring industrial city of Holyoke, Mass. The church was under the leadership of the dynamic Amherst graduate, Rev. E. B. Robinson. There I learned at first hand the impact of the industrialism of that period on the lives of the children of wage earners.

Senator JOHNSON. Of what church are you a member, Mr. Olds?

Mr. OLDS. I am a member of the Christian Science Church.

I also did a lot of thinking about what the effect would be if people really applied the principles of Christianity to their everyday business. It seemed to me that our civilization might be going the way of those before it in which justice and mercy and consideration of the poor were sacrificed to the worship of Mammon. I thought we needed again to hear the words of the great Hebrew prophets and the Book of Revelation.

On graduation from college I searched for some pursuit which would have some effect toward mitigating the evil of poverty and establishing service as a principal of life. An opportunity came to work at a social settlement in the south end of Boston. There I spent a year learning a great deal about the impact of our industrial economy on the urban poor and particularly upon the children growing up in the slums of our big cities, and something, too, about the limitations of social work as a means of mitigating poverty.

In fact, I found poverty pretty much accepted as a necessary concomitant of our economic system, with very little being done to solve the problem of assuring every family a minimum subsistence with some degree of security. Only to a limited extent were the trade-unions concerned with anything beyond the wages and hours of the more skilled trades. During this period I took a course in sociology at Harvard University under the well-known Prof. Thomas Carver.

For the following 2 years I attended Union Theological Seminary in New York with the hope that organized religion might offer a way to a realization in our society of a way of life founded upon the teachings of the Sermon on the Mount. During the second year I served as minister in a little church in a predominantly low-wage section of Brooklyn. My experience suggested that I might accomplish more through teaching, and I spent the next 2 years in graduate study in the fields of history and social sciences at Columbia University, working particularly under James T. Shotwell, Harvey Robinson, Chaddock, and Dewey.

In the spring of 1917, shortly after the entrance of the United States into World War I, I was called to Washington to participate in the preparation of a comprehensive report on British industrial experience during the war. This report was designed to furnish a guide for this country's war labor policy. It was prepared in connection with the work of the Council of National Defense and was printed as Senate Document No. 114, Sixty-fifth Congress, first session. The material on which the report was based was furnished by a special agent of the Federal Trade Commission detailed for this work in France and England, by the Bureau of Labor Statistics, and by the Library of Congress. The State Department assisted by cabling when necessary for missing documents.

Senator JOHNSON. Mr. Olds, do you remember having made a statement in a speech to the effect that the First World War was a step placing the economic control of the world in the hands of the United States bankers? Is there anything in such a report drawing such a conclusion?

Mr. OLDS. I do not know whether I stated it in just those words, Mr. Chairman.

Senator JOHNSON. Presumably these are your words:

The First World War was a step toward placing economic control of the world in the hands of United States bankers.

Mr. OLDS. May I explain that a little bit. I do not know the exact quote. I have been very interested from the period of 1917 or 1919, or thereabouts, in what was appearing in the papers about the shift of the financial center of the world from London to New York. I could go into that more completely; but, seeing the evolution of it now, there was quite a tussle, at the time when the United States was not in the war and England was in the war, between American financiers and the financiers of Britain.

Britain was buying heavily of its munitions in this country. It came to the point where Britain did not have the ability, without sacrificing its investments all over the world, to continue to pay for these tremendous supplies of munitions, and it was at that time that there began to be discussion of the question as to ultimately the dollar replacing sterling as the standard of financial value in the world, and whether the great instruments of financial control that centered in London would not ultimately come to this country as a result of that war period.

Senator JOHNSON. How old were you when you did this report?

Mr. OLDS. I was in the neighborhood of 26 or 27 years old. I was born the last day of 1890.

Senator JOHNSON. Were you in the service?

Mr. OLDS. I was in the service later; yes, sir; not at that time.

Senator JOHNSON. How long were you in the service?

Mr. OLDS. I was in the service about 4 or 5 months.

Senator JOHNSON. What branch of the service?

Mr. OLDS. The field artillery replacement. I was once or twice rejected for underweight. I went in in August 1918, is my recollection.

Senator JOHNSON. This statement about the First World War placing the economic control in the hands of the United States bankers; that was not in the report. That was in a speech made subsequently.

Mr. OLDS. I should say it was; yes, sir. I did not have anything to do with the report; I know that.

Senator JOHNSON. Do you remember what speech that was made in?

Mr. OLDS. No, sir; I do not.

Senator JOHNSON. Have you ever spoken before the Trade Union and Educational League?

Mr. OLDS. I think I once spoke before it.

Senator JOHNSON. What subject?

Mr. OLDS. I do not remember the subject.

Senator JOHNSON. Were there any speakers with you?

Mr. OLDS. I do not remember.

Senator JOHNSON. You do not remember that you and Earl Browder were the principal speakers on that occasion?

Mr. OLDS. It may be the case. I do not know. I just do not remember. I remember once speaking before the Trade Union and Educational League. As a matter of fact, I made the principal—

Senator JOHNSON. Where was that?

Mr. OLDS. I should say it was probably in Chicago.

Senator JOHNSON. You do not remember Browder being on the platform?

Mr. OLDS. I do not remember who was on the platform.

Senator CAPEHART. Did you ever speak with Browder when Browder was present and both of you addressed the audience?

Mr. OLDS. If that was the only case, if he was there at that time—

Senator CAPEHART. You do not ever remember addressing an audience where he addressed the same audience?

Mr. OLDS. I do not, unless in this case. He may have been on it. I just want to say I made it a principle, and I made it a principle all through my life, to accept speaking invitations no matter who invited me, on the ground that, to the extent that I could contribute any thoughts that I had about the enlightenment of people about our economic system and trends and so forth, it was my duty to do so.

Senator JOHNSON. When you accepted that engagement with the Trade Union and Educational League, you did so with the full knowledge and purposes of that organization?

Mr. OLDS. It was my understanding that the purposes of that organization were to develop the organization of the unskilled and semi-skilled workers in industry through the forming of unions on an industrial basis.

Senator JOHNSON. The Daily Worker about that time describes the Trade Union and Educational League as follows:

The TUEL represents the left wing of the labor movement. Its purpose is to strengthen labor unions by amalgamation of existing union organization of the unorganized and by replacing reactionary and class collaboration policies with the unified program for the transformation of the unions into organs of revolutionary class struggle for the overthrow of capitalism and the establishment of a workers' and farmers' government—

and I presume you know that that organization is cited by Attorney General Biddle as an affiliate of the Red International Labor Unions which was the Trade Union Bureau, and the name of the Trade Union and Educational League was changed to the Trade Union Unity League some time after you appeared.

Mr. OLDS. Sir, if I appeared it was clear back in the very early twenties. I do not think I have ever read or heard that definition of the function of the Trade Union and Educational League that you have just read.

Senator JOHNSON. Well, I assume it would not have made any difference if you had because you made it a policy to accept speaking engagements with groups, regardless of their philosophy or their intent or their objectives—

Mr. OLDS. That is correct.

Senator McFARLAND. Mr. Olds, you would remember if you appeared on the platform with a man like Earl Browder, would you not?

Mr. OLDS. No; I do not think I would. I do not remember exactly who was at that meeting or anything about it. I remember that I spoke once in Chicago to the Trade Union and Educational League.

Senator McFARLAND. I would remember that if I was not but 6 years old. You say you would accept invitations regardless of who asked you to speak?

Mr. OLDS. I might speak on something that was totally alien to what they thought. When I accepted an invitation to speak for the public ownership organization, I spoke on the rate policy essential for private industry.

Senator McFARLAND. You surely do not mean that you would speak before any group no matter what their objectives were, do you, Mr. Olds?

Mr. OLDS. I would not speak in such a way as to further their objectives. I think the situation is changed—

Senator McFARLAND. It would give the appearance of—

Mr. OLDS. I think the situation has changed since the Government has listed certain organizations as definitely subversive organizations, but I did make it a policy. I have spoken before a wide range of organizations, and I never inquired particularly as to what their points of view were.

Senator McFARLAND. Even though those organizations were communistic or communistically inclined?

Mr. OLDS. Well, I do not think that the point of view of Communist, or communistically inclined, was so prevalent in the days when I spoke before the Trade Union and Educational League, as it has been since the war in this country. I do not think we were thinking in those terms so much as we are today.

Senator McFARLAND. Well, you knew who Earl Browder was?

Mr. OLDS. Oh, yes, I knew, but he did not make any great impression on me one way or the other.

Senator McFARLAND. Mr. Chairman, pardon me if I seem to criticize the chairman, but I think if there is evidence that Mr. Olds spoke on the platform with Mr. Browder, it ought to be presented here. I do not think that the question should be let go without proof one way or the other. I think in fairness to Mr. Olds that it ought to be shown.

Senator JOHNSON. The Daily Worker of March 25, 1924, contains an article headed: "Olds and Browder Speak Tomorrow to the TEUL," these initials referring to the Trade Union and Educational League.

Several days later in the issue of March 29, 1924, page 3, the Daily Worker reported on these two speeches as follows:

At another successful monthly meeting of the TEUL at Northwest Hall, Leland Olds of the Federated Press sketched in figures and statistics the growing power of American imperialism and its effect on increasing unemployment, the conduct of war, the peace treaty toward maneuvers of Morgan, steps having in view placing of the economic control of the world in the hands of United States bankers. "Since 1916," Mr. Olds continued, "the Navy League and the banking interests have been outspoken in their plans that the American dollar replace the pound sterling as the monetary standard of the world. We have a strong Navy to back up the American dollar."

It continues—

In figures on our basic industries he pointed out the coming serious unemployment. "The attempt is already being made," he said, "to increase hours of work and decrease wages as part of the plan of American bankers to gain the position held by England for the past century in whose grip rested the world economic controls."

Earl Browder, editor of the Labor Herald, spoke on "the situation in German trade unions." He spoke on the reactionary leadership. The situation has become so serious, explained the speaker, that today they are forced to appeal to Sam Gompers for their wages. The press, he continued, is ruined. Today the once mighty unions are hardly able to publish a small weekly bulletin. The speaker felt that they owed the printer for this.

The growing power of the Communists, who are the only forces holding unions together in Germany, is the only hope for the German workers, the speaker explained. The reports of the delegates were featured by the summary presented by a member of the machinists on the situation at Toledo where the UEL members are being expelled from the union on charges of overthrowing the Government, and because the accused members talked often of Russia and China and the officials of the union did not like it.

In another edition of the Daily Worker there appeared the following statement concerning the Trade Union and Educational League:

The Trade Union and Educational League represents the left wing of the labor movement. Its purpose is to strengthen the labor unions by amalgamation of existing unions; organization of the unorganized, and by replacing reactionary and class collaboration policies with a unified program for the transformation of the unions into organs of revolutionary class struggle for the overthrow of capitalism and the establishment of workers and farmers government.

The Trade Union and Educational League was cited by Attorney General Biddle as an affiliate of the Red International of Labor Unions.

Senator McFARLAND. Mr. Chairman, I think that article in the Daily Worker which reports Mr. Olds' and Mr. Browder's speech should be incorporated.

Senator JOHNSON. Without objection we will insert it in the record.

(The document referred to is quoted above.)

Mr. OLDS. I might just comment that in line with my conclusion that the results of that kind of economic imperialism has a serious impact on the workers, that Frank Vanderlip, the president of the National City Bank in New York City at the time went and investigated the situation in Europe, came back and reported in a book entitled "What Happened to Europe," and pointed out the British Empire had been built by an overdraft on the physique of its citizens. That is just an interesting thought in the matter.

My work was under the direction of W. Jett Lauck, with whom I maintained close relations until his retirement and passing during the 1940's. Except for the war period Mr. Lauck did major economic work for the railroad unions and for the United Mine Workers of America. To the end of his life he was an economic adviser to the President of the latter union.

In addition to participating in the preparation of other parts of the report, I wrote and signed part IV dealing with railroad transportation. I also wrote chapter X of part III, entitled "Recent Tendencies and Policies," which dealt with the growth of industrial unrest in England in spite of the close wartime working relations between the British trade union movement and the government and the conclusions of the commissions set up by the British Government to find a solution of the problem of unrest.

The conclusions of these British commissions and of the British Whitley Committee on Industrial Councils have always had a considerable influence on my thinking, with particular reference to the evolution of industrial democracy in accord with the broad principles of democratic government for which Britain and the United States have always stood.

Following this work I taught European history at Amherst College, but was called back to Washington at the beginning of 1918 to participate in the administration of the war labor machinery which had been set up after a study of the reports prepared in the preceding year. I served first as statistician for the Shipbuilding Labor Adjustment Board under its chairman, V. Everett Macy, and its secretary, Professor Seager, of Columbia University. Later I served as

administrator of awards with the National War Labor Board, of which Frank P. Walsh and William Howard Taft were joint chairmen and W. Jett Lauck was secretary.

That period dated my association with Frank P. Walsh, whose progressive leadership, particularly in the championship of organized labor and collective bargaining, extended from his work as chairman of the Industrial Relations Commission in the early Wilson administration to the day of his death in 1939. In the decade following the First World War, I was concerned constantly with the incorporation into the country's industrial system of the principles and conclusions set forth in the Industrial Relations Commission report and in the basic decisions of the National War Labor Board. Not until the country had experienced the 1929 crash and the catastrophic depression which followed were these essential principles incorporated into our social order.

These principles were perhaps best expressed in the Catholic bishops' program of social action published in 1919. Unfortunately they were countered by the open shop drive of the country's major industries which played a significant part in laying the foundation for the speculative profit seeking which led directly to the 1929 collapse. If those principles had become effective as the pattern of postwar industrial relations, increasing production would not have been accompanied by diminishing employment, and the country might have been spared the suffering caused by the great depression.

I was called up in the draft during the summer of 1918 and spent most of the balance of the year in training at Camp Jackson, S. C.

As a result of all the experiences which I have recounted I had come to the conclusion that I wanted to work with the labor movement and, if possible, to put my teaching ability at its disposal in order to help in the development of a rank-and-file understanding of the part which labor must play in the evolution of democracy. During the following year I found an opportunity to do some teaching and lecturing in New York City, working particularly in connection with the garment trades.

During 1919, I went into western Pennsylvania during the steel strike to prepare an article thereon, and the brief experience with the brutal suppression of the effort of American Federation of Labor unions to establish collective bargaining in one of the country's basic industries convinced me that there was a long hard job ahead for those who believed that the preservation of the American democratic system required establishment of the right of labor to organize and to bargain collectively throughout our industrial system. It also convinced me that such organization must reach the unskilled and semiskilled labor which characterized our mass production industries.

The most inspiring 2 hours during my attempt to look into the steel strike were spent in the study of a white-haired Polish Catholic priest, as I recall it, in Braddock, Pa. When the influence of the great corporation was so powerful as to deny the striking steel workers even a place to hold their meetings, he offered them his church as a meeting place. He informed me that the mounted police had actually entered his church to break up the meeting. I am telling this so you will know what kind of laissez faire capitalism I was writing about during my years as industrial editor of the country's only labor press service during the period 1922 to 1929.

The priest and I found ourselves in perfect harmony in our recognition of the fact that these evils were not going to be cured by economic and political measures alone, although these must not be neglected, but by what would be in the nature of a religious revolution, a resurrection of the principles of the Sermon on the Mount in the daily lives of the people, so that the conduct of business enterprise itself would not be based on the worship of the mammon of profits but upon the principle of love of neighbor as oneself.

Senator McFARLAND. Mr. Olds, you did not say what church you are pastor of. What church was it, what denomination?

Mr. OLDS. It was the Congregational Church.

I left his study with a sense of peace in the midst of that bitter conflict, a premonition of an age just ahead in which materialism would not be the dominant aspect of our economic life and organized management would recognize organized labor as enjoying an equal partnership in the businesses which together make up the country's life.

Senator JOHNSON. Mr. Olds, if you care to, you may submit for the record any photostats of your writings indicating that you advocated a religious revolution, and resurrection of the principles of the Sermon on the Mount, and you may also, if you care to, have the privilege of submitting any photostats of the writing of the Polish Catholic priest in Braddock, Pa., if any appeared, showing that the two of you were together in that kind of a program.

Mr. OLDS. As far as my writings are concerned, my writings in the main were trying to show people just what the situation was. I was not advocating—

Senator JOHNSON. We probably just had one side of your writings. I want you to know that you are at liberty to submit any photostats that will bear out the contention you make here, and we will let them follow the other photostats in the record, so the Congress and Senate may have both sides of it.

Mr. OLDS. Thank you.

On my return from Pittsburgh I addressed the International Conference of Women Physicians. My talk reflected my recent experiences. I discussed, in terms of Dr. Adolph Kempf's "Autonomic Functions and the Personality," the stresses and strains resulting from poverty and insecurity and lack of recognition of the wage-earner's rights in industry and their effect on the health of workers and their families.

Senator JOHNSON. Will you submit for the record a copy of that speech?

Mr. OLDS. I will attempt to do so. My house burned down in 1929, and a lot of my records—

Senator JOHNSON. You made reference to it recently in preparing this statement, I assume.

Mr. OLDS. I have not looked at it. I am just telling you what my recollection of the substance of that speech was. I think I have got a copy of it, and will be glad to submit it.

Early in 1920 I received a call from W. Jett Lauck to come to Washington to help him in the first of the big postwar-wage cases. You will recall that the inflationary curve of prices and the cost of living rose very rapidly following the close of the war, reaching a

theretofore unheard of peak in about June 1920. Both the 21 standard railroad labor organizations and the United Mine Workers of America were seeking wage increases to enable them to maintain their living standards.

The first case in which I assisted Mr. Lauck was prepared on behalf of the railroad unions for presentation before the Railroad Labor Board. This case was prepared on the broadest economic basis. It included exhibits showing the increases in prices, the effect of such increases in prices on the purchasing power of wages of avaricious classes of railroad labor, the increasing acceptance of the concept of a "living wage" for even the unskilled workers, and the wages necessary at existing prices to provide a family with both a bare subsistence wage and a "living wage." But our case went beyond this to show, industry by industry, the extent to which the rising prices of commodities, including transportation charges, had reflected not so much rising wages as tremendous increases in profit margins. It showed that the corporations had been the principal beneficiaries of the war period.

I was responsible for preparation of this last exhibit and the conclusions which it supported were given wide publicity throughout the country. It represented an early effort to develop the concept of the ability of industry to pay increased wages.

The second case in which I assisted Mr. Lauck was before the President's Coal Commission and involved the wages of bituminous-coal miners. This case differed somewhat from that of the railroad workers to the extent that it dealt with the depressed conditions and hazards of a coal miner's life, including his irregularity of employment. I prepared a booklet based on this case which the United Mine Workers circulated very widely.

Following this case Mr. Lauck recommended me to the railway employees department of the American Federation of Labor to head up its newly established research bureau. I worked with them until the end of the 1922 railroad strike.

Senator JOHNSON. How long a period were you with them?

Mr. OLDS. I think something over 2 years, is my recollection. It was from 1920 to sometime in 1922. I have not got the date.

During this period I got another insight into the shocking way in which certain interests were abusing their economic power which I was to write about during the high-pressure finance era of the twenties.

I then learned that great railroads were deliberately contracting out their locomotive repair work in order to create unemployment among the employees of their big shop centers, such as Altoona, Pa., and so to further their open shop drive against the A. F. of L. unions. The data we obtained showed that certain of these roads were actually paying outside locomotive shops two and three times the cost of similar repairs in their own shops. This led to an Interstate Commerce Commission investigation.

I learned, too, from railroad employees of the way in which certain big railroads had apparently undertaken to make the period of Government administration of the railroads appear inefficient and uneconomic in order to discredit the idea of ultimate Government ownership, which such an outstanding regulatory official as Joseph B. Eastman of the Interstate Commerce Commission advocated.

In 1921, Senator Robert M. La Follette (the elder) asked me to come to Washington as his assistant. But President Bert M. Jewell of the railway employees department, A. F. of L., under whose able and imaginative leadership I was working, indicated he could not spare me and I felt it was my duty to continue my work with the railway unions. The decision was rendered somewhat difficult because of my great admiration for the Senator whom I later supported when he ran for the Presidency on a third party ticket in 1924.

Senator JOHNSON. Mr. Olds, when did you cast your first vote, 1910, 1912?

Mr. OLDS. My recollection is that I cast my first vote for Woodrow Wilson. I cannot remember whether it was the first time he ran or the second time he ran.

Senator JOHNSON. I wonder if you would submit for the record your political affiliations since you first started voting. For instance, whom you supported in 1924, whom you supported in 1928, whom you supported in 1932.

Mr. OLDS. Yes, I can do it that way.

Senator JOHNSON. Will you list your political affiliations from the day you first voted up through the present?

Senator McFARLAND. Mr. Chairman, I regret very much that I must be on the floor. I will read Mr. Olds' report. I hope that I will be able to be with you this afternoon, but I have got to be there for the legislation that is now coming up.

Senator REED. I want to say, Mr. Olds, you have not got anything on me. I voted for La Follette in 1924 also.

Senator JOHNSON. For whom did you vote in 1928, Mr. Olds?

Mr. OLDS. I voted for Herbert Hoover in '28.

Senator JOHNSON. For whom did you vote in '38?

Mr. OLDS. From the time that Roosevelt started his career I voted for Roosevelt.

Senator JOHNSON. I am asking about the year 1938. Did you vote the Democratic ticket, Republican ticket, the American Labor Party ticket?

Mr. OLDS. I am not sure. I think I probably voted the American Labor Party ticket in 1938.

Senator JOHNSON. Were you a member of that party then?

Mr. OLDS. I was also working for the Young Democrats' organization at the same time.

Senator JOHNSON. When did you leave that party?

Mr. OLDS. I would have to check that. I actually registered as a Democrat. I will have to look that up.

Senator JOHNSON. Submit that for the record.

Senator CAPEHART. I would like to say this. When some of us were making an effort here a couple of weeks ago to prove that Mr. Carson was not a Republican but a Democrat, we did not make much headway. I agree with you that these gentlemen should either be Republicans or Democrats, but I want to call your attention to the fact that only a couple of weeks ago we did not have any trouble proving it, but we had trouble getting Senators and people to agree that it was a fact that Mr. Carson could not prove whether he was a Democrat or a Republican.

Senator JOHNSON. The chairman is not attempting to prove what Mr. Olds is. He wants Mr. Olds to have the opportunity to prove

that himself and let the record show it so that the Members of the Senate, who must rely on that record, can determine for themselves whether he is a Hoover Democrat, a La Follette Progressive, a Roosevelt Democrat, a Willkie Democrat, or whatever other kind of Democrat he is, if he is a Democrat, and the record will speak for itself, and I will be glad for Mr. Olds to submit any information that he cares to for the record on that point.

Senator CAPEHART. I am delighted that the chairman agrees with me that these boards should be kept bipartisan and the appointments should be either Democrats or Republicans. They should not be members of split organizations—

Senator JOHNSON. The Chair has not expressed himself on that point. The Congress has already spoken. All we want is to have the record so that we can see that it is in accordance with existing statutes.

Go ahead, Mr. Olds.

Mr. OLDS. During my work for the A. F. of L. railroad unions, the workers fought two major battles. The first was a battle against two successive reductions in wages demanded by the railroads as part of the general deflationary trend which by 1921 was in full swing. The second was a battle against the demand of the railroads for abrogation of the national agreements which the railroad workers considered in the nature of an industrial constitution defining their rights and the conditions under which they worked.

The research bureau, under my direction, prepared the data to be presented before the Railroad Labor Board in both cases. The exhibits in the wage case included analyses of the cost of living, trends of railroad wages both actual and in terms of purchasing power, comparisons with wages in other industries, requirements to sustain family budgets measuring up to both subsistence and living wage standards, and so forth. They also included a new type of exhibit showing the relationship between adequate wages and industrial stability. Railroad management policy was shown to have a significant effect upon the total employment situation. This case was presented in collaboration with W. Jett Lauck.

The efforts of the railroads to secure reductions in the wages of their employees and an end of the national agreements covering working conditions finally culminated in the railroad strike of 1922. The Railroad Labor Board had reduced the wages of railway shopmen 12½ percent on July 1, 1921, and had ordered another reduction for July 1, 1922. Under pressure of the complaint of the railroads as to their financial condition, the Board had violated its obligation to establish "just and reasonable wages" based on the Transportation Act requirement that the "relation between wages and the cost of living" be considered.

In fact, under pressure of "vigorous and insistent appeals of the railroads for financial help" six members of the Board ruled on June 10, 1922, that—

the railway employee * * * should bear and forebear until the carriers are back on their feet—

and that—

it should then be possible for the Railroad Labor Board to give increased consideration to all the intricate details incident to the scientific adjustment of the living and saving wage.

The Board's decision was very significant in terms of the principle of a minimum or living wage. For, although the United States Bureau of Labor Statistics' minimum subsistence budget required an annual wage of \$1,400 and its minimum comfort budget \$2,000 the Board set its annual basic wage for maintenance-of-way workers at \$800.

The other big issue which led to the strike involved the attack of the railroads on the rules and working conditions which had prevailed during the period of Government control. The railways refused to continue the national adjustment boards which had functioned successfully during the war period as a means of deciding disputes between the carriers and their employees. In doing so they followed by a 60 to 41 vote the minority report of Vice President Atterbury of the Pennsylvania Railroad, which embodied the policy he stated to the Association of Railway Executives on September 3, 1920, in the following language:

Make no contracts whatever with the labor organizations.

Atterbury had followed this on January 31, 1921, with a demand for abrogation of the national agreements, in which he stated that the whole situation would—

drift into chaos and orderly procedure become impossible, except at the price of railroad bankruptcy, financial shock and still wider unemployment—

unless—

the Labor Board can prevent this catastrophe by declaring that the national agreements, rules, and working conditions coming over from the war period are terminated at once, that the question of reasonable and economical rules and working conditions shall be remanded to negotiation between each carrier and its own employees. * * *

The national agreements were abrogated as of July 1, 1921. A year of futile negotiations followed, in the course of which a considerable number of important railroads resorted to the contracting out of their maintenance work to avoid compliance with conditions established through the influence of the unions. Commenting on this practice the Labor Board said:

If the carrier can legally do the thing which has been done under these contracts, then the entire Transportation Act can be nullified and the will of the Congress of the United States set at naught. If one class of employees can thus be taken from under the application of the act there is no sound reason why each and every railroad employee in the United States cannot be given like treatment.

It was in the face of this kind of an antiunion drive on the part of the dominant interests in the Railway Executives Association and after exhausting all alternatives that the railroad workers struck in defense of their living standards and working conditions. Throughout the strike I analyzed the flow of daily reports coming in from those in charge of the situations on the various railroads and prepared regular bulletins which the railway employees department, A. F. of L. sent out to keep the various local headquarters advised of the general situation. In general, the maintenance and clerical workers on the railroads faced a situation in which the open-shop interests were too strong, and the end of the strike marked a reversion to the organizational situation of the prewar period in which certain railroads had found it sound managerial policy to deal with unions

while others were definitely antiunion so far as the nonoperating forces were concerned.

My general experience during this period suggested that railroad workers, particularly those engaged in maintenance and clerical work, must look forward either to Government ownership of the railroads or to the political influence necessary to secure protective labor legislation, in order to gain proper recognition of their status in the industry and acceptance of the living-wage standard as a first charge on the industry to which they were devoting their lives.

Senator JOHNSON. Is it correct to state for the record that you have advocated public ownership of railroads and public ownership of utilities and public ownership of coal mines?

Mr. OLDS. No, sir, I do not think that is a correct generalization. I can discuss that later at greater length.

Senator JOHNSON. Have you advocated public ownership of railroads, public ownership of utilities, public ownership of coal mines? The answer then is no; is that right?

Mr. OLDS. Not generally speaking. I can tell you precisely what my attitude has been at least for the last 20 years on the question of—

Senator JOHNSON. Will you tell me whether you have advocated it or not? I would like to know. I am not talking generally. I think you can say "yes" or "no."

Mr. OLDS. What I said was as a generalization covering the whole of my active life. It could not be said that I had. I do think that probably during the twenties—

Senator JOHNSON. I do not want to cover any period of time. Have you ever advocated to your knowledge the public ownership of railroads, utilities, and coal mines?

Mr. OLDS. I think that I have advocated it to the extent that those articles that were read this morning indicated.

Senator REED. Mr. Olds, can you not make a direct reply to the chairman's question?

Mr. OLDS. No, I cannot, Senator, for this reason: My thinking on this is not as simple as the chairman's question would indicate. During the twenties I took the position, as stated in those articles read this morning—I do not remember. I would have to have them before me to analyze it to tell you just exactly what I meant. I would be glad to take them and give you the answer.

Senator REED. On page 10 of your statement, which I read last night, appears—

It was definitely understood from the start of my association with the Federated Press that I would have perfect freedom to write in accordance with my own interpretation of economic facts.

Mr. OLDS. That is correct.

Senator REED. Now that is your own statement.

Mr. OLDS. That is correct.

Senator REED. And I did not know until this morning of those articles that were taken from the Federated Press which you wrote. Now if we only had your general statement here, you would be the nicest, most interesting, understanding, progressive sort of a citizen that is possible—nothing in line with what was shown here that you wrote yourself, and where you said you were not interfered with—

Mr. OLDS. That is correct, I was not. I would not have written under any other circumstances.

Senator REED. And so that must have been your own views at that time.

Mr. OLDS. That is correct; I was writing my own views.

Senator REED. That is what I wanted to establish.

Senator JOHNSON. This specific statement might have some bearing on it:

To develop along with the rest of organized labor common political power sufficient to put over nationalization or to seek control by the workers themselves under a working government.

Mr. OLDS. I assume that is a correct statement of my position at that time.

Senator REED. Mr. Olds, your treatment before this committee I think—

Mr. OLDS. I agree with you, Senator. I think I have had a good deal of sympathetic treatment from all members of the committee.

Senator REED. I am talking about your evasion on these questions.

Mr. OLDS. I am not trying to evade them, Senator. I want to make sure you understand all the aspects of it.

Senator REED. You have about run the gamut from one extreme certainly from the left-wing extreme, you have been there, according to your own statement.

Mr. OLDS. According to my writings during the twenties, they were certainly radical writings; there is no question about that.

Senator REED. I do not know if you got over to the extreme right.

Senator JOHNSON. There are many quotations on that, and I am surprised that Mr. Olds, who is writing this over a period of many years, does not remember what he advocated and does not say, "Yes, I advocated it. I do not share that view now, but I did say it, and I want the committee to know it," because there is just one photostat after another pointing it out.

You advocated taking over the electric industry and operating utilities as cooperatives. Now I am not unfriendly to the cooperative movement, but I want the record to show, so that the men who have to pass on you may know, whether you actually said it or not.

I do not want somebody to drum up some charges here and say that you advocate nationalization, taking over the railroads and taking over the utility industry or taking over the coal mines or taking over the resources, and have that in the record without opportunity from you to say, "Yes; I advocated it. I believed it then. I changed my mind," maybe following Senator Tobey's line of reasoning this morning. Wise men do change their minds.

I just want to know what your mind was at that time, whether the presentation that has been made is a correct one.

Mr. OLDS. I want you to know what my mind was at that time. The reason I did not answer the question as far as utilities was concerned, perfectly direct, was because I do not consider the statement as it was read in the record, cooperative ownership, as representing what we today mean by public ownership.

Senator JOHNSON. Have you ever advocated public ownership of utilities?

Mr. OLDS. I am really trying to think back to know just where I stand. I think, Senator, that I probably, during the twenties, did advocate at one time or another public ownership of utilities.

Senator JOHNSON. You do not advocate it now?

Mr. OLDS. I did not have a sense, during the twenties, of writing as an advocate so much as a describer of what the trends were which I thought were going on, so that I am not perfectly sure whether I have actually openly advocated those things that you are talking about.

Senator JOHNSON. The point is this. You do not openly advocate public ownership of utilities, railroads, or resources today.

Mr. OLDS. Do you want me to tell you what I do advocate today at this time, or later?

Senator JOHNSON. I want you to answer that question "yes" or "no."

Mr. OLDS. No, I do not.

Senator JOHNSON. That is fine; that is what is important.

Senator CAPEHART. Mr. Olds, you on April 27, 1927, in the labor letter say:

In Russia the labor movement is building a workers' republic which leads the world in its attempt to guarantee every child a chance to flower.

Then you go on and describe what is happening in China. Do you believe that today?

Mr. OLDS. No, sir; I do not.

Senator CAPEHART. In other words, you did believe it on April 27, 1927?

Mr. OLDS. I think that at that period they were making that effort. I do not think that their method of doing it is right. I have never thought their method of doing it was right. I do not think that you should have this thing called dictatorship.

I think that comes into existence because of economic injustices as an inevitable force and not as anything that should be advocated.

Senator CAPEHART. Mr. Olds, I do not know how wide the circulation of this labor letter is that you got out on the date of April 27, 1927, but if it was read by anyone the impression would be that you felt that the communistic system in Russia was a great thing, particularly for children. Now, you have since changed your mind?

Mr. OLDS. No; I was doing this during that period, Senator. It is a thing that has been suggested in a recent article by Arnold Toynbee, I think, published in the Woman's Home Companion or a type of magazine of that kind.

I was setting forth norms which I thought could be considered by this country so that this country would move out of the kind of enterprise system, the irresponsible enterprise system of the twenties, into something more nearly like what we have had since the legislation by Congress during the 1930's.

During the 1920's we had a situation which I think even Beard has written about in terms of the irresponsible conduct of great economic power, and at the time in the twenties when I was writing I felt that that could not go on, that if it did go on this country would go the way of all the civilizations that have worshipped—

Senator CAPEHART. On October 27, 1927, under "Foreign Labor News," the heading of your article is "Notes on relations between Britain and Russian labor," by Leland Olds, the Federated Press, and you say this:

Attempts of the capitalist press to make it appear that the British trade-union movement has followed Premier Baldwin's lead in breaking with the Soviet Union are designed to discredit the Russian movement in the eyes of American workers.

Now, you certainly took a position there. Those were your own thoughts. You were not reporting as the average reporter does. That was your own thought, your own opinion at the moment.

Mr. OLDS. My own opinion at the moment, and I think it is expressed in other articles that were read today, was that it was important in terms of the world economic situation that labor throughout the world have a mutual understanding, unite.

Senator CAPEHART. If I read it correctly and understand it, what you were doing was boosting the Russian system, the communistic system in Russia.

Mr. OLDS. I had no intention of boosting the Russian system in Russia.

Senator CAPEHART (continuing):

Attempts of the capitalistic press to make it appear that the British trade-union movement has followed Premier Baldwin's lead in breaking with the Soviet Union are designed to discredit the Russian movement in the eyes of American workers.

That is pretty strong language, and I think it is far beyond the scope of reporting what somebody else said. I mean there is a difference between one writing their own opinions and reporting what someone else said.

Mr. OLDS. I was trying to interpret what was happening in England at the time.

Senator CAPEHART. You really felt that that was the reason that they did not, in order to discredit—

Mr. OLDS. I think there were differences of opinion as to whether or not, both in this country and in England, there should be a break with the Soviet Union.

Senator CAPEHART. When you say "discredit," that means to me you believed that it should have a lot of credit, it was a great system, and that the American worker and the American people should follow the communistic system that they had in Russia.

Mr. OLDS. No; I do not think I was trying to promote that idea. I may have used unfortunate language there, if that is the interpretation you draw from it.

Senator CAPEHART. I think you did, very unfortunate language.

Senator JOHNSON. During that period of time, Mr. Olds, 1928, writing under the title "Poison Profits," you quote from two items in the London Daily Herald. You cite one as the tribute paid by an English working girl and the other a tribute of a worker's wife to Russia, but they are "paid in very different coin."

After quoting those two pathetic stories, you conclude in your own language in this phrase, "but workers are the privileged class in Russia. There are no Woolworths."

Senator REED. Mr. Olds, I have found in your own statement this language, that you did not advocate anything while you were acting for the Federated Press.

Mr. OLDS. That was my object, and that is as I recall my writing. It was directed, and I still maintain it—

Senator REED. You certainly do not mean to say, after the introduction of all this evidence, which is directly to the contrary, you do not still say that is true, do you?

Mr. OLDS. I do. I was making an effort to shock people into seeing that this system as it was operating in the 1920's was full of the kind of injustice, the kind of tendencies that pointed to instability, insecurity, unemployment, that ultimately has led civilization to decay.

Senator CAPEHART. Mr. Olds, were you not praising the communistic Russian system at the same time?

Mr. OLDS. From time to time I was calling attention to things where Russia was experimenting in social progress; yes, sir.

Senator REED. I do not find fault with anybody who advocates something. I do that myself rather consistently. The only place I find any fault is your statement that, while you were on the Daily Worker in charge of that federated department, you did not advocate anything, when the evidence is so plainly to the contrary all the way through.

Mr. OLDS. Excuse me, Senator. Please do not say that I was on the Daily Worker, because I never was on the Daily Worker.

Senator REED. The Federated Press.

Mr. OLDS. Yes; the Federated Press. A whole group of my articles, all the things in that period that a great many of those articles were drawn today from, were viewed not by myself but by someone else who definitely has not a communistic outlook, and he concurred in this general position.

Senator REED. I am intrigued by a statement that I found here in material this morning. Under date of April 24, 1926, under your name, the Federated Press letter contained this:

A new age is being born which will succeed capitalist political democracy. The parliamentary systems which began in the Anglo-Saxon world with the Whig revolution in England, in Europe with the French Revolution, are decadent. Under them political liberty meant the freedom of the commercial class to enforce sacrifices from the people.

The new age is being ushered in by revolutions in Russia, Italy, Mexico, Turkey, and China. History will bear witness—

and particularly I call attention to this—

to Lenin, Mussolini—

his name has not been mentioned in other places—

and perhaps Sun Yat Sen when the Coolidges and Baldwins—

I suppose you refer to President Coolidge and the Prime Minister—are forgotten.

Mr. OLDS. I think that that last is a true statement. I want to point out this. It was my conception then, it is my conception now, it has been the conception of a great many men that have studied the thing, that we are in a process of great change running through all these countries. It occurs in different ways in different countries.

I think it is pointing toward the development of social responsibility in the conduct of the economic system. I think we have made tremendous progress since 1932 in that direction in this country, and I think it is going to continue under the present leadership, and I hope it continues, because I think it is going to be essential to the perpetuation of our American system.

Senator REED. I want to ask you what you meant by this:

The democratic political liberty which meant protection for the accumulators of wealth will no longer weigh heavily in the scales.

Now tell me, referring to "accumulative wealth," when you own your own house you have accumulated some wealth. Are you going to take protection away from the householders who have saved their money?

Mr. OLDS. No, sir; I was thinking in terms of the great corporate aggregations of wealth.

Senator REED. Where do you draw the line? You did not say that in this.

Mr. OLDS. That is what I was writing about.

Senator REED. But where do you draw the line now? In which way are you going to extend political protection, which I interpret to mean governmental protection, and where are you going to take it away from them?

Mr. OLDS. I think the work that I have been doing for the last 10 years has offered the greatest protection to property, private property, and private ownership.

Senator REED. I wonder why you think that.

Mr. OLDS. Well, I can tell you. I think I am going to indicate what I mean by it toward the end of my statement. It is very much in my mind, and I think that the people recognize that as the results of my work over the last 10 years.

Senator REED. I read your statement, Mr. Olds, last night, and you terminated before you came to the point that is important when you are dealing with this committee. That is what the Natural Gas Act should be and how it should be interpreted and whether it is presently satisfactory, and then your own inconsistency in the administration of it, which will come later. You change your attitude on that, to the very great embarrassment of some of those people who followed you, but you stop—your statement here reminds me of the story that Senator Capper, my former colleague, used to tell of himself. He said it was his habit, when he went out to make a speech, to wander around the outskirts of the crowd, and he asked them about the speech, and he did that on one occasion.

He ran into a man, and he said, "Who was this chap?"

"Well," the man said, "I do not know: I did not get it very clearly. It was some fellow named Capper, and he had something to say."

"Well, what did he say?"

"Well, I could not make it out, but he recommends himself very highly." [Laughter.]

That was the feeling I had when I finished your statement, and I read it carefully, Mr. Olds.

Mr. OLDS. I know you would. My effort in the thing was to present to you as nearly as I could the line of my thinking over the years, what I have been trying to do. Now if you want to characterize it that way, why that may be your impression.

Senator REED. That is the thought, you certainly recommend yourself very highly.

Senator JOHNSON. I think it is important to point out to the committee and to the nominee that statements have been made as to what the nominee advocated. These writings speak for themselves. Intelligent men can read them and determine whether he was an objective, unbiased reporter.

We want the witness' statement to be in the record if he still contends that none of the articles show any advocacy of anything. That is well

and good. The important thing for this committee to determine—and I hope we will this week—is not what it represented in these articles 20 years ago. They are here and speak for themselves. It is the views of the nominee as represented before this committee today, and I regret that you find it necessary to somewhat generalize, hedge on what happened 25 years ago.

I think it would be better if you would just say, "Those are fabrications, they are frauds. I did not write them," or "I did and I meant what I said then, but I do not now."

I share the view that Senator Tobey expressed so well this morning, that a man's views 20 years ago do not necessarily represent his views today. You did not occupy a position on the Power Commission 20 years ago. You did not have a position of high role in Government at that time.

Now let us admit what happened 20 years ago, if it is the truth. You have expressed before this committee in times past change of viewpoint from that which you held for 10 years. You changed it and in your own estimation you gave a good justification for it. Now if you have changed your viewpoint, let us say so.

I am very interested in these various reports you have prepared for railroad labor. I am sure that no member of this committee is going to criticize that work, but when you take the position, as you do in some of your articles, that labor is not properly functioning and that unless they can get into the whole world movement, unless they can throw out capitalism, throw it out the window, unless they can take over the picture, they are somewhat derelict in their trust—I want to know what you think about that today.

I hope when we continue with the hearing this afternoon, that you can get through with your prepared statement, and I hope that you will take the time to elaborate on anything in that statement that you think is highly pertinent to the Senate in connection with passing on your qualifications as a semijudicial officer of this Government. What these reports contain, what happened back in 1920, 1921, we can accept those. Let us get down to the question of what you think now.

Senator REED. Let me make a little comment there, Mr. Chairman, because that is exactly what I want to do. Mr. Olds is a very able and very clever man who wrote a lot and talked a lot; probably assumed a lot of different positions throughout his career. What I am interested in is this gas business. Last year I was a member of this committee that opposed the Moore-Rizley bill. I do not think it is too immodest to say that it was probably my failure to approve the Moore-Rizley bill that prevented it from passing. It had already passed the House.

It contained some things that were highly undesirable, and I said, no, I could not approve of it and did not, and it died in our committee.

This is an important question, this natural-gas question, and the control of the gathering and production, which is a vital point. When Senator Kerr brought his bill in this year—I know the Senator will confirm this—I said, "You are going to have to strip this thing down if you want my support on it. I want a bill that is stripped down to essentials," and in my offices we did strip it down to essentials. We did strip it down last year to essentials, to a bill that you approved, the Federal Power Commission approved.

I am talking about the so-called Priest bill now, and lo and behold, this year when we saw we had a bill that would be satisfactory, we meet the same opposition from you this year that we have met before, and in the press the same misunderstanding and the same misrepresentation that we met before.

Now that is what I want you to clear up, Mr. Leland Olds, not what you said 20 years ago. I want you to defend your record of inconsistency in the administration of these gas laws which we have got to pass and in which you think you are so much more competent than we are that you can change your position and your opinion as often as you like, and it is very embarrassing to people like myself who tried to follow you with a friendly interest.

Senator JOHNSON. Mr. Olds, we had planned to adjourn, but I think that you are entitled to close this meeting with any comment you want to make.

Mr. OLDS. I would just like to point out that I assumed that I had discussed that question of the Natural Gas Act amendment very thoroughly with this same committee. I think it is a matter uppermost in all your minds.

I would be very happy to discuss it fully again. I do not think we could do it now before lunch. I would like to point out this fact, though, in relation to what you have said. Senator; that the Priest bill was put in and was approved during the summer of 1947, which was 2 years before the hearings—

Senator JOHNSON. Approved by whom?

Mr. OLDS. By the Commission. I was taking the responsibility myself, in 1947.

Senator JOHNSON. Also approved by the President, was it not?

Mr. OLDS. It was indicated—I have forgotten just how the language went, but in accord with his program, I think. That was before either Commissioner Draper or I had had a thorough opportunity to go over all the evidence submitted in the Natural Gas Act inquiry, that big Natural Gas Act investigation.

This was not the time when we changed our views. We changed them when we were appearing before this same Senate committee on the Moore-Rizley bill in the winter of 1948, and at that time we pointed out that there were evidences of dominance in the field, evidences of monopoly, evidences of large-scale control of the natural-gas reserve which had led us to believe that there must be regulation where such conditions prevailed, and if I recall it, at your request we submitted, Commissioner Draper and I, a draft of a bill based on the so-called Columbian Fuel decision of the Commission, I think, in 1940—

Senator REED. Where you suggested that the dividing line be a limitation in production?

Mr. OLDS. No. At that time the bill that you asked me to have drafted, and I did have drafted, was a bill that provided—

Senator REED. Pardon me, Mr. Olds. You have taken so many different positions in this that I get a little bit confused unless you can clearly identify it.

Mr. OLDS. I was trying to identify it, because the bill was prepared at your request. I do not know whether there have been quite as many different positions as your statement would indicate, but I will accept that.

The bill which we prepared at your request and at your suggestion and about which we wrote a letter and which was later made a part of the minority views of Senator Stewart, former Senator Stewart, of Tennessee, left the regulation with the Federal Power Commission upon its determination that there was such a degree of dominance in the field, or one or another kind of price control so that there was not a free market for gas. That was the bill that followed my testimony. During my testimony on that Columbian Fuel case, you made the statement—

Senator JOHNSON. This is a fair statement, however; is it not? The bill that is reported this year is not unlike the bill that you and the President recommended in 1947?

Mr. OLDS. That is absolutely correct, and I said so many times.

Senator JOHNSON. I notice in the propaganda that has gone out—we are not going to attach responsibility for that—that this is a version of the Moore-Rizley bill and that this bill we are talking about now would repeal the Natural Gas Act, and nowhere have I ever seen that the view that this committee took last year, again this year, particularly this year when it reported the bill, is the identical view expressed by all the members of the Power Commission and by the President himself in the Eightieth Congress. Once and for all, in view of your very frank statement here for the record, let there be no doubt that the bill reported by this committee in the Eighty-first Congress is the bill in substance and objective that the Commission unanimously recommended and the President said was in accord with his program in the Eightieth Congress. Some of the same comments and some of the same writers that were advocating the passage of the Priest bill in the Eightieth Congress are now presenting it to the people—and I am sure the advocates of legislation in this field will be glad to substitute word for word, comma for comma, the Priest bill—they are presenting it now as the Moore-Rizley bill and as a bill that is going to cost gas consumers hundreds of millions of dollars in that the Federal Power Commission has no control and no authority over the distribution, the rates fixed by the distributors. That is the impression that has gone out. So I am glad to have you say for the record that the bill reported by this committee has identical objectives with the bill recommended by you and others in the Eightieth Congress, and if it is not, it is not our fault because we got the best experienced men we could from your Commission and asked them to come here.

Senator REED. Mr. Chairman, we are undertaking in good faith to get out a bill that will protect the public, protect the producer, protect everybody, including the consumer, and which was indicated both by the President and by the Federal Power Commission in the Eightieth Congress as being a satisfactory solution.

Mr. OLDS. As a matter of fact, I never denied in any way, in fact I have acknowledged before this committee and before the committee of the House that the bill accomplishes substantially the same effect. That is in the printed record over and over again, I think, but that the situation—

Senator JOHNSON. And if that bill had been enacted in the Eightieth Congress, it would have met with your hearty approval.

Mr. OLDS. At that time, yes; not in the latter days of the Eightieth Congress, not when we got into the hearings on the Moore-Rizley bill in 1948, because we had made a thorough study of it by that time.

Senator JOHNSON. The hearing shows you changed your mind sometime in the fall of 1948.

Mr. OLDS. Of 1947; that is a correct statement.

Senator JOHNSON. Fine.

The committee will recess until 2 o'clock this afternoon.

(Whereupon, at 12:45 p. m., the hearing was recessed, to reconvene at 2 p. m., this same day.)

AFTERNOON SESSION

Senator JOHNSON. The committee will come to order, please.

During the lunch hour I was informed, and, I might say, somewhat entertained by today's press reports on our hearings, and it may be that all the Senators will not have a chance to read all the papers, all of the columns. I do hope that every Senator will have a chance to read all the hearings.

While some of the reports that have been written should not take the form of personal opinions of the writers, nevertheless, their viewpoint is entitled to consideration, and very often it is quite persuasive with the public and with the Senators; so while we are waiting on some of the members, I would like to put in the record a column from the Evening Star of Wednesday, September 28, today. It was published this morning, written by a very widely read columnist, Mr. Thomas L. Stokes, under the heading of "Public servant on trial"; subheading is "Oil and gas interests seen out to hang Leland Olds in Senate unit hearing," by Thomas L. Stokes:

It is often the secret maneuverings and manipulations of little groups of men, your elected public servants ostensibly, that decide great issues here that deeply and directly affect your public welfare.

There is another example here now in the attempt of some members of the Senate Interstate Commerce Committee to defeat confirmation of a proved and outstanding champion of the public interests, Leland Olds, to another term on the Federal Power Commission.

Just to freshen the memory and get the perspective of the big issue involved, the Federal Power Commission, established in 1930 during Herbert Hoover's administration, is charged with regulatory authority over electric and natural-gas utilities to see that you, the consumer, pay fair rates for the services they render. Congress, representing you, passed the regulatory laws and created this Commission and delegated it authority to protect your interest.

TOO ALERT FOR INTERESTS

For 10 years, through two terms, Leland Olds has been alert to protect your interest—too alert, in fact, for powerful oil, natural-gas, and electric-utility interests which are exerting all sorts of pressures to get him off the five-man Commission. Among other things, Mr. Olds has taken a stand against proposals in Congress sponsored by these interests to weaken existing statutes long ago passed by Congress—the 1920 Federal Waterpower Act affecting utility regulation and the 1938 Natural Gas Act—so that the FPC would be hampered in the necessary investigatory work preliminary to prescribing fair rates.

Mr. Olds is "on trial" at public hearings before a Senate Interstate Commerce subcommittee which obviously is packed against him as an experienced observer here can plainly see. The plot, of course, is to hang him privately behind closed doors.

Southwestern oil and gas interests, dominant particularly in the politics of Oklahoma and Texas, are very active, as the list of witnesses against him reveals. Both States are very influential in this Democratic Congress.

Mr. Olds is testifying in his own defense, laboriously going over a whole life devoted to public service to refute the usual baseless sort of insinuations so carelessly made these days against progressive figures in public service. Out-

standing men, nationally known for their expert knowledge of utilities and utility regulation and for their activity in behalf of fair treatment of the public, are appearing in his defense at their request. Representatives of interests which want to get rid of him likewise are appearing before the subcommittee which is headed by Senator Lyndon Johnson, Democrat, of Texas, hitherto regarded as a progressive who now is lined up against Mr. Olds and appearing somewhat uncomfortable in that role.

TERMED "OUTSTANDING"

The issue was well put by James C. Bonbright, professor of business and finance at Columbia University and chairman of the New York Power Authority, who praised Mr. Olds at the outset for his magnificent job on FPC and termed him "one of the most distinguished and outstanding men" in the field of public utility regulation.

Professor Bonbright, a recognized authority, said that administration of FPC, to which Mr. Olds has made such a valuable contribution, has been so good that it has helped the private power industry, keeping it out of the dangers that were so manifest during its complacency of the 1920's. The abuses of that era, the watering of stocks, the siphoning off of profits through manipulations of holding company piled on top of holding company, the pernicious influence of utilities in politics—all these were revealed by the Federal Trade Commission's exhaustive 6-year investigation beginning in the late twenties. He doubted that the industry would want to return to those conditions.

No member of the Commission, he said, has done more than Leland Olds to maintain the vitality of the FPC.

"Millions of people," he concluded, "are paying millions less for public utility services than they would have if it were not for the presence of Leland Olds on the Commission. At the same time the utility industry has been very healthy and prosperous."

There is another very readable column in the Washington Daily News of September 28, Wednesday, under the heading of "Bouncy target," by Fred Othman, and it reads:

Leland Olds is a bouncy citizen in gold-rimmed eyeglasses, who saws on the 'cello in his spare time. Not bad at it, either.

He's a poetry fancier; once he was a volunteer fireman; he grows flowers and vegetables both; he likes to lead Boy Scouts into the woods. And he's the center of the doggondest knock-down-and-drag-out fight in these parts in years. His friends love him, his enemies hate him, and whether the Senate lets him stay on as a Federal Power Commissioner is questionable. Olds has been the Commission's sparkplug for 10 years.

His friends give him credit for bringing down the price of electricity until almost anybody can afford to use all he wants of it. His critics charge he's trying to socialize America. Or worse.

President Truman, who has had bad luck lately appointing people that suit the Senate, has named him for another term. And the Senate Interstate and Foreign Commerce Committee is trying to decide whether to confirm him. It looks like it will be busy at this for some time; the gentlemen were aghast when they learned how long.

Olds produced a 31-page, single-spaced statement about himself, which he said he intended to read aloud. He figured that would take him 3 hours. If the Senators asked him any questions—and most of them were primed—he'd need more time.

He also had about 15 other people, including classmates at Amherst, professors, mayors, governors, and others who wanted to make speeches in his behalf. The opposition also had the same number of folks who considered him a menace to America and insisted on saying so, aloud.

The committee decided to allot each side 6 hours for speechmaking.

The opposition made much of the fact that pieces by Washington's leading amateur 'cellist used to appear in the Daily Worker, the Red newspaper. The implication was that if Olds weren't a Communist, he came close. If I were referee I'd call this hitting below the belt.

Olds explained he used to write in his youth for the Federated Press, a kind of press association for labor newspapers. It sold news to hundreds of dailies

and weeklies, mostly published by labor unions. One of its cash customers was the Daily Worker. And, as Olds said, he couldn't help that.

His own cohorts weren't above a few wild punches, either. One, Harry J. Strong, an Iowa organizer of a cooperative hydroelectric outfit, said the private electric companies were selfish interests. He said he could not name a single honest one.

A couple of the Senators jumped on him. They'll jump on Olds later. But as I said in paragraph 1, he's bouncy. You can't count him out yet.

Now, Mr. Olds, if you will come forward, we will continue with your testimony. I hope we will be joined by some additional members shortly. I think maybe this executive pay bill is requiring their attention right at the moment.

STATEMENT OF LELAND OLDS—Resumed

Mr. Olds. Before turning to the next period in my work for the labor movement, I want to emphasize the fact that three basic principles underlay all I had been doing in the preparation of cases which the various unions presented before the wage boards set up by the Government to consider disputes between labor and management. All of these principles were challenged by the powerful employer groups of that day.

The first of these principles was that labor had a right to independent organizations and to bargain collectively on an industry-wide basis for the establishment of just and reasonable working conditions.

The second of these principles was that sound conduct of the business system or capitalism required that labor obtain a just share of the total product of industry.

The third principle was that every worker who played his part in the operation of the country's business system was entitled to a living wage, the payment of which would promote economic stability, and that it was the obligation of government to see that this standard was established.

The right of labor to a living wage had been made an essential part of all sound thinking about wages by the remarkable book *A Living Wage*, by Msgr. John A. Ryan, published in 1906. The principle was finally given official sanction by the National War Labor Board under the joint chairmanship of William Howard Taft and Frank P. Walsh and I had the interesting opportunity, as representative of the National War Labor Board, to assist the manufacturers of a small Pennsylvania industrial center in making the adjustment necessary to put it into effect in their factories.

I emphasize these principles because a great part of my critical analyses of the operation of the business system during my work with the Federated Press, which I am about to discuss, was based on the refusal of those in high economic position to accept those principles as an essential modification of laissez faire capitalism.

Following the strike President Jewell of the Railway Employees Department advised me that for the time being they would not be able to maintain the research bureau in accordance with original plans and that I would have to look for other work. I wanted to continue to analyze economic data for labor and it occurred to me that it might be possible to establish a weekly labor economic service

of use to executives of unions and which could simultaneously be used in labor periodicals.

I discussed the idea with the managing editor of the Federated Press, Carl Haessler, who said he would try to get funds to underwrite such a service. It was my understanding that the Federated Press had been started to fill a gap in reporting resulting from the fact that basic developments of interest to the labor press reported by other press services did not adequately cover the news from the labor viewpoint. This at times resulted in the labor angle on news of strikes, negotiations, and so forth, not being available as current news for such labor papers. It was the forerunner of the present Labor Press Association.

The Federated Press, as I understood it, was set up as a membership association of labor papers on somewhat the same basis as the Associated Press, the board of directors being elected by the membership. Throughout the period when I wrote for the Federated Press every effort was made to keep the service from reflecting the slant of any particular wing of the labor movement.

In the Federated Press Labor Letter of September 26, 1926, will be found a statement that:

1. The Federated Press is about to enter its eighth year of continuous daily reporting for the labor press.

2. It provides 70 publications and 500 individuals and nonpublishing organizations with labor news.

3. Though not controlled by any one group in the labor world, a majority of its executive board are members of American Federation of Labor organizations.

4. Membership in the Federated Press and an equal voice in its control is open to all bona fide labor papers but to no others.

Subsequent to our discussion Haessler reported that, on the recommendation of Roger Baldwin, the Garland fund was making available something in the neighborhood of \$3,000 per year to the Federated Press to underwrite my articles. It may be recalled that Roger Baldwin has been well known as a leader in the cause of civil liberties through the Civil Liberties Union.

It was definitely understood from the start of my association with the Federated Press that I would have perfect freedom to write in accord with my own interpretation of economic facts. At no time during this period was I a member of or influenced by any political or labor organization. Nor did I sit in on the meetings of the board of directors or have any part in the management of the service as a whole.

As industrial editor of the Federated Press I wrote at least five short articles a week during the period from the latter part of 1922 to the middle of 1929 when I left the news service.

Senator JOHNSON. Were you the industrial editor?

Mr. OLDS. That was my title throughout the period.

Senator JOHNSON. Were there any other industrial editors?

Mr. OLDS. No. This means that I wrote some 1,800 articles. These articles were in general analyses of the data, currently available from the Interstate Commerce Commission, the United States Bureau of Labor Statistics, the Department of Agriculture, the United States Bureau of Internal Revenue, the United States Bureau of the Census,

the publications of the Department of Commerce, the Wall Street Journal, Barron's magazine, the Journal of Commerce of New York, the Journal of Commerce of Chicago, the Commercial and Financial Chronicle, and so forth, to show their significance to wage earners and farmers.

I would like to interject just one thing here, and comment on something Representative Lyle implied this morning. He called attention, I think, to two articles, one in the Daily Worker, I guess, and one in—I forget the name of the other paper—in which they had apparently left off the Federated Press byline with a view to intimating that I must have written those articles specially for those papers, rather than for the Federated Press.

I did not during the period when I was writing for the Federated Press keep a very close watch on all the material that was published, or the way in which my material was used.

I know of no occasion in which I wrote any articles directly for those publications, and I think it was obviously a situation in which the papers just left off the byline. I did not write directly for either of those papers.

Senator JOHNSON. So far as you know, it was not a prerequisite of the Daily Worker for a man to be a member of the party in order that his articles might appear; was it?

Mr. OLDS. I judge not. I certainly was never a member of the party or in any way affiliated or associated with an organization that was a member of the party.

Senator JOHNSON. They have no such requirement that you know anything about; is that right?

Mr. OLDS. I do not know anything about their requirements. In general, I have never at any time been very favorably impressed with the Daily Worker type of journalism.

A majority of my articles followed very much the same line of analysis and presentation that had been used in the data prepared for wage cases. They dealt with corporate earnings, the financial history of certain of the larger corporations, special instances where the capital accounts of corporations had been written up for purposes of sale of stock to the public, the proportion of individual income flowing to various income classes, Wall Street control of large corporations, increasing concentration of industry in large corporations, trends in wages and in the purchasing power of wages, influence of the New York Federal Reserve Bank on the progress of inflation leading up to the 1929 crash, employment trends, the increasing economic difficulties of the farmers, trend of thought in the British labor movement, and, toward the end of the period, the parallelism between the revolutionary trends in such countries as Russia and Italy, and the inevitability of such trends if the problems of maladjustment with which I was dealing were not solved.

My articles were not written as an advocate of any program. If anything, they were designed to reveal the irresponsible conduct of the big corporations and the financial system during the "golden twenties" by those in high financial positions, and the extent to which such irresponsible conduct created increasingly serious problems which labor and farmers must solve through enlightened economic

and political action. As early as 1927 I began to point to indications of the coming crash.

Frequently I made statements showing that capitalism should be reformed. In the light of the changes which have taken place in the world and my own experience, some of the statements in retrospect have seemed to carry an unfortunate connotation.

Senator JOHNSON. Reformed, but never destroyed or eliminated; is that right? Just reformed?

Mr. OLDS. That is what I generally had in mind. As I suggested just before luncheon, I was trying to pose the situation in the country and in the world so strongly to labor, particularly labor, that they would be awakened to intelligent political and organizational activity.

Moreover, I was writing for labor and from the labor viewpoint. Naturally, if I were writing of the same conditions today I would probably use language based on more experience with the problems, but I would like to state that I would not depart from the basic principle that great institutions such as our corporations must recognize their social responsibility as a moderating influence on the quest for private profits. I think it is pretty generally recognized today that the acceptance of such responsibility is not only a corporate duty, but that in the long run it benefits, through increased prosperity, the corporate owners themselves.

Senator JOHNSON. I think that is a better way to put it than it was put in some of these articles.

Mr. OLDS. I agree with you, Senator. I did not think then, and I do not think now, that private enterprise in the 1920's was providing a decent family wage or assurance of security or even protection for the modest saving which small investors entrusted to it.

Senator JOHNSON. Do you think it is now?

Mr. OLDS. I think it is coming very much closer to it, Mr. Chairman. I think there has been tremendous progress made in the direction of the reform of capitalism. I think it is much less irresponsible. I think we, along with the whole world, are moving toward an understanding of the importance of associating responsibility with great economic authority.

I was against the kind of open-shop capitalism which cracked workers over the head if they sought to organize in the big mass-production industries. I did not think such principles were in accord with the principles of American democracy.

But the depression, which inevitably followed the failure of private enterprise to accept its social responsibility in that period, led to the great reforms of the 1930's which completely changed the old laissez faire capitalism into a new model with much better chance of survival. And, to the extent that such bodies as this committee and the great Senate of the United States for which it is acting stand guard to prevent selfish interests from turning the hands of the clock back, we can look forward to steady progress toward greater security under our democratic form of social order.

Before leaving the discussion of my Federated Press articles, I want to answer categorically any contention that I was writing for the Daily Worker. I was doing so no more than writers for any press service which that paper takes today may be said to be writing for it. Actually, my articles were appearing in papers as widely sep-

arated as the Seattle Union Record and the Brotherhood of Locomotive Engineers' Journal, and it was the general view around the Federated Press office that it was the Brotherhood of Engineers' Journal that was the most enthusiastic publisher of my material. This is verified by reference to the files of that journal.

I should like also to point out that in 1925, while I was writing for the Federated Press, I was employed by the Brotherhood of Railway Clerks to prepare and assist in the presentation of their wage case before the Railroad Labor Board. Their publication, the Railway Clerk, was a member paper of the Federated Press; and Phil Ziegler, its editor, was for a time on the Federated Press executive board.

During the period I was writing articles for this labor press service, I did not belong to any organization, political or otherwise, except the civic association of the small town of Northbrook, Ill., in which I lived, the school board and the civic orchestra which we organized with the combined talent of Northbrook and its neighbor, Glenview. Oh, yes, I forgot, I think I did belong to the Northbrook Volunteer Fire Department.

Throughout this period, my main interest, aside from preparation of my articles for the Federated Press, was in community matters. I built my own house in Northbrook for my growing family. I had a garden, also some chickens. I played the cello in the orchestra and worked with Jesse Stevens, a teacher of violin and conductor of the orchestra, to build it up and bring the idea of amateur music to the attention of the area. I was proud of the fact that practically all the children of the area were learning to play some musical instrument in order to play in the orchestra. There were also string ensembles and other musical activities.

Senator JOHNSON. That seems to be a very commendable activity in which to be interested.

Mr. OLDS. I was active in the efforts of the Northbrook Civic Association to improve the village and became its president. I was in charge of the Boy Scout activities of the community. I was asked to run for the Northbrook School Board by citizens who felt it was time to take a forward step with the school system. Following my election to the board, we chose a new principal for the school, who had a wider range of interest than his predecessors. We also erected a school building, with a large combination gymnasium and hall in which orchestra, chorus, and amateur dramatic work could go forward. The new principal of the school whom I helped to select, Norman Watson, is still the active leader of educational activities in the township.

The community was quite largely the home of wage earners, and I had an opportunity to observe the difficulties faced by many of my friends and neighbors as a result of protracted periods of unemployment which occurred even during the Golden Twenties.

The only effort at political organization in which I participated during this period involved an attempt to set up an organization along the lines of the Fabian Society in England, with a view to laying the foundations for what later might be a labor party like the British Labor Party. Although the effort did not succeed, I want to call your attention to the proposed statement of purpose and organization of the Illinois Association for Independent Political Action which I helped draft and which expressed my position during that period.

I quote section 5 of the preamble, and the qualifications for membership as follows:

SEC. 5. The new party must have its roots in America; must derive its principles from the actual conflicts between American workers and the vested interests, and must build on the fundamentally American tradition that all are entitled to the right to life, liberty, and the pursuit of happiness. Importation of theories and influences not germane to American life must be ruled out as sure invitations to failure. Emphasis must be placed on active thinking about American tendencies rather than mouthing slogans and formulas produced by the struggle in other lands.

MEMBERSHIP

Any American citizen, 21 years of age or over, is eligible to membership in the Illinois Association for Independent Political Action provided he or she is accepted by the membership committee. No person who advocates the overthrow of the Government by force or violence or who supports organizations having that end in view will be accepted.

This should make it clear that during this period I was anticipating by a good many years the effort of organizations of today to prevent Communists from infiltrating the type of progressive labor political organization which I felt should be set up. And it should be recalled that in that period the concept of Communist-front organizations had not been developed and, as brought out in one of my articles, important business interests in America were urging recognition of Soviet Russia. I never believed in nor supported the Communist movement.

Senator JOHNSON. What date did you become a member of the American Labor Party?

Mr. OLDS. I think I was a member of it for about a year, around 1938. At that time it was not the American Labor Party as it is today. It included what is the American Labor Party today and what is the Liberal Party up in New York today. It was largely organized around the two very great garment-worker leaders, David Dubinsky of the International Ladies' Garment Workers and Sidney Hillman of the Amalgamated Clothing Workers.

Senator JOHNSON. Why did you leave the American Labor Party?

Mr. OLDS. Well, actually I had, I think, no more contacts with it after the keynote address of any importance. I was working entirely with a group of young Democrats in New York. I do not remember the precise time when I actually notified them I was not going to have any more contact with them.

Senator JOHNSON. You did notify them?

Mr. OLDS. I am quite sure I did.

Senator JOHNSON. I wonder if you have a copy of that notification. I have not read the rest of your statement. You go into some detail of your activities prior to that time, and you may cover that later.

Mr. OLDS. I do not cover it. It was a very much limited incident. It developed around a situation which you may recall in which certain of the Democratic political machines, particularly in certain cities, were not giving active support to President Roosevelt in his program, in his progressive program, and the Labor Party really came into existence to meet that situation.

It was related to the election of Mayor LaGuardia in New York. I was playing a part in that whole situation, and the whole object was to give continuing strength to what President Roosevelt was attempting to do.

Senator JOHNSON. You only come into the party in 1937 and went out in 1938?

Mr. OLDS. I had nothing to do with it except for about a year, then. As a matter of fact, I was not very active in it. They asked me to deliver this keynote address. I was a member of a local group in the town I lived in, Nyack. It was not very active, but for some reason or other the party asked me. I think the invitation came from Alex Rose, who is now director or secretary or something of the Liberal Party, which is the conservative split-off of that party.

Senator JOHNSON. You supported the Democratic ticket in 1936?

Mr. OLDS. That is correct.

Senator JOHNSON. 1932?

Mr. OLDS. That is correct.

Senator JOHNSON. And 1940?

Mr. OLDS. Yes, sir; and 1944.

Senator JOHNSON. Just a couple of years in there?

Mr. OLDS. Yes. As a matter of fact, it was entirely a local New York situation, and it has never been anything but a local New York situation.

Senator JOHNSON. And in 1944?

Mr. OLDS. In 1944 I supported the Democratic ticket.

Senator JOHNSON. And 1948?

Mr. OLDS. That is correct.

Senator JOHNSON. And voted in New York?

Mr. OLDS. I got my absentee ballot in too late in 1944. I actually spoke in June 1944 in favor of President Truman as leader of the party for the Young Democrats of New York, and at that same convention they passed a resolution endorsing him as the next candidate for President.

Senator JOHNSON. And you supported the ticket and voted in 1948?

Mr. OLDS. That is correct.

Senator JOHNSON. In New York?

Mr. OLDS. That is correct.

Senator JOHNSON. What place in New York?

Mr. OLDS. In Nyack. I did not get my ballot started in on time; so, I actually did not vote.

Senator JOHNSON. That was 1944?

Mr. OLDS. 1948.

Senator JOHNSON. You did vote in 1944?

Mr. OLDS. That is correct.

Senator JOHNSON. You sent your ballot but did not vote it?

Mr. OLDS. I asked for it down here at the headquarters, and they said it was too late. I was very busy and let the time slip by.

Senator JOHNSON. You did not vote in 1948?

Mr. OLDS. That is correct.

Senator JOHNSON. The last time you voted was in 1946?

Mr. OLDS. 1944.

Senator JOHNSON. You did not vote in the local elections in 1946?

Mr. OLDS. No; I did not vote.

Senator JOHNSON. If you will, I think it would be good, if it is available, if you submit to the committee your resignation from the Labor Party. I think it would be important at this point if you have it.

Mr. OLDS. I will see.

(The resignation referred to above is as follows:)

WASHINGTON, D. C., September 18, 1939.

WILLIAM BARLO,
Nyack, N. Y.

DEAR BILL: Owing to my change in residence as well as occupation I feel that I should resign as chairman of the Rockland County branch of the American Labor Party—not that I was ever of very much help to you during the time that I resided in the county but spent most of my days and evenings in New York City.

Will you please present this as my resignation to the executive committee? If a letter of more formal character is necessary please let me know.

I hope that my transfer to Washington will not mean that we will not meet occasionally in the future. I shall always remember our association as a most happy one. Perhaps business will sometime bring you to Washington, in which case I shall look forward to having a meal with you and a talk.

With kindest regards to both yourself and your wife, I am,

Sincerely,

LELAND OLDS.

Mr. OLDS. The First Assembly of the World Council of Churches in Amsterdam in 1948 said:

The church should make clear that there are conflicts between Christianity and capitalism. The developments of capitalism vary from country to country, and often the exploitation of the workers that was characteristic of early capitalism has been corrected in considerable measure by the influence of trade-unions, social legislation, and responsible management. * * *

During the period in which I was writing on behalf of labor, these corrections were still in large measure to be made. I know no better way of ending this section than by saying that I agree wholeheartedly with a further statement adopted by the assembly, after accepting an amendment by Mr. Charles P. Taft, reading as follows—

Senator JOHNSON. I gather you feel the church has been resurrected from the decay referred to this morning which occurred during that time?

Mr. OLDS. I think if you will read the whole article that was referred to, Mr. Chairman, with reference to Bishop Cannon and his operations, you will find that it was not in any sense an attack on religion. I have been, was then, and I am still against the kind of religion that is very devout on Sunday and then goes out in the balance of the week and pays very little, if any, attention to the principles which Jesus taught in the Sermon on the Mount.

Senator JOHNSON. Do you think the church was operating that way during the period—

Mr. OLDS. In large measure, I think this very thing I am quoting from the First Assembly of the World Council of Churches in Amsterdam shows they are beginning to realize the importance of Christianity as an element, as really the controlling element in what is going to happen in the change of the world away from selfish materialism toward a kind of a social order based on the idea of "love your neighbor as yourself."

You will remember that Jesus himself once said:

Woe unto you Scribes and Pharisees, hypocrites, for you partake of mint and anise and cumin and have omitted the weightiest matters of the law: justice, mercy, and faith. These ought ye have done and leave the others undone.

He was pretty strong himself in his language in dealing with the leaders of religion who were very much interested in the form but not in the substance of their religion. I have got a whole folder which I

have been accumulating, which is of great interest to me, and I hope eventually to show something about the trend in the world as a result of it, showing the extent to which within recent years, particularly in the postwar situation, the great bodies of the church have begun to realize that there is a social problem, a problem that they are responsible, as Christians, for dealing with.

There is not only this pronouncement that was gotten up—and I think you would be interested in the whole pronouncement—of the World Council of Churches in Amsterdam, but there was the great pronouncement gotten out by the Episcopal Churches of the world after their Lambeth, as it was called, conference or council; and, of course, the Catholic Church over the years all the way from the great encyclical of Leo the Thirteenth, I think in about 1892, entitled "The Condition of Labor," has realized that there was an element of social responsibility in the living of a Christian life.

I think that is the reason you have had such important contributions from men like Monsignor Ryan, whom I quoted a while ago, on the living wage. I think there is going on an evolution, which is perhaps the most important evolution in the world today.

Senator JOHNSON. The Mr. Taft that you find yourself wholeheartedly in agreement with is the son of William Howard Taft?

Mr. OLDS. Yes.

Senator JOHNSON. And brother of the Senator from Ohio, Robert Taft?

Mr. OLDS. That is correct, and it is quite interesting that former President William Howard Taft himself as Joint Chairman of the National War Labor Board, was Joint Chairman with Frank P. Walsh, that the two of them approved this principle of the living wage.

I think it was the first time that it was really authoritatively made a part of the program of a government administrative body. I think Basil Manly is in the room, I think I saw him, he was associated with Mr. Walsh and he became himself later Chairman of the Board. He made a great contribution in connection with the Industrial Relations Commission, and I think he would bear me out on the importance of the War Labor Board work in which he played a very important part in getting these basic principles established.

Senator JOHNSON. This same Mr. Manly was a member of the Commission?

Mr. OLDS. He was a member of the Commission and made a tremendous contribution to the work of the Commission from 1933, I think, until he resigned about 1946, which is my recollection, 1945 or 1946.

Senator JOHNSON. Is he listed as one of the witnesses?

Mr. JARRETT. No.

Senator JOHNSON. Is he located in Washington?

Mr. OLDS. I think he is located in the room at the moment. He is located in Washington, too.

Senator JOHNSON. What does he do? What is his occupation?

Mr. OLDS. I think he is vice president of the Southern Natural Gas Co.

Senator JOHNSON. Go ahead.

Mr. OLDS (continuing):

The Christian churches should reject the ideologies of both communism and laissez faire capitalism, and should seek to draw men away from the false assumption that these extremes are the only alternatives. Each has made promises which it could not redeem. Communist ideology puts the emphasis upon economic justice, and promises that freedom will come automatically after the completion of the revolution. Capitalism puts the emphasis upon freedom and promises that justice will follow as a byproduct of free enterprise; that, too, is an ideology which has proven false. It is the responsibility of Christians to seek new, creative solutions which never allow either justice or freedom to destroy each other.

We should recognize that freedom cannot be real without justice, nor justice without freedom. Therefore, in a true sense, neither can destroy the other without truly destroying itself. Indeed, true freedom means complete justice, and vice versa.

About the middle of 1929 the Federated Press, which had been operating at a deficit, no longer had funds to support my column. I had always remained in touch with W. Jett Lauck and we immediately made tentative plans for a partnership in which I would handle an office in Chicago and he would continue at his headquarters in Washington. But, before launching the Chicago office, I decided to take a month's vacation and devote it to studying the power and utility situation in all its aspects. That period of study, at the Crerar Library in Chicago, was just reaching an end when I received a telephone call from Frank P. Walsh, urging me to come to New York immediately to participate in a general investigation of utility regulation in that State.

On my arrival Mr. Walsh advised me that Governor Roosevelt was very much interested in the entire utility question, that following a New York World editorial asserting that utility regulation had broken down, the State legislature had created a commission on revision of the public service commission's law, that the commission consisted of three representatives of the State senate, three from the State assembly and three appointees of the Governor, and that the Governor's appointees felt it very important that a good record be made in respect to the public interest in effective regulation. The Governor's appointees, in addition to Mr. Walsh, were Dr. James C. Bonbright of Columbia University and Mr. David C. Adie, leader in the field of social welfare in Buffalo.

You may recall that during the hearings on the Moore-Rizley bill last year Senator Reed recognized a quotation from a speech he made before the National Association of Railroad and Utility Commissioners expressing very much the same sentiments as were expressed in this New York World editorial and indicating that the interests of all people were concerned with regulation, and that steps should be taken to make regulations work effectively.

Senator JOHNSON. Dr. Bonbright referred to is the gentleman who appeared yesterday?

Mr. OLDS. That is correct.

Mr. Walsh told me further that an important civic organization in New York City known as the Community Councils of the City of New York, with some fifty local councils representing the various neighborhoods of the metropolis, was interested in presenting a good case before the Commission on behalf of the public. He said that the community councils city parliament was meeting a few nights later

and that I should prepare myself to present them with a general plan of action on that occasion.

I subsequently learned that Community Councils of the City of New York had come into existence under the stimulus of the Council of National Defense during the First World War, that it had been kept alive as a vital civic organization by such public-spirited citizens as Mary Harriman Rumsey, that it had a very vigorous secretary, Frank Pear Beal and an unusually self-sacrificing and courageous vice president and counsel, Daniel DeV. Harned, whom I came to love and respect throughout my association with him in New York until his death. The president of the city parliament was the eminent member of the New York bar, John Kirkland Clark. Among those interested in the councils were such well-known citizens as George Gordon Battle, William C. Breed, John Collier, Joseph P. Day, Virginia C. Gildersleeve, I. E. Goldwasser, Rev. Robert F. Keegan, Henry McDonald, James H. Post, Lawson Purdy, Mary Harriman Rumsey, Mortimer L. Schiff, Mrs. V. G. Simkhovitch, Alfred E. Smith, Mrs. Frank A. Vanderlip, Lillian D. Wald, and Felix Warburg.

I was appointed economist for the councils and directed to cooperate with Mr. Harned, their counsel, in the preparation of their analysis of the regulatory situation and the presentation of the analysis before the commission on revision of the public service commission's law. Mr. Harned told me he had checked up thoroughly on me before accepting me. I remained closely and actively associated with the organization for 10 years, or until I came to Washington as a member of the Federal Power Commission in 1939.

The presentation on behalf of community councils by Mr. Harned and myself began on December 9, 1929. Mr. Harned summed up the position of the organization as follows:

End the era of public service commissions that pander to the corporations or be ready for a rising demand for public ownership. * * * Any recommendations which leave the corporations a chance to increase profits by defeating regulation will be ineffectual.

The problem we dealt with involved (1) the question of the proper function of a public utility commission; (2) the increasing recourse of public utility corporations to the courts in regulatory matters; (3) the tendency of public utility corporations to capitalize values created by franchises; (4) the reintroduction of speculation in public utilities as a result of holding company control; (5) the lack of control of the regulatory commission over costs, rate structures, etc., and (6) the inequality between the public and the corporations in power to affect public opinion and to influence tribunals.

Among other things, we sought a net investment rate base, Federal Power Commission regulation of interstate rates and holding companies, and public development of St. Lawrence River power.

Our presentation contained a critical review of the action of the New York Public Service Commission in certain specific cases, an analysis of the inflation in the capital structure of the Consolidated Gas Co. (now Consolidated Edison Co.) system, and a similar analysis of the inflation which had accompanied mergers of up-State utilities.

Our presentation took up in detail two major rate cases of interest to the people of New York, that involving the New York Edison Co. and that involving the New York Telephone Co. We showed how these cases had dragged on for years at great expense to consumers

without any result whatsoever. We went extensively into the absurd results of the reproduction cost theory of rate base determination which was playing a major part in bringing about the endless litigation under which regulation had broken down.

Our presentation emphasized the importance to consumers of active rather than passive regulation. We pointed out that regulation of public services is an alternative to public ownership; that it—

means public control over certain essential public services in which private competition has proved undesirable—

that it—

means the active determination of an agency of the community of the conditions under which these services are supplied—

and that—

successful regulation means that the community as a whole gets the maximum possible service for the proportion of the community income which can be devoted to it.

Dealing with the protracted litigation which was rendering regulation ineffective, we said:

We feel that court decisions on appeal from the Public Service Commission have provided the excuse rather than the reason for passive regulation. We feel that active regulation in the public interest, including development of the machinery for keeping the public constantly informed in its own interest, would go far toward assuring such court precedents that the future would see little recourse to the courts. Rate determination would proceed promptly, smoothly, and almost automatically.

I would like to interject here that the experience of the Federal Power Commission in the last 10 years has gone far toward demonstrating the validity of that statement.

Senator JOHNSON. Generally speaking, during that period have your fellow Commissioners entertained the same viewpoint and have they been cooperative in the efforts you have made toward applying your theory of regulation?

Mr. OLDS. I think that the Commission over the period from 1935 down was singularly unanimous in applying these general principles of regulation.

Senator JOHNSON. As far as regulation of electric utilities is concerned, the Commission has, generally speaking, been unanimous?

Mr. OLDS. That is correct. There has been great unanimity. Actually, there has been great unanimity in the natural gas field, too. The main divergence of opinion has come in connection with the legislative situation. There was one other major divergence.

Senator JOHNSON. I gather you do not share the often-expressed opinion that your colleagues are tools of these vested interests?

Mr. OLDS. I try to avoid accusing anybody of being tools of vested interests.

Senator JOHNSON. You do not share the opinion frequently expressed that maybe some members of the commission are too friendly with utilities?

Mr. OLDS. I do not think along those lines. I try to assume that every man is good, I try to live as nearly as I can according to that principle.

Senator JOHNSON. I am asking for your viewpoint as the result of your 10 years' experience with them.

Mr. OLDS. You are right, I answer you, "Yes."

Senator JOHNSON. You are aware, of course, of the insinuation that has been made about other members of the Commission?

Mr. OLDS. I did not know there were many insinuations about the members.

Senator JOHNSON. I did not say many.

Mr. OLDS. I do not remember.

Senator JOHNSON. You do not remember having seen or read any of them?

Mr. OLDS. I just do not remember, that is the answer I can give.

Senator JOHNSON. All right.

Mr. OLDS. For, once such basic principles of effective regulation as the authority of commissions to cause public utility accounts to be reclassified on an actual cost basis, to require adequate depreciation, and to fix rates on a net investment rate base were established with the sanction of the United States Supreme Court, the great majority of the Federal Power Commission's accounting and rate proceedings have been handled on a conference basis without formal hearings or recourse to courts.

A most important part of the evidence submitted by community councils, and one which brought almost immediate results, concerned the "procorporation" attitude of the then chairman of the New York Public Service Commission and his close personal ties with certain companies whose interests were affected by the State commission's regulatory activities. When the investigating commission majority decided to pursue this evidence in an executive session, our organization—that is, the community councils—adopted a resolution calling upon the Governor to investigate and, upon confirmation of the facts, to remove the public service commission chairman or any other commissioner found unfit.

The resolution stated that as far back as 1922 the city parliament of community councils had petitioned former Governor Miller to remove the said chairman and his associates on account of their alleged "procorporation attitude"; that the commission's handling of important cases had revealed the chairman's bias in favor of the corporations he was supposed to regulate; that the apparent break-down in regulation might in large measure be attributed to this attitude and that in a public address, while the commission's rate decision in the telephone case was still pending before the courts, he had expressed approval of the company's valuation and had imputed improper motives to the city officials who were intervenors in the case.

The resolution cited as "a particularly flagrant instance of apparent bias" his personal handling of a case in which the commission dropped "a meritorious complaint of consumers against exorbitant rates charged by the Long Island Light Co. after the company had twice been given extensions of time during which they secured withdrawals of signatures from the petition."

The commission chairman promptly resigned. In his place Governor Roosevelt appointed Milo B. Maltbie, one of the great leaders in active public utility regulation. As a result, for the next 18 years the people of New York had the advantages of a public service commission active in the public interest. The accounts of the utilities in New York were reclassified with all inflation removed so that rate regulation in the State could go forward on a net investment basis.

The entire investigation was very extensive, including 43 days of hearing and some 3,000 pages of printed record. The commission's staff, under the direction of Col. William J. Donovan and Dr. William T. Mosher, director of the School of Citizenship and Public Affairs at Syracuse University, prepared elaborate analyses of that data which the State Public Service Commission and the many parties presented. The witnesses, numbering nearly 100, included the members of the State Public Service Commission, members of other State commissions, including those of Massachusetts and Pennsylvania, executives of the major utilities serving the State, representatives of city governments and such authorities on various aspects of the problem as John Bauer, Morris L. Cooke, Irving Fisher, Harry Laidler, Donald R. Richberg, et cetera.

At the conclusion of the hearings I was asked by Mr. Walsh to assist him in the preparation of a report which he could submit for consideration of the commission. Such a report was prepared. It became part I of a minority report signed by Walsh, Bonbright, and Adie.

The six representatives of the legislature issued another report. Before referring briefly to the conclusions of the minority report with which I was associated I want to note two statements, one in the majority report and one in that recommended by Col. William J. Donovan, counsel to the committee. The majority said:

We think it fair to say that the Commission, by overestimating the judicial side, has neglected what was originally conceived to be its primary function—to advance the interests of the public in relation to the service of utility companies * * * .

Colonel Donovan, after stating that a proper relationship between the utilities and the State "can only come from an established basis of mutual confidence," continued:

* * * leaders of utilities must look upon themselves as economic servants of the public, as the State officials are the political servants of the public. If this is only an Utopian idea, then in my judgment regulation is impossible. The alternative is not coercion because that can only bring resort to the courts with resultant resentment and bitterness. The only feasible alternative is public ownership with whatever its attendant evils may prove to be. Before the issue is decided between the two, however, sound policy dictates that it should be determined whether or not by revision of the statute and by suggested improvements in administration, regulation can be made reasonably effective.

I think that quotation is exceedingly important, coming from a man like Colonel Donovan, because it places emphasis on the importance to the private utilities themselves of cooperating in the assurance that regulation shall not only be effective, but that it shall win the confidence of the people, who look to it to protect them in their interests in public service in the public service undertakings.

Senator JOHNSON. Are you aware of any opposition to your confirmation by the private electric utilities?

Mr. OLDS. I am not very generally aware of the opposition. I think the opposition of the oil interests has been more in the open. There was some kind of article or editorial or something like that in the *Electrical World* a considerable number of months ago, I think early this year, commenting on the situation on the Federal Power Commission and suggesting that the electric utilities had, well, I do not know the exact language, but in a sense missed a trick in 1944 in not joining the gas industry in opposing my confirmation and indicating, as I recall it, that they should not overlook the situation this year.

That is the only evidence I have of what they may or may not be doing.

Senator JOHNSON. They did not oppose your nomination in 1944?

Mr. OLDS. I do not know. I know these big industries very rarely make their opposition so open that it is noticeable to people outside. They have firms, the electric industry has firms like Bosel & Jacobs, who go about creating grass roots opposition to things they are opposed to.

Senator JOHNSON. Are you aware of any such efforts to oppose you?

Mr. OLDS. I do not know. Sometimes when I see certain kinds of editorials in papers that it is rather unexpected they should be aware of the thing, I wonder if some of that grass roots effort has not been at work, but I have no open evidence, I do not have any knowledge of what the electric power industry may be doing in this situation.

Senator JOHNSON. I thought I had some slight experience with electric utilities, with which I think you are personally somewhat familiar. The Associated Press of yesterday says that:

Hearing on Mr. Olds promises to develop into a fight against the nominee on his record as advocate of public power projects.

Now, so far as I know, I have not seen any criticisms of that. They are probably directing that at some members of the committee because I have not tried to conceal the fact, both in and out of the Senate, that I had some interest in public power projects and exerted myself along that line in many instances, but I guess I just do not know what is happening here, and apparently you do not, either.

Somebody has some information we do not know anything about.

I read these stories about this utility industry here, and I just got out of one fight with them about 2 or 3 weeks ago, and I sure felt them there. I knew what their interest was, but if there are any of them present, and they want to be heard, or if any of them wants to get into this "knock-down, drag-out" that was referred to, I will serve notice on them now we will probably give them an opportunity to do so, we will have night sessions, so if any of them or their emissaries or any of the representatives who operate in the grass roots are here, I would like to give them that information.

Go ahead, Mr. Olds.

Mr. OLDS. The basic differences between the conclusions of the Governor's appointees and majority of the commission involved the question of rate-base determination and the concept of the regulatory commission function.

The Governor's appointees expressed the firm conviction that truly effective regulation would be impossible as long as there prevailed in the State the rule that the so-called value of the property, as determined by the courts, was the basis of rate control. They contended that as long as this rule persisted, no amount of administrative reform, no enlargement of the commission's staff, no enhancement of its statutory powers, could do more than palliate the present evil. They proposed adoption of a new method of rate control based on the principle of "prudent investment." The majority, on the other hand, persisted in accepting the value principle.

Mr. Walsh and his associates, commenting on the contention that the "prudent investment" procedure would be unconstitutional under

the rulings of the United States Supreme Court, called attention to the fact that—

almost every fundamental change in our State and Federal laws affecting property rights, almost every legislative action to make the law of the land keep pace with the changing economic conditions, must run the gauntlet of constitutionality.

They continued:

If the legislature of this and other States, or the Congress of the United States were to listen to such counsel of timidity, legislation would become a static thing, and the Constitution of the United States, instead of adapting itself to the rapidly changing economic and social conditions of the Nation, would degenerate into a set of nineteenth century formulas based on the legal dicta of judges whose decisions grew out of economic circumstances that no longer prevail.

Mr. Walsh and his associates favored a public-service commission operating as an administrative rather than as a judicial body, actively taking the initiative in preventing utility companies from using their monopoly power to charge rates higher than necessary to pay reasonable operating costs and to provide the stable return required to secure the necessary capital. They quoted with approval the statement of Harold Evans, former member of the Pennsylvania Public Service Commission:

The commissions themselves must have the attitude that they are defenders of the public interest, that they are to take the place of the force of competition in regulation of the public service companies.

These reports were submitted to the legislature at the end of February 1930, and some 30 separate bills were introduced, a majority of them based on the recommendations of the majority of the investigating commission. Some of the bills based upon the majority report provided for minor improvements in the existing law, others were less satisfactory. None of them dealt with the fundamentals of the regulatory problems. I was requested by Governor Roosevelt's office to assist Mr. Samuel I. Rosenman, the Governor's counsel, in advising the Governor in connection with this legislation.

None of the bills based on recommendations of the Governor's own appointees were passed, but a majority of those based on the majority report of the investigating commission were passed by both houses of the legislature and reached the Governor. The Governor signed some of them and vetoed others with a series of messages in which he laid down a simple program for dealing effectively with the weakness of utility regulation. In his message of April 25, 1930, approving a number of the bills, he said:

The majority legislative program before me in these bills is ineffective. It is complicated. Its weakness lies in the attempt to get around the issue without meeting it squarely. The effectiveness of the minority program, on the other hand, is obvious from the utility opposition it has aroused. It can be summed up in three points:

(1) Assertion of the State's determination that the return to which owners of privately owned utilities are entitled shall be on the original cost of the property used and useful in the public service, as shown by their books.

(2) Establishment of a uniform system of accounting which will make available accurate unit cost analysis of all classes of service, such as any modern corporation in competitive industry would insist upon.

(3) Provision for municipal ownership and operation of public services on a referendum vote of their citizens expressing their desire to undertake such enterprises. This provides the keen spur of competition so necessary to induce the privately owned utilities to accept effective regulation.

In addition to these points the Governor's program included steps to bring holding companies under control and to change the attitude of the public service commission to one of active defense of the public interest.

During the balance of that year and the early part of 1931, at the request of Mrs. Mary Harriman Rumsey and a group associated with her, I planned a lecture tour for the great Irish poet and practical idealist, George Russell, known by his pen name AE. The purpose of the tour was to arouse interest throughout the country in a movement to counteract the exaggerated trend toward concentration of population in cities and to substitute the building of what AE called a rural civilization. By this he meant much the same thing as we do when we speak of sound regional economies as a means of reversing the trend toward economic and political centralization.

I accompanied AE through a great part of the speaking tour, meeting and discussing the whole question with interested people in practically every region in the country. In connection with those lectures, we distributed special copies of AE's great book, the *National Being*, which I recommend for reading to all to whom the continued health of our civilization is dear. This book presents in great detail the viewpoint presented in AE's lecture.

The trip was a source of great inspiration to me, providing a richer conception of the work which I wanted to do. I drew this inspiration not only from the spiritual and moral quality of AE's thinking about man's effort to rear a noble civilization but also from conversations with hundreds of men and women in the various parts of the country, who were already profoundly interested in improving their regional life. The whole experience provided the basis of my later thinking about great river basin programs, about the importance to our great gas-producing areas of the conservation of this fuel and raw material to support their own industrial development, about the elimination of unreasonable transportation rate differentials which have tended to discourage such development.

You will find the influence of AE's thinking, as well as that of the local people, in a number of my speeches dealing with the contribution which comprehensive river basin development can make to the building of sound regional economies.

Meanwhile, the St. Lawrence Power Development Commission had been set up in New York under 1930 legislation to recommend a plan for the development of the hydroelectric power resources of that portion of the St. Lawrence River within the State of New York. On the basis of recommendations in its report filed January 15, 1931, the legislature enacted a law creating the Power Authority of the State of New York and the following five trustees of the authority were appointed by the Governor on May 6, 1931: Frank P. Walsh, already referred to in my statement; Delos M. Cosgrove, outstanding lawyer of Watertown, N. Y.; Morris Llewlyn Cooke, eminent engineer of Philadelphia, who had headed the Pennsylvania giant power survey; James C. Bonbright, professor in the Columbia University School of Business Administration; and Fred J. Freestone, master of the New York State Grange. Mr. Walsh was elected chairman and Mr. Cosgrove vice chairman.

The board appointed me to serve as head of the staff, first under the title of assistant to the chairman and subsequently as executive secre-

tary. I held that position from 1931 to 1939, when I was sworn in as a member of the Federal Power Commission.

During that period I supervised the preparation of technical reports that had a significance far beyond the bounds of New York State. I participated in negotiations with the State Department and other branches of the Federal Government; I participated in conferences with representatives of the power companies serving New York State, as well as with technical representatives of the governments of Canada and the Province of Ontario. Also, on request of Mayor LaGuardia to the chairman of the authority, I served as an adviser to the mayor of New York on power matters of interest to the city.

In the conferences with the State Department and with representatives of the Canadian and Ontario governments I was closely associated with Vice Chairman Cosgrove, who was the trustee specially responsible for this phase of the work. Similarly, I was closely associated with Mr. Morris L. Cooke as the trustee responsible for the technical studies during the first 2 years of the authority's work. Mr. Cooke's imaginative leadership contributed greatly to my understanding of the problems I was later to deal with during the balance of my work with the New York Power Authority and in my 10 years on the Federal Power Commission.

The major purpose of our work during this period, aside from our efforts to secure the necessary authorization of the St. Lawrence seaway and power project through treaty or agreement with Canada, was to develop the necessary data to enable us to market the power in such a way as to carry out the purposes of the act under which we were operating. This involved, among other things, developing the concept of maximum utilization of power at minimum rates, with particular emphasis on residential and rural consumers. All that we did was very fully reported annually to the State legislature, including our technical studies which were printed in full. On the basis of these reports the legislature regularly appropriated funds for the continuation of the authority's work.

Much of the authority's economic and technical work was of a pioneering nature and cast a great deal of needed light on important aspects of the business of providing people with electric power on a reasonable cost basis. Most of these reports were in great demand. Of perhaps primary importance was an elaborate and continuing study of the cost of distributing electricity, particularly to residential customers. This was undertaken under the inspiration and initial direction of Morris L. Cooke. It was extended to include a broad analysis of the costs involved in supplying the future power requirements of consumers throughout the State to provide a sound basis for negotiating contracts for the marketing of St. Lawrence power.

This brings me to a brief reference to the Power Authority's assistance to Mayor LaGuardia in his effort to secure lower power costs for the city. Actually it is the story of the Public Service Commission's effort to reduce electric rates in New York City in 1933, which was stayed on petition by the power companies and finally annulled by the State supreme court in May 1935, and of how, weeks later, in spite of obtaining this court sanction for maintaining high rates, the companies offered material reductions in rates just 1 day before the mayor went before the board of estimate for authorization of a proposed municipal yardstick plant.

Threat of public competition had accomplished for rate payers in New York City what the companies had prevented regulation from accomplishing, bringing them also their first approach to a modern rate structure. In announcing this rate reduction, the chairman of the companies had said:

The new rates for residential, retail, and general uses are highly promotional in form and should greatly increase the use for refrigeration, cooking, air conditioning, and other uses of electricity.

The climax came when the electric companies reported a considerable increase in profits for the year during part of which the rate reductions were effective and the chairman of the companies, praising the new low rates, told the stockholders:

I feel it has been the experience of the industry that volume of sales at low rates, the lowest rate at which you can protect your investment, is far safer than a schedule of rates based merely upon the ability to establish a rate base.

He marked further that as sales increased the unit costs decreased and that he expected an increase of \$100,000,000 in business in the next 10 years. All of his remarks practically paralleled the expressions of the power authority in its studies designed to stimulate a new attitude toward promotional rate making.

Time does not permit me to go into the many aspects of my experience as executive secretary of the New York State Power Authority, all of which broadened my understanding not only of the technical aspects of the power industry but also of the possibilities of resolving certain conflicts between management leaning over backward to protect profits and the right of the public to abundant utility service at the lowest possible rates. My point of view throughout the period may be summarized as follows:

(1) The possibilities in the way of lower rates under regulated private enterprise have not been fully explored.

(2) An effort should be made to bring sharply to the attention of private enterprise the importance of a new concept of rate making and a new spirit of cooperation with regulatory bodies to make it effective.

(3) A strong incentive to management to break away from the static attitude in the matter of rates is actual or potential public competition; hence municipalities and other units of local government should have the option, on authorization by their citizens, to undertake utility service on a public basis.

(4) The Government should develop major hydroelectric power resources as part of comprehensive multipurpose river basin programs and make this wholesale power supply available on a transmitted basis and continue the present policy of preference to public systems.

Before turning to my record with the Federal Power Commission, I should refer briefly to two Federal assignments which I had during my Power Authority years. The first involved my participation in the mission sent to Europe by President Roosevelt to investigate cooperative enterprise. The second involved my preparation, at the request of the National Power Policy Committee, of a section on Federal Power Policy for the January 1939 report of the Energy Resources Committee to the then National Resources Committee.

The first of these assignments, which occupied the summer of 1936, covered investigation of the effect of cooperative enterprise

upon the economic life of the countries we visited—England, Scotland, Ireland, Sweden, Finland, Denmark, Switzerland, and France, with special reference to the question whether the influence of the cooperatives tended to stabilize the economies of these countries. In each country we discussed the various questions with members and executives of producer and consumer cooperatives, with government officials, and with representatives of private business and organized labor. On our return we prepared a report. In the course of this assignment I also looked into the operation of the British electric power "grid" and the coordination of public and private power undertakings in Sweden.

My discussion of Federal power policy, published as section V of part 4 of the Report on Energy Resources and National Policy under the title: "Toward a Federal Power Policy," was prepared in the latter part of 1938.

Senator JOHNSON. Did anybody work with you in that report?

Mr. OLDS. No, sir.

Senator CAPEHART. Do you believe the country would be benefited if all power—electric, gas, and coal—were publicly owned?

Mr. OLDS. No; I have never taken a position on coal, but I can give you my precise position on power, just where I stand on that.

I think in the first place that in general the major developments of hydroelectric power in the river basins of the country should be made by the Federal Government. I think that is necessary in order to get the full coordination of the use of those hydroelectric developments. They should be developed as a part of comprehensive Federal river basin programs.

I think, however, that on certain rivers—I have in mind, for instance, the Feather River in California, and certain other rivers where the private companies have initiated and undertaken several of the projects in a coordinated development, that they should be licensed to continue to make those developments and complete the development of the river.

The licensing authority of the Federal Power Commission under the Federal Power Act protects the Federal and public interests in comprehensive developments as far as you can do it under those circumstances.

In the second place, I think that the Federal Government should have the authority, which has been approved by the Senate of the United States, to transmit that power. I do not think they should be required to have only one potential customer for that power.

I think they should have—as was pointed out in the Ashwander decision in the TVA case, I think it is necessary to have authority to build transmission lines.

I think in the question of distribution of power it is definitely a matter for local autonomy. I think the people of a county or district or municipality or State, if the State is interested in it, should have the authority, should have general legislation which would enable them, if they saw fit, if they felt it was in the public interest, if they felt they were not getting proper service at proper rates from private operation, to go into the power business, but I think this should be not a Federal matter, not a matter of nationalization, but entirely a matter of local autonomy.

Senator CAPEHART. You feel the Federal Government should own and control both the gathering and distribution of gas?

Mr. OLDS. I do not, no, sir; I have never taken any such position. I have not thought in terms of Government ownership of production and gathering of gas.

Senator CAPEHART. Have you completely changed your mind in respect to the aims of communistic Russia?

Mr. OLDS. I think I have, yes, sir; very definitely.

Senator CAPEHART. Do you believe that all power corporations, that is, all utilities, are selfish?

Mr. OLDS. I think the motivation of the profit system is essentially a selfish motivation. I think, however—and I am going to quote to you some authoritative—

Senator CAPEHART. Let's talk about the utility companies. Do you feel that the utility companies, do you believe that all power companies, utility companies, are selfish?

Mr. OLDS. I think they are conducted on the principle of getting the greatest profit they can for their stockholders, and I think that that represents a selfish motive.

Senator CAPEHART. You believe that the profit motive, then, is a selfish motive?

Mr. OLDS. I think it is a selfish motive, yes, but I think that it is a motive that, properly conditioned, may contribute very greatly to the operation of a system.

Senator CAPEHART. You feel that the profit motive is a selfish motive?

Mr. OLDS. I think it is a seeking of something for one's self.

Senator CAPEHART. What would you substitute for the profit motive?

Mr. OLDS. I would substitute the sense of social responsibility.

Senator CAPEHART. And you do not feel that anyone that makes a profit in the United States has any social conscience?

Mr. OLDS. No, I would not say that at all. I think there is a great development of a social conscience in the business systems of the country. I think that is one of the great changes that is going on, compared with the situation as it was in the twenties, and I think that is one of the very important achievements of this country, that development of social responsibility.

I would like to call attention—

Senator CAPEHART. Do you feel there is more selfishness on the part of business and the profit motive today than there was during the so-called twenties?

Mr. OLDS. More.

Senator CAPEHART. More?

Mr. OLDS. I think it has definitely moderated. I think that the period of the twenties, the activity of corporations and particularly of certain of the financiers was "get rich by whatever means we can find to get rich, whatever the consequences to people." I think in this utility field, concerning which you asked me the question, that applies very specifically to the holding company.

Senator CAPEHART. Do you believe it might be possible as a result of the articles that you have published in which you praised Russia, rather, the movement in Russia in the twenties, do you feel it might be possible that that made some contribution to the fact that the world pretty much is going communistic today and socialistic?

Mr. OLDS. No, sir; I would say that made a bigger contribution to development of the sense of social responsibility in this country, the development of strong labor organizations, which are an important part of that essential development.

Senator CAPEHART. Mr. Olds, I could not help but feel this morning, when I read your articles, that you at least were quite a successful prophet?

Mr. OLDS. Quite what?

Senator CAPEHART. That you were quite a successful prophet because back in those days in the articles you were writing you were prophesying just about what has happened with respect to communism and socialism and the spread of unrest throughout the world.

Mr. OLDS. I was trying to appraise a situation I thought was inevitable.

Senator CAPEHART. Do you not think that as a result of the praise you had for a system they were using in Russia at that time in which you stated that—I quoted it this morning here—that it was beneficial to the children, you do not think maybe that had some effect on helping to communize that portion of the world which has been communized or socialized?

Mr. OLDS. No, sir; because I think those articles were not read in those countries, they read in this country, and the result in this country has been the development of a sound labor movement, which is noncommunistic and which has kept the communistic elements out.

Senator CAPEHART. We have a lot of it in this country.

Mr. OLDS. A lot of what?

Senator CAPEHART. A lot of people who believe in the so-called Soviet system.

Mr. OLDS. I have not seen many of them, Senator.

Senator CAPEHART. You just have not been looking for them, but there are a lot.

Mr. OLDS. It seems they are in a very small minority.

Senator CAPEHART. We are spending billions and billions of dollars today to stop communism, and every time you turn around you see it in the newspaper and you hear it on the radio: If we do not do certain things, the world will become communized. You do not deny that?

Mr. OLDS. That is outside the country. I am talking about the situation inside this country.

Senator CAPEHART. You evidently do not listen to or read the record of the debates on the floors of Congress, and read the newspapers, because the arguments to enter into all these so-called regimented and socialistic schemes is to keep the country from going Communist.

Mr. OLDS. I think the greatest cause of communism in any country is social injustice, and I think to the extent you can eliminate social injustice and create a responsible system, you are doing the most important thing toward preventing the spread of communism, and that is what I am precisely interested in.

Senator CAPEHART. Do you feel and do you believe, as I do, that we have the greatest system in the world? That is, our Government?

Mr. OLDS. I think so; yes.

Senator CAPEHART. Do you believe, as I do, that the greatest asset we have in this Nation as individuals is our system of government?

Mr. OLDS. Yes, sir.

Could we have a 5-minute recess?

Senator JOHNSON. The committee will recess for 5 minutes.

(Short recess was taken.)

Senator JOHNSON. Proceed, Mr. Olds.

Mr. OLDS. I traced the evolution of Federal power policy, with special emphasis on the period since the enactment of the Federal Water Power Act of 1920. My discussion dealt more with those phases of power policy related to the actual development and integration of power supply, and the establishment of cost standards in the industry, than with the detailed problems of regulation.

I traced the development of Federal power policy, in relation to the changing character of the power industry as a factor in the life of the people, through the successive reports of the Federal Trade Commission, the Mississippi Valley Committee of the Public Works Administration, the National Power Survey and the Electric Rate Survey of the Federal Power Commission, and the National Power Policy Committee. I took into account the pronouncements of Congress in the Tennessee Valley Authority Act, the Federal Power and Utility Holding Company Acts of 1935, the Rural Electrification Act of the same year, and so forth, and the experience of Federal agencies under the several acts. Concluding my study, I saw Federal power policy developing along the lines indicated by the survey to the extent "necessary to assure the people the maximum use of their power resources at the lowest possible cost, with full regard for the necessity of conserving the Nation's exhaustible sources of energy supply."

I summarized the lines of future policy development as including (1) protection of the consumer and investor interest in the economical and efficient integration of public-utility systems on a regional basis; (2) continued encouragement of the extension of rural electric lines and of new standards for farm use of electricity; (3) continuing survey of generation, transmission, and distribution of electricity, as well as of resources and requirements, as a basis for planning by public and private agencies of ample power supply in peace and war; (4) recognition in such planning of the importance of conserving energy resources subject to depletion; and (5) development of all economically available water power in connection with river basin conservation programs and the marketing of such power so as to assure low resale rates and wider and better use of electricity. Finally I stressed the importance of coordination as follows:

Power from many hydro developments can be most economically marketed in coordination with the output of steam-electric stations. This coordination should be obtainable, in the main, through the cooperation of private and municipal power agencies on terms conformable with the requirements of Federal power policy. Where such coordination is not available the Federal power policy may have to include the construction and operation of some steam capacity to make possible the most efficient marketing of Government hydroelectric power.

I now come to the period of my life which I believe is really material to the Senate's consideration of my reappointment for a third term as a member of the Federal Power Commission—the 10 years of very hard work which I have performed in the attempt to carry out what

I believe Congress intended when it enacted the Federal Water Power Act of 1920, the Federal Power Act of 1935, the Flood Control Acts of 1938 and subsequent years, the Natural Gas Act of 1938 with its 1942 amendment, and certain other acts which enlarged the Commission's functions. The real question before the Senate is whether, during the 10 years in which I have been laboring under the continuous scrutiny of Congress, I have done a competent job in harmony with the purposes of the laws which it was my sworn duty to enforce.

In beginning a brief discussion of this final period of my work, let me point out that it should hardly be necessary to go into any detail because that period has at all times been an open book to Congress. In the first place, during my two periods as Chairman of the Commission, from January 1, 1940, to June 22, 1944, and from January 1, 1946, to December 31, 1946, and Vice Chairman from September 1944, to about September 1945, and for the balance of the year I was Acting Chairman, and I appeared regularly before the appropriations committees of both Houses of Congress to support the Commission's annual budget. Furthermore, during the other years in which I served on the Commission, I was specifically urged by the Chairman to be present and participate in the testimony. So I have actually been actively before congressional appropriations committees every year since 1940.

But the Appropriations Committee hearings were not the only occasions on which Congress has had an opportunity to know me, my conception of the various phases of the Commission's work, and what I was seeking to accomplish. For, I have appeared by request of Members of Congress before other committees on legislative and other matters, including the budget requests of other Federal agencies. I have testified several times before the Senate Committee on Foreign Relations on the St. Lawrence seaway and power project proposal.

I have testified many times before committees which are now consolidated with the Public Works Committees on the concept of multipurpose river basin development. I have testified at length before the House Committee on Interstate and Foreign Commerce on the bills introduced in the Eightieth Congress to restrict the jurisdiction of the Commission under the Federal Power Act. In that testimony I discussed fully my concept of what Congress intended to accomplish by that act.

As you are well aware, I have testified at great length before this committee of the Senate as well as before the House Committee on Interstate and Foreign Commerce with reference to proposed amendments to the Natural Gas Act. In that testimony I have made quite clear what I believe to be necessary to make regulation in that field effective in the public interest.

And beyond this you have the entire record of the Commission over the last 10 years which is not only available in great detail in its published decisions, reports on river basin projects and publications, but is also epitomized in the Commission's annual reports to Congress. And I might point out in this connection that the 1940 annual report, marking the twentieth year of the Federal Power Commission's activities, represents an effort to bring to the attention of Congress and the public a realistic concept of the Commission's functions under the several acts it is charged to administer.

Let me call attention briefly to the accomplishments of the Commission in the 10 years since I became a member. And I would say two things by way of introduction. In the first place, I want to say that much of the credit for these accomplishments is due to the Commissioners who laid the foundations for our work in the years immediately following the effective date of the 1935 act, and to the able staff which they built up to carry on the new functions. And in the second place, I want to point out that during this period the Commission accomplished practically the whole program of regulatory reform which had been first formulated at the conclusion of the New York State investigation of the Public Service Commission's law to which I have referred and, subsequently, ably set forth by the Federal Trade Commission at the conclusion of its important investigation of the electric and gas utilities.

The Federal Power Commission in these years has taken the lead in establishing utility regulation, both Federal and State, on a firm foundation. It has restored people's confidence in regulation as a means of assuring that private interest in the utility field will serve the public interest. This accomplishment has been widely recognized as beneficial to both consumers and the companies subject to regulation. And I feel sure that this committee and the Senate as a whole will not take any action which will indicate an intent that the Federal Power Commission shall return to the passive concept of the regulatory functions which caused the people to lose faith in utility regulations during the 1920's.

In that connection I would like to comment further on a question you asked me with reference to my fellow Commissioners. I think that the question of whether the Federal Power Commission is going to go ahead with the performance of the regulatory function on an active basis rather than a passive basis, such as has characterized in the past certain State commissions, depends a great deal on the personnel that you put on those commissions.

There is a division in the Commission today, as you know, and it has been brought to your attention in connection with the Natural Gas Act. I think that division is related to this issue between the concept of active regulation and the concept of passive regulation. I think the Commissioners who joined me in the majority report on the proposed amendment to the Natural Gas Act are the Commissioners who can be definitely counted on to maintain the Federal Power Commission as an active regulatory agency. I do not think I could honestly, in view of the fact that you have raised the question, do other than answer you frankly on that.

Senator JOHNSON. You do not think the other members of the minority can be actively counted on to pursue a policy of active regulation?

Mr. OLDS. I think there would be a change in the policy of the Commission if the—

Senator JOHNSON. Why don't you answer my question?

Mr. OLDS. I am trying to answer it.

Senator JOHNSON. You are evading it.

Mr. OLDS. I do not, I frankly do not—

Senator JOHNSON. That is what I want you to say, if that is what you think. I do not want you to hedge and dodge and get away from it and make a speech on another subject. It is your definite opinion that the two minority Commissioners will not carry on an active regulation policy in your absence?

Mr. OLDS. Not as active a regulation policy as if the majority of the Commission, when I was last on the Commission, controlled the policy of the Commission.

In very brief, the Commission during the 10-year period in which I served has the following accomplishments to its credit:

(1) We established uniform accounting on a cost basis practically throughout the utility industry and nearly completed the reclassification of accounts of the electric utilities subject to our jurisdiction, with a resulting elimination of more than a billion and a quarter dollars of inflationary items from the plant accounts of these companies. In the course of this work we established through decisions of the United States Supreme Court that the law of the land permits regulatory commissions to require such sound accounting procedure.

Senator JOHNSON. Do you give any credit to the minority Commissioners for that accomplishment?

Mr. OLDS. The greater part of that work was well under way and was done prior to their joining the Commission. I do have in mind the fact that in dealing with one of our most bitterly contested cases, a case which involves the Arkansas Power & Light Co., a case in which the company has tried every—

Senator JOHNSON. Let's get back to the original thing—you can discuss Arkansas, if you want to, but this question—neither of the minority Commissioners were members of the Commission when you established this uniform accounting and brought about these accomplishments that brought about this billion and a quarter reduction?

Mr. OLDS. They have been associated in the latter days of the electric accounting adjustments; but, unless I can answer these questions in such a way as to make the record intelligent, I cannot answer them.

Senator JOHNSON. I will judge whether it is intelligent or not. You say part of the time they were not on it, and then you want to make a speech on some other case which you bring up. I have no objection to you making the speech after you answer the question. Were they on the Commission when you accomplished this billion and a quarter dollars of inflationary items, when they were eliminated?

Mr. OLDS. They were on the Commission during a portion of the period.

Senator JOHNSON. Was Mr. Smith on the Commission? Did they agree with you? Were they opposed to that policy?

Mr. OLDS. I was going to tell you that Commissioner Smith issued a minority opinion in connection with the Arkansas Power & Light case. That is what I started out to tell you, and I wanted to give you the background. That was the basis of the answer I was going to give you.

Senator JOHNSON. How much was involved in that case?

Mr. OLDS. How much money?

Senator JOHNSON. Yes.

Mr. OLDS. I can furnish that for the record.

Senator JOHNSON. It is included in paragraph 1 here?

Mr. OLDS. That is correct.

Senator JOHNSON. Can you put that in the record?

(The information referred to above is as follows:)

The original excess in the electric and common plant accounts of the Arkansas Power & Light Co. as of January 1, 1937, was \$21,355,538.75, of which the company disposed of \$13,523,950.92, prior to December 31, 1946. Certain additional amounts were eliminated prior to the Commission's final decision which directed the further writing off of amounts totaling \$2,351,958.32 to surplus and the amortization of an additional \$5,176,613.91. The Commission's order also involved an amount of \$2,346,885.56 improperly charged to depreciation of electric plant which the Commission ordered restored to depreciation reserve through a charge to surplus.

Mr. OLDS. (2) We eliminated the alleged requirement that regulatory commissions fix rates on a value basis, with all its reproduction-cost guesswork which was destroying effective regulation, and won approval of the highest court of the land for use of a readily ascertainable net investment rate base in rate proceedings.

Senator JOHNSON. Did the minority Commissioners go along with you on that?

Mr. OLDS. I think a considerable part of that was done before they came with the Commission.

Senator JOHNSON. Before either of them came?

Mr. OLDS. I think they are in sympathy with that rate-base determination.

Senator JOHNSON. Go ahead.

Mr. OLDS. (3) We cooperated with the great majority of State utility commissions in the establishment of sound utility accounting and provided a number of them with expert assistance in placing their own rate regulation on a sound cost basis, with resulting lower rates to consumers.

Senator JOHNSON. Did they go along with you in that cooperation?

Mr. OLDS. Yes, sir.

(4) We brought about reductions in wholesale natural-gas and electric rates to the extent of about \$45,000,000 a year, with a cumulative total to date of more than a quarter of a billion dollars of saving in the cost of these commodities.

(5) We made a great contribution to the development of hydroelectric power in connection with Federal multipurpose river-basin programs and have also made sure that hydroelectric power undertakings by private and other non-Federal agencies are best adapted to the comprehensive use of the country's water resources. In this connection I should like to offer for the record—and it is attached to the papers presented—an experience paper entitled "Hydro Power and Conservation—A New Engineering Technique" which I presented on September 1, 1949, at the United Nations Scientific Conference on the Conservation and Utilization of Resources at Lake Success, N. Y. It will give you some idea of the Commission's contribution to progress in this field.

Senator JOHNSON. Very well; that document will be made a part of the record.

(The document referred to above is as follows:)

HYDRO POWER AND CONSERVATION—A NEW ENGINEERING TECHNIQUE

By Leland Olds, Federal Power Commission, Washington, D. C.

Experience Paper Prepared for Section Meetings: Water 8 (a) on Hydro Power and Other Water Uses

ABSTRACT

Development of water power provides a key to comprehensive river-basin development. It is vital to the conservation of exhaustible energy resources. Full utilization is possible only through river-basin plans involving the balanced use of all water resources for multiple purposes. This approach has led to a new technique combining all branches of engineering. Applied to development of hydroelectric power, this requires full knowledge of the flow characteristics of the river and the power market viewed in terms of an expanding regional economy.

Hydro possibilities are generally maximized by design of projects for peak use with steam electric plants carrying the base load. Individual units in a river system are designed to complement each other. River systems are approached as economic as well as physical units, justifying construction of certain individual projects with unfavorable economic ratios when they offer important contributions to the entire program. Gains in power, conservation storage, and flood control can be obtained by seasonal variation in the use of reservoir storage where large-volume floods are seasonal in character.

The author outlines basic elements in the new river-basin planning technique. He gives practical illustrations of its application to river basins with varying characteristics and requirements, showing ways of maximizing hydro development in harmony with the best utilization of basin resources for all beneficial purposes.

The development of the water-power resources of a river provides an important key to the realization of the full benefits from the water resources of the river basin because the production and distribution of electricity, more than most other factors, requires valley-wide coordination. This paper reflects the experience of the Federal Power Commission in developing the techniques of hydroelectric power planning from this point of view.

In the United States of America we are dealing with water-power resources of great magnitude. Estimates made by the staff of the Federal Power Commission indicate that plants with capacity aggregating about 77,000,000 kilowatts, capable of generating on the average some 400,000,000,000 kilowatt-hours per year, remain to be developed in the United States. These figures are about five times the present installed hydroelectric capacity and energy generation in this country, but their full realization will depend upon the adoption of comprehensive multipurpose reservoir programs for most of the country's river basins.

The vital importance to this country of this great, inexhaustible resource must be measured in terms of its tremendous contribution to the conservation of exhaustible energy resources. Coal, oil, and natural gas have been the principal sources from which we have obtained the mechanical energy required by our modern civilization. They are also important sources of raw materials for the modern chemical industry. But they are definitely exhaustible. The welfare of millions of people, therefore, is tied up in the fullest utilization of the energy resources, like water power, which are to all intents and purposes inexhaustible.

To make this hydroelectric power fully available requires that we approach the development of our water resources from a long-range point of view in terms of coordinated river basin programs providing for the full use of the water resources through economically sound, comprehensive, and integrated multiple-purpose developments. The achievement of this objective involves more than just a better use of individual resources of a particular site; it involves the balanced use of all of the water resources in a basin-wide plan of development for all beneficial public purposes.

To meet this challenge, the various Federal agencies, including the Federal Power Commission, have been developing a technique which might be described as a new branch of engineering, combining hydraulic, civil, and electrical

engineering into river-basin engineering. The objective, so far as hydroelectric development is concerned, is to approach the utilization of the water-power resources as interrelated with other resources of a given river basin on a comprehensive basis, reflecting all the knowledge of the flow characteristics of the river itself throughout its annual and longer cycles, as well as all the knowledge of the characteristics of the regional power market, projected far ahead in terms of general regional economic development.

What are the essential elements of this technique, and what do they involve? They may be summarized briefly as follows:

1. The entire river is looked at as the physical unit to be developed rather than limiting the planning to individual projects.
2. The needs within the entire river basin for the various water uses are appraised in terms of their relation to and effect upon the development of power.
3. Various alternative plans for dams, reservoirs, waterways, and power plants are laid out upon a multiple-purpose water-use basis and analyzed physically and economically to determine the best plan for power consistent with the other water uses.
4. The various plans are weighed in terms of the effect of the construction and operation of the river system upon existing improvements, and particularly upon the inundation of agricultural lands.

Cardinal to all plans studied is the adequate control of the stream through storage reservoirs. Because of the impact of inundations due to storage in the more highly developed areas, large storages are more generally found practicable in the headwater and tributary streams, with developments only for pondage and power head on the main stem of the river.

Analysis of the economic feasibility of hydroelectric developments is based on the most economic alternative source of power, which is generally steam electric. These two sources of power, however, are no longer looked upon as competitive, but as having their own peculiar characteristics and values, with their greatest values achieved through their complementary use.

So approached, steam electric power is generally best and most economically used at high load factors in the base of the power load, with hydroelectric power serving the shorter duration peak loads, a service for which it is peculiarly well adapted. This approach leads to the sharp distinction between the capacity and energy components of hydroelectric values, a distinction which has a marked effect upon considerations of the economics of water power.

The design of the individual projects and the power installations to be provided for at each project are predicated upon their operation as units in the river-basin system of projects, with the system contributing to the regional power loads according to its best use in combination with other sources of power. The individual units in the river-basin system are designed to complement and support each other to the end that the system will make its greatest contribution to the regional power supply.

The long-range view of the future use of the hydroelectric power is kept to the forefront. This is reflected in the provisions which may be made at the projects for installation of additional generating units. In turn, these provisions for the future reflect the possibility that the need for other water uses that may be restrictive on power today may change in the future, with a resulting improvement in the power potentialities.

More and more the river with its tributaries is being looked upon as both the physical and the economic unit of development. Under this concept individual projects which, considered alone, show unfavorable economic ratios may be included in a river-basin program because their over-all contribution to the system will provide significant additional power supply without pulling the entire program's benefit cost ratio below the level of feasibility.

In several regions of the United States it has been found that the incidence of floods of large volume of flows is decidedly seasonal in character. This has made possible seasonal variations in the use of storage for power, thereby securing improvement in the other water uses as well as substantial increases in the power available from many rivers.

In a real sense this technique treats the system of potential water-power sites in a given basin as if they were notes and stops on an organ, or instruments in an orchestra, to be played in complete harmony in terms of the hydraulic and electric characteristics of the region. Let me cite specific examples of typical plans for water-control projects and their coordinated use for the service of a given region to illustrate the application of this technique by the Federal Power Commission and associated Federal agencies.

Alabama-Coosa River

The Alabama-Coosa River, in Georgia and Alabama, is susceptible of basin-wide development for a large block of power and also for navigation, flood control, water supply, pollution abatement, recreation, and improved land use. Congress has authorized the whole development to obtain the maximum beneficial use of the river, with emphasis on hydroelectric power; and the work is now under way. For the purpose of summarizing the basin-wide plan, the Alabama-Coosa watershed may be considered as being divided into three parts: The headwater and tributary streams in the hills; the Coosa River between the cities of Rome, Ga., and Montgomery, Ala.; and the lower trunk river called the Alabama (formed by the confluence of the Coosa and Tallapoosa) until it meets the Tombigbee above Mobile Harbor.

The basin plan includes multiple-purpose reservoirs on the headwater tributaries to provide flood protection for Rome and the agricultural lands along the Coosa, and large storages for stream-flow regulation for the benefit of power plants located at the reservoir sites and at points downstream. Proposed dams along the Coosa itself will provide supplemental storage or pondage for flow regulation and serve to concentrate the fall of the river for power development. Proposed dams on the Alabama River will provide a series of power and slack-water navigation pools extending from Montgomery, Ala., to the mouth of the river.

Because of the favorable topography and the lack of valuable farm land or major improvements in the valley of the Tallapoosa River, the plan for its development includes especially large reservoirs with so-called hold-over storage capacities. This means that more storage capacity is available than is required for the regulation of the annual cycle of flows so that water may be collected during years of abundant run-off for use during periods of deficient run-off.

The general plan calls for the filling of the reservoirs during the high-flow periods of the winter and spring months for subsequent release of water during the summer and fall dry periods. While reservoirs are being filled, the main river power plants will supply a major part of the power load by utilizing the run-off from uncontrolled portions of the watershed. The subsequent release of stored water at comparatively high rates during dry months through the high heads at the reservoir plants for reuse at downstream plants will provide a sustained rate of generation throughout the year. In exceptionally dry periods the hold-over storage in reservoirs on the Tallapoosa will be released for use by plants on that river and on the Alabama to firm up the output of the group of plants.

Thus the hydraulic integration of the plants provides a large amount of dependable power from the group considered as a unit, and the electric interconnection of these plants makes it possible to utilize the resulting output effectively on the regional load. Operation of the regulatory storage capacities in the manner described above, combined with the use of storage space reserved specifically for flood control, assures the maximum degree of flood protection for portions of the basin subject to flood damage.

This application of the modern technique of river-basin engineering has resulted in plans which will make possible the generation of 45,030,000,000 kilowatt-hours per year in contrast with 1,000,000,000 kilowatt-hours expected under the original plans for this river. These figures are additional to the 2,000,000,000 kilowatt-hours now being generated each year at constructed plants. The development of this power will make possible the securing of the navigation and flood-control improvements which considered separately would not be feasible.

THE LOWER ARKANSAS AND THE WHITE RIVER BASINS

Application of the technique of development to the easterly or lower half of the Arkansas River Basin is quite different from that in the Alabama-Coosa Basin, principally because of the fact that some of the most valuable agricultural lands in the State of Arkansas lie in the flat flood plains along the Arkansas main stem. Multiple-purpose storage reservoirs are under construction on major tributaries and on the main river above Fort Smith, Ark., to provide flood protection for the extensive agricultural lands and important municipal centers along the Arkansas River, to reduce flood heights along the lower Mississippi River, and to augment low stream flow for water supply and power development.

The plan provides for a navigable waterway extending from the confluence of the Arkansas and Mississippi Rivers to Tulsa, Okla. In this case navigation dams of sufficient height to permit full power development are impracticable

along the lower Arkansas River because of the broad, flat nature of the valley. Therefore, to preserve the power values, a different type of development is required from that employed on the Alabama River. As a solution to the problem, the Federal Power Commission has suggested a system of low diversion dams combined with power-navigation canals with locks and powerhouses located where the canals return to the river. By this means fewer navigation locks are required, while the concentration of power at the fewer sites permits the development of power through higher heads, less affected by rises in tail water. These advantages are obtained without the inundation of the valuable farm lands which would be covered by high-head main-stream dams.

With this type of navigation and power development, and with certain other modifications to increase the capacity of multiple-purpose storage reservoirs on the tributaries, it will be possible to increase the average annual generation from 15,000,000,000 kilowatt-hours to about 35,000,000,000. Under this plan the installations at the tributary reservoirs will be made for operation as low head-factor peaking plants, and the installations at the power drops in the navigation canal system will be at high load factors to conform with navigation needs. The control of the river will not be complete, and some reductions in head will take place at the main stem plants during high flows. At these times the tributary power plants will have their maximum capacity and will make up any deficiencies at the lower plants.¹

The plan of development of the White River Basin, which adjoins the lower Arkansas Basin, will provide a high degree of river control for power, flood control, and open-river navigation in the alluvial plains. Although the run-off in the two basins is somewhat similar, it has been possible, on the assumption of electrical interconnection and coordination, to set up plans for their development which take advantage of the different flow characteristics of the two rivers in order to permit the fullest use of the power potential of each. The result will be that each river system will complement and support the other and will permit each to contribute more to the regional power supply than if developed and operated as a separate program.

Bull Shoals project

The Bull Shoals flood-control and power project in the White River Basin offers an example of the sound application of river-basin engineering to obtain the maximum of usable conservation storage and power development at a specific site. This project, now under construction by the United States, is a key project in the development of the river and the control of floods on the Mississippi River.

In selecting the height of the Bull Shoals Dam it was decided to place the maximum power pool at the tail water of the existing privately owned Ozark Beach hydroelectric plant located directly above Bull Shoals. This will mean that during floods the Bull Shoals flood-control pool, as it fills, will raise the Ozark Beach tail water and, in times of maximum flood, reduce the Ozark Beach head to zero. During these periods of high flow, however, the maximum head will be maintained at the Bull Shoals power plant and replacement power will be available to make up the loss at Ozark Beach.

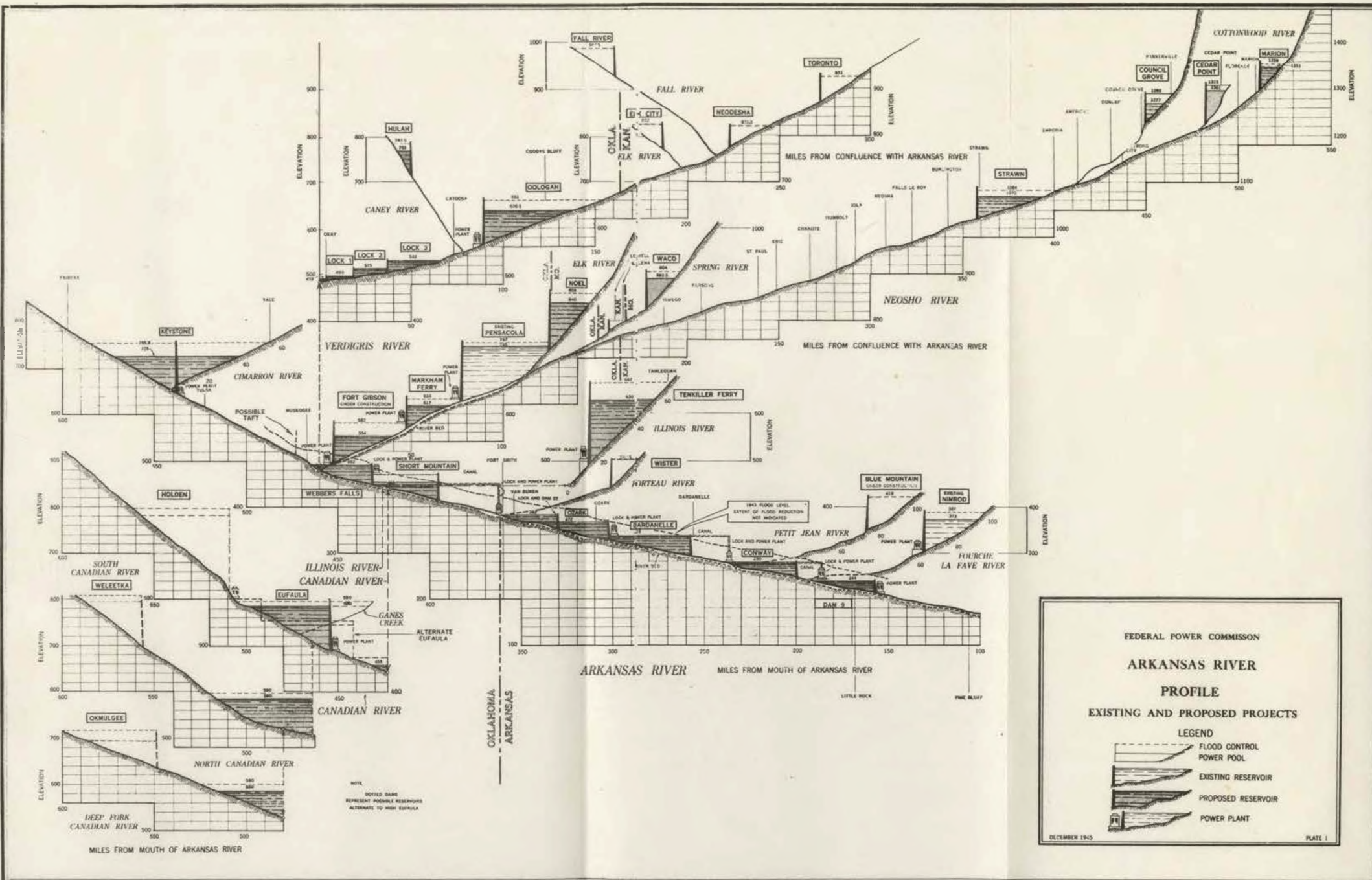
This decision to build a 42-foot-higher dam at Bull Shoals will increase the maximum static head at the project by about 84 feet. The usable power storage will be increased about 10 times, the maximum regulated flow nearly doubled, the primary or continuous power nearly trebled, and the average annual generation increased from about 300,000,000 kilowatt-hours to about 600,000,000 kilowatt-hours. This plan will also mean very substantial benefits to proposed downstream development.

Kings River, Calif.

An example of the technique involved when irrigation is a primary function is provided by the Kings River project in California. The Kings River is a part of the Sacramento-San Joaquin River system in the Central Valley area, and is a very important stream for both irrigation and power. A plan which will harmonize the requirements of both these purposes will provide about 1,000,000 kilowatts of power, with average annual generation of about 5,000,000,000 kilowatt-hours.

The proposed plan includes storage reservoirs and power projects in the mountainous headwater areas to utilize the flows through high power heads. In order

¹ Plate 1, at the conclusion of this paper, shows the relationship of existing and proposed Arkansas Basin projects on a profile of the river. Plate 2 shows the location of projects in the multiple-purpose plans for development of the Arkansas and White Rivers.



to develop the best power from the upper watershed, reregulation of the resulting variable discharges for power must be provided so as to make the flow suitable for downstream irrigation use. A reservoir site was found for this purpose where the river debouches from the mountains into the flat plain region. The Pine Flat project, now under construction at this site, will accomplish these purposes and also provide necessary flood-control storage.

The headwater power development, providing as it does in this case for hold-over storage, will make available twice as much water for irrigation during years of extreme drought as would be available without the power development.

Concluding comments

In the brief compass of this paper I have attempted to suggest some of the broader characteristics and problems of what I have described as a new engineering technique for the optimum utilization of water-power resources as a part of comprehensive basin-wide, river-basin development. It is only through the perfection of such techniques that regions can obtain the full contribution which their rivers can make to their energy economies while at the same time realizing the other values offered by river-basin reservoirs. Whatever the future may offer in the way of energy resources, other than the exhaustible coal, oil, and gas reserves of some parts of the world, the efforts to establish balanced regional economies are going to require that the perpetual supplies of energy available in falling water be fully utilized.

This leads naturally to my final suggestion that, in the application of improved techniques to the planning of water-power development the part which the power will play in the social economy of the region must never be absent from the planner's mind. In the words of the epoch-making report of October 1934, by the Mississippi Valley Committee of this country's Federal Emergency Administration of Public Works:

"Engineering does not exist for its own sake. It is of little use to control rivers if we cannot thereby improve the quality of human living. Therefore, the final and most significant element which the committee has considered is neither land nor water, but the people who live on the land and are dependent upon the water."

Senator JOHNSON. Were they members of the Commission during this time?

Mr. OLDS. During a portion of the period.

Senator JOHNSON. Do they share your views and go along with you on that?

Mr. OLDS. I think not to the same extent as my views on it.

Senator JOHNSON. They were a retarding influence, then?

Mr. OLDS. I think you would have a somewhat different attitude if they obtained a majority on the Commission.

(6) We authorized new natural gas pipe line capacity, representing a very great expansion of the business, but simultaneously gave increasing attention to the soundness of such expansion in relation to the proper utilization of a limited natural resource.

Senator JOHNSON. Did they agree with you on that?

Mr. OLDS. There is some disagreement in the Commission on the question of giving attention to this conservation aspect of it and giving attention to what I consider the dumping of gas for wasteful purposes.

Senator JOHNSON. You authorized new natural gas pipe line capacity. Have the minority Commissioners opposed that?

Mr. OLDS. No, in some ways they would go further than I would in authorizing natural gas pipe line capacity.

(7) We conducted a comprehensive investigation of the entire natural gas industry, which has been universally recognized as for the first time establishing general knowledge of the facts and problems in this phase of the country's economic life.

Senator JOHNSON. Did they participate in that investigation?

Mr. OLDS. Yes, but there were two reports issued in which a very diverse position was taken, and I might say also, to clarify the record, because it comes up in that connection, that in that instance and as a result of that investigation two members of the Commission concurred in what the oil and natural gas companies felt should be the amendments or the general line of amendment of the Natural Gas Act. The majority of the Commission when I ceased to be a member of the Commission were opposed to that type of legislation, that type of amendment to the Natural Gas Act, as you are very well aware.

That, perhaps, is the most important, most significant point at which there is a divergence in connection with this whole matter of effective regulation.

Senator JOHNSON. There is little divergence in the field of regulation of electric utilities?

Mr. OLDS. There is some divergence, sir, in connection with the extent of our jurisdiction.

Senator JOHNSON. Can you give a brief statement on the difference in your position and the position of the minority in that respect?

Mr. OLDS. I am thinking more of the difference between my position and the position of Chairman Smith. In connection with the—I mentioned the case involving the Arkansas Power & Light Co. reclassification of accounts. That is in this general accounting field. Similarly, in connection with the determination of whether or not we have jurisdiction to license hydroelectric plants on certain portions of rivers, there is a divergence of view.

I think it was the intention of Congress to extend the Commission's jurisdiction to license projects to the limit of Congress' own authority over river basins, that the Congress had in mind that it was important to protect comprehensive development of these streams and that it could not have had in mind anything less than the inclusion of all the water power resources that it could reach.

I am going to refer in a moment to the opinion—there was an exchange of opinions, a minority opinion and a concurring opinion—in the case involving the Niagara-Hudson Power Co. or New York Power & Light Co. case involving the Sacandaga River, a tributary of the Hudson River.

Senator JOHNSON. Has the Commission already acted on that?

Mr. OLDS. That is correct.

Senator JOHNSON. What vote was had?

Mr. OLDS. I think it was 4 to 1 in that case. It was 3 to 1 or 4 to 1.

Senator JOHNSON. You were the one member?

Mr. OLDS. No, I was with the majority in that case. We took jurisdiction.

Senator JOHNSON. Is there not some kind of legislation pending on that? Was there not a bill on the calendar last night to grant a rehearing?

Mr. OLDS. I have not been in touch with the Commission since June 22, and I do not know just what is pending.

Senator JOHNSON. You have not heard of any bill on that subject?

Mr. OLDS. I do not know what the status of that case is. I know that the company did appeal for rehearing and I do not know just what the status of it is. It is over 3 months since I was with the Commission.

Senator JOHNSON. You are not aware of any legislation?

Mr. OLDS. No, I do not—there was a great deal of legislation introduced in the Eightieth Congress that had to do with that. Congressman Miller of Connecticut introduced two bills, one of which would have very materially restricted the Commission's jurisdiction to license hydroelectric developments, and one of which would have very materially restricted the Commission's jurisdiction in accounting cases.

(8) We prepared power market surveys covering practically all regions in the country, which project the probable power needs of these areas 20 years ahead and thus afford a sound basis not only for planning additional power capacity but also for regional economic development.

Senator JOHNSON. Was there any divergence of opinion on whether you should do that or not?

Mr. OLDS. No, sir.

Senator JOHNSON. All Commissioners agreed on that?

Mr. OLDS. I think all agreed that those be carried out.

(9) We established a statistical center for all of the authoritative information concerning the power and gas industries and developed a series of annual publications, particularly, typical bill reports and statistics of electric utilities, which have provided financial houses, institutional investors, the investing public generally, management, State, and municipal officials, and consumers with an available basis for appraising and improving the conduct of the business.

Senator JOHNSON. Is that authorized in part by Congress?

Mr. OLDS. Authorized by section 311 of the Federal Power Act.

Senator JOHNSON. There is no divergence of opinion on whether you should do that?

Mr. OLDS. No; that work was very largely started under the direction and with the instigation of Commissioner Manly, and it is a remarkable part of the Commission's work.

This brief summary will suggest in general terms the work in which I have played a part since I joined the Commission in 1939. All appraisals of the two industries by authoritative financial agencies indicate that there are no more healthy industries in the country than those subject to Federal Power Commission jurisdiction. By whatever measure is applied, that work, and that means my work, has been helpful to private enterprise.

Now, just a word as to the main issue that has arisen concerning my concept of the proper field of work of the Federal Power Commission; that is, the issue of jurisdiction. That issue has been raised vigorously by certain utilities, both electric and gas; it has been raised by certain State commissions, it has been raised by proposed amendments to the Commission's basic acts offered by Members of Congress.

There are certain States in which the utility companies have treated the Federal regulation established by Congress as an evil, to be avoided by whatever means was available. Thus two of the principal power companies serving the State of Connecticut actually cut their connections with a cost-saving interstate power pool in order to avoid Federal regulation. Similarly, the leading companies serving Texas, Arizona, and Colorado have indicated clearly their distaste for Federal regulation.

Senator JOHNSON. How have they indicated that and what companies?

Mr. OLDS. The leadership in taking that position has been the Texas Power & Light Co. It has indicated that it will not interconnect on a basis which would establish jurisdiction with the companies serving Arkansas and Oklahoma. It indicated that unless the Southwestern Power Administration got some kind of what you might call an immunity bath for the Texas Power & Light Co., that it would not sign a contract or the contract that the Southwestern Power Administration was attempting to secure in connection with the Denison power. It was indicated in a multiplicity of words.

Senator JOHNSON. Does it have a contract with the Southwestern Power Administration?

Mr. OLDS. I think it does. We gave them an order—

Senator JOHNSON. You are not sure?

Mr. OLDS. Yes; it is my definite impression.

Senator JOHNSON. As a matter of fact, you do know that they have signed a contract?

Mr. OLDS. I do not know whether there had been anything to interrupt it. There was a good deal of controversy.

Senator JOHNSON. You know a contract was signed?

Mr. OLDS. I know a contract was signed in which they worked out arrangements with the Texas Power & Light Co. We have given them orders exempting them from regulation or saying that they can make interconnections for emergency purposes without coming under the jurisdiction of the Commission. I have said that here.

It may be noted in passing that the Commission with my concurrence has time after time issued orders permitting some of these companies to establish interstate transmission interconnections for emergency purposes without thereby rendering themselves liable to Federal jurisdiction.

Senator JOHNSON. It is somewhat significant to me that the three leading companies, companies in the three leading States, happen to be Texas, Arizona, and Colorado, and it happens that all of those States have representatives on that committee. Are those the outstanding States in which the companies have expressed distaste for the Federal Power Commission?

Mr. OLDS. That is correct. It just happens to be. In that connection I want to speak a few minutes—I want to digress particularly in regard to the Arizona situation.

Two members of the Arizona Corporation Commission have indicated that their opposition to my confirmation is due to my leadership in inducing the Federal Power Commission to usurp the jurisdiction of State commissions. Let me recite briefly the trend of our relations with Arizona during my service in the Commission.

On March 4, 1939, the Arizona Legislature adopted senate memorial No. 4, requesting the Federal Power Commission to make a survey of the existing power situation in the State of Arizona. That request I will quote:

On January 10, 1941, Senators Hayden and McFarland of Arizona and Representative Murdock of the same State drew up and submitted to the Commission identical letters which they had received from Governor Osborn of the State, indicating that for some reason the memorial had never been transmitted to the proper authorities and calling attention to the plank in the platform of the Democratic Party in the State, which directed the Governor "request the Arizona congressional delegation to have the Federal Power Commission undertake an immediate and thorough survey of the potential power markets in the State

of Arizona and to aid in the establishment of proper rate structures within such areas for the protection of the consuming public."

The two Senators stated, and I have a copy of that letter, which I would like to offer for the record when I get through—the two Senators stated that:

Since Governor Osborn proposes to recommend to the legislature the creation of a State agency to be known as the Arizona Water and Power Authority and since it is obvious that such an agency will need full and detailed information as to the power potentialities in Arizona, it is our sincere hope that it will be possible for the Commission at this time to comply with the Governor's request for an immediate power survey.

As Chairman of the Commission, I replied—

Senator JOHNSON. That is signed by whom?

Mr. OLDS. It is signed by Senators Hayden and McFarland.

As Chairman of the Commission, I replied that the Commission was happy to be of such service as it could to the State of Arizona. Preparation of the report was set in motion, but owing to the press of defense work and the fact that many of our staff had entered military service, it was not finally submitted to the Governor until 1942, late in 1941 or early in 1942. In the meantime both Governor Osborn and Senator Hayden were constantly pressing for its completion.

Thus, this usurpation of State functions in Arizona, if this is usurpation, was done in response to a memorial of the State legislature and at the urgent request of the Governor of the State, its two Senators, and its Congressman.

The other important matter involving the Federal Power Commission's contact with Arizona affairs was initiated by the Governor of Arizona in his annual message of January 11, 1943, in which he expressed the hope that the legislature would immediately enact the necessary appropriation to secure experts from the Federal Power Commission on a reimbursable basis under the cooperative provisions of the Federal Power Act and direct the Arizona Corporation Commission or the Governor to avail themselves of the services offered.

The initial request by the corporation commission for such assistance was made in February 1943, but it was not until October 1945 that the Arizona Legislature appropriated \$50,000 for that purpose. By telegram of October 1, Wilson T. Wright wired me as chairman—he as chairman of the Arizona Corporation Commission—asking me when we would make personnel available and how many would be required to do the job.

That is the same Wilson T. Wright whose signature is affixed to the telegram. He said the money would be available within 60 days.

We advised that we would arrange to have one or more members of the staff available to go to Arizona before the first of the year to discuss the whole matter. Chairman Wright by letter of October 11, 1945, expressed sincere thanks for our prompt attention to the matter, indicating that this would afford his commission badly needed information.

Prior to the appropriation, Wright had written Chairman Manly of the commission that it was—

his intention to set up the proceedings in the name of the Arizona Corporation Commission and to ask you—

that is, the Federal Power Commission—

for such experts to conduct the investigation and to testify and to conduct the hearings incidental thereto.

On October 22, 1945, the Federal Power Commission announced that it would make personnel available to the Arizona commission on a reimbursable basis about January 1, 1946.

On January 20, 1946, it was announced in the press that the Central Arizona Power & Light Co. had filed a new rate schedule involving a saving of \$648,000 annually to consumers. That was a fairly large saving considering the size of the company.

Meanwhile the actual investigation was held by court action involving the State legislature's appropriation, which finally resulted in the Arizona Supreme Court's upholding of the appropriation in June 1946, and the United States Supreme Court's denying certiorari on November 26, 1946.

Early in December the State corporation commission and the Governor again requested assistance, and the Federal Power Commission sent one member of its staff, who conferred with the members of the Arizona commission from December 17 to December 20.

The turn of the year, however, brought a change in the personnel of the Arizona commission and a further suit involving the appropriation. By letter of December 18, 1946, the Governor expressed his appreciation of our cooperation. I would like to get that letter for your information.

This is a letter of December 18, 1946, signed by Sidney P. Osborn, from the executive offices of the executive offices of the Statehouse at Phoenix, Ariz.:

Mr. LELAND OLDS,
Chairman, Federal Power Commission,
Washington, D. C.

MY DEAR MR. OLDS: It was kind and thoughtful of you to wire me as you did under date of December 14, conveying the very pleasing information that Mr. Edward L. Dunn of your staff would arrive in Phoenix December 17 to confer with the members of the Arizona Corporation Commission on the matter of the utility rate investigation, and I thank you therefore.

I am very appreciative of the intelligent cooperation you and the members of your Commission have given in this matter and in all matters of importance to the people of Arizona, and again I thank you.

Thus, the Commission's major activities in Arizona have been entirely at the request of the State legislature, the Governor, the two Arizona Senators, and the Representative from Arizona. These officials of the State may well take pride in the results, for even though the investigation never got under way, the consumers of Arizona are as a result saving some \$648,000 in their electric rates and approximately one-third in the cost of their supplies of natural gas.

Senator JOHNSON. As a result of these requests initiated by their State commission?

Mr. OLDS. Their State commission, by the Governor, by the State legislature. It was a very unusual situation.

Senator JOHNSON. The investigation never took place?

Mr. OLDS. The investigation never took place, because there was a change in the personnel of the commission. I think that provides a rather interesting background for that letter, that telegram concerning my confirmation and the basis for opposition.

I might say, just to complete that, that there is one other phase of our activities in Arizona, which to make the story complete I should mention.

At the time that the Arizona commission was seeking our assistance in connection with rate investigations, frankly on the ground that they did not have the staff to do it themselves and on the ground that the Congress had provided in the cooperative provisions of the Federal Power Act for just such assistance to be rendered—

Senator JOHNSON. That is generally true of most States, that they have inadequate staffs to undertake studies of that kind?

Mr. OLDS. I would say the majority. There are certain States that have big commissions like New York, California, and Pennsylvania, but the other commissions are apt to be rather short-handed.

While they were negotiating with us to secure our assistance in making this investigation, one of the commissioners came out and visited us and asked whether it would not be possible for us to do a general accounting study of the three Arizona companies so that the State, which did not have the money to make that kind of investigation, would have the advantage of having the accounts of the companies reclassified on a cost basis.

Senator JOHNSON. How do you account—if the commission made those requests and obtained such satisfactory results just as a consequence—how do you account for their opposition?

Mr. OLDS. I find it hard to account for it, Senator. It just seems to me that as far as our experience with Arizona is concerned, there is no ground.

Senator JOHNSON. Do you have any other experiences on Texas other than the Texas Power & Light Co.? I gather from what you said you approved of what they requested.

Mr. OLDS. May I finish Arizona and then go to Texas?

Senator JOHNSON. All right.

Mr. OLDS. I want to point out that their commission, through a representative, asked whether we could not make these accounting investigations. We told them on the basis of existing information we did not think we had jurisdiction over the Arizona companies and, therefore, would be unable at Federal expense to make this kind of investigation.

Then there came up a proposal of the California Electric Power Co. to sell a portion of its system in Arizona serving Yuma, Ariz., to the Arizona Power & Light Co.—rather, to the Arizona Power Co.—at a figure of more than twice the figure that it ought to have gone on the books for. The California Electric Co. made an application to our Commission for approval of that transaction.

We had authority over such sales where they involve a certain amount of invested money, et cetera, and the Commission then had to raise the whole question of jurisdiction. In other words, the whole question of whether or not it could condition that order or whether it could issue the order in the first place and whether it could condition the order to require the company to write off that excess that would otherwise go on the books and become a part of the rate base which consumers in Arizona would have to carry. We had to make a determination as to whether that company was under our jurisdiction or would be under our jurisdiction after this purchase.

We initiated a jurisdictional case on that basis, and it involved the same principle which has never been tested in the courts, as applied to one of the other Arizona companies, I do not remember. There is pending in the Commission a case involving whether or not we have jurisdiction over those companies, and that case has never been determined by the Commission yet. It arose out of a case we had to face because of an application for the approval of this disposition of facilities.

Now, as far as Texas is concerned, we have had many applications, as I recall it, from one Texas company and another for approval of these connections for emergency use only. We have consistently, particularly during the war period, granted those requests.

Senator JOHNSON. You say that similarly, the leading companies serving Texas, Arizona, and Colorado have indicated clearly their distaste for Federal regulation. I assume everybody has distaste for Federal regulation, but apparently the leading companies serving Texas have a little more distaste for it than the other 47 States. Now, what I want you to do is I want you to specify the names of the companies and specify the instances that you refer to in this statement.

Mr. OLDS. I will. I cannot do it offhand, but Texas Power & Light Co. is the main company in Texas, two or three Arizona companies have done it, and two companies in Connecticut, and the Colorado Public Service Co. in the State of Colorado.

Senator JOHNSON. I gathered in the case of the Texas Power & Light Co. that the Commission issued orders permitting these companies to establish interstate transmissions and connections.

Mr. OLDS. For emergency use only. That does not give them the advantage of pooling of power, which is possible if they interconnect on a permanent basis.

You will recall that during the war period—

Senator JOHNSON. We have a power pool there.

Mr. OLDS. There was a power pool which saved 100,000 kilowatts which would have had to be constructed by that group of companies. That pool is no longer in operation like it was during the war, because we would not have the authority to grant exemption from jurisdiction in order to permit that pool.

Senator JOHNSON. I am very interested in your specifying Texas Power & Light Co. I have had some experience with their operation, it has not always been a pleasant one, but I rather had the impression, I thought you were aware of it, that they had been held up to ridicule by the other power companies for their progressive policy and their co-operation with the Government, particularly in connection with the Southwestern Power Administration, and that that contract was branded by one company as iniquitous, by another as selling the power companies into slavery, by another one as going to break the company because it cooperated with the Government and agreed to transmit the Government's power and distribute wherever the Government said in accordance with the Federal Power Commission's direction, the act of 1944, and we rehearsed that scene on the Senate floor 2 or 3 weeks ago when we put back money for transmission lines, and I rather felt that at least in the opinion of the Federal agencies, particularly the agencies that are dealing directly with them, they felt that if they had not reformed that they had improved considerably over what the attitude of the other companies was.

Mr. OLDS. There are two angles on that. One is the angle involving the question of the relations between the company and the Federal hydroelectric plants. Another is the attitude toward the expressed feeling of Congress that in order to correct abuses that were exposed by the Federal Trade Commission, the accounts of major utilities or accounts of utilities engaged in interstate commerce would be regulated.

Senator JOHNSON. Are they engaged in interstate commerce?

Mr. OLDS. They are not. They are avoiding engagement in interstate commerce as a means of avoiding that accounting jurisdiction.

Senator JOHNSON. Are they to be blamed for that? If a business does not want to engage in interstate commerce, it is not required to do so; is it?

Mr. OLDS. My personal opinion is that a utility should not sacrifice economies of operation in order to avoid a jurisdiction which Congress has set up in the public interest.

Senator JOHNSON. In your judgment, have they sacrificed that economy of operation?

Mr. OLDS. I think they have; yes. I think you would have a very much better situation if you had a permanent interconnection that would establish jurisdiction. I am not saying that because I think the Federal Power Commission is seeking jurisdiction, but I think the public interest would require that kind of power pooling.

Senator JOHNSON. The situation is that you do not think you have jurisdiction over this company which is not in interstate commerce today but you think they should be in interstate commerce so that you could have jurisdiction?

Mr. OLDS. I think they should be in interstate commerce because interstate commerce would result in a general power economy.

Senator JOHNSON. And if they were in interstate commerce, you would have jurisdiction?

Mr. OLDS. That is correct.

Senator JOHNSON. That is a quorum call and I will delay answering it. You can go ahead with your statement. Are there any specific indications of any other cases? You say that leading companies in Texas, Arizona, and Colorado—I would like for you to show such indications as have been presented to you that confirm that statement, and I would like for them to be in the record for the other members of the Senate.

Mr. OLDS. I would like to say the word "companies" is plural because I was dealing with many States. It does not mean there were many cases of that variety in each State. I would have to check on it. I feel there are one or two other Texas companies which have asked for exemption so they can maintain emergency interconnections without subjecting themselves to Commission jurisdiction.

Senator JOHNSON. If you have any evidence of their clear distaste for Federal regulation, insert it in the record at this point. Go ahead.

(The information referred to above is as follows:)

The companies in Texas, Arizona, and Colorado which have shown distaste for Federal regulation are Texas Power & Light Co., Texas Electric Service Co., Central Arizona Power & Light Co., Arizona Edison Co., and Colorado Public Service Co., Texas Power & Light, Texas Electric Service, and Arizona Edison have evidenced this by securing orders permitting interstate connections for emergency use only to enable them to maintain such interconnections without

becoming subject to Federal Power Commission jurisdiction. Arizona Edison Co. also advised the Commission that it would not continue to supply power to Mexico if this would subject them to Federal jurisdiction. Both Arizona companies refused even to participate in a Commission case to determine whether or not they were subject to jurisdiction.

Mr. OLDS. I cannot believe that the Members of Congress who voted to establish Federal regulation over the development of the country's invaluable water-power resources, or over the accounting of electric and natural gas companies engaged in interstate commerce, to cite two instances, thought of the exercise of such regulation as an evil to be applied as sparingly as possible, as if it were a medicine containing a dangerous poison. I cannot believe that these Members of Congress intended to encourage electric companies to avoid sound interstate ties which would benefit their customers in order to escape the Federal regulation which Congress was establishing to cure the evils revealed by the Federal Trade Commission investigation of electric utilities.

On the contrary, it is my view, and I have expressed it vigorously in a concurring opinion in the recent case involving a declaration of intention of the New York Power & Light Co. for a project on the Sacandaga River, that Congress intended to extend the Commission's authority to protect the people's water power resources as far as it could within its own jurisdiction. Congress intended, I believe, to act as effectively as possible under the Constitution to assure consumers of electricity the most abundant supplies of low-cost water power that could ultimately be obtained from their rivers, whether through private or public development.

Similarly, it is my view, which I have expressed vigorously before the House Committee on Interstate and Foreign Commerce and in my concurring opinion in the Arkansas Power & Light Co. reclassification of accounts case, that Congress, when it authorized the Commission to supervise the accounting of electric utilities engaged in interstate commerce, intended to extend the benefits of uniform accounting as widely as possible in the electrical industry. I do not believe, after reading the reports of the Federal Trade Commission investigation, that Congress meant to encourage electric utilities to avoid the requirements of the uniform system of accounts.

In fact, I think that former Chairman Conlon, of the New Jersey Public Service Commission, now Judge Conlon, showed a clear understanding of the intent of Congress in a statement which he made to the National Association of Railroad and Utilities Commissioners when certain forces in that association were proposing to recommend amendments to the Federal Power Act to restrict the Commission's jurisdiction over this very accounting matter. And it should be pointed out that one of the two main cases, in which the States' Rights Commissioners asserted that the Federal Power Commission had gone beyond the intent of Congress, was the Jersey Central Power & Light case, in which the Commission was sustained by the United States Supreme Court. Chairman Conlon, commenting on the Commission's assertion of jurisdiction in that case, said:

We feel that our jurisdiction has not been affected and that we have just as much jurisdiction now as we had before * * *

I cannot agree, in view of my experience with this (the Federal Power) Commission, with any resolution which will tend to curtail the activities of the Com-

mission, which I feel is doing not only a grand work but a work that is absolutely essential to the proper regulation by State officials of utilities and I intend to vote against this resolution and I ask you to vote against it.

It has always been my position and I intend to stand upon it, that Congress, when it enacted regulatory legislation, intended to provide for the effective accomplishment of the purposes defined in its acts and not to offer the people the appearance minus the reality of effective regulation. For I believe that position must be maintained if the industries which Congress has declared to be affected with the public interest are to be effectively regulated. I have tried to act, and will continue to do so, within the limits of the terms of the laws as interpreted by the highest courts.

In discussing the earlier part of my career, I was dealing with periods in which regulation of utilities was not effective, in which power company executives admitted that they could justify before regulatory bodies rates higher than their business judgment would permit them to charge, in which great corporations did not accept their social responsibility but instead did their best to render regulation ineffective. In the discussion of this latest period in my life, I have been dealing with a great effort of the Federal Power Commission to change this, so far as the industries subject to its jurisdiction were concerned, to get away from the laissez faire regulations and make the exercise of regulatory authority an effective instrument of government in the public interest, and to show the investing interests that the acceptance of their social responsibility actually benefits private enterprise.

This concept of governmental responsibility was set forth in the encyclical of Pope Pius XI entitled "Quadragesimo Anno." He said:

It follows from the twofold character of ownership, which we have termed individual and social, that man must take into account in this matter not only his own advantage but also the common good. To define in detail these duties, when need occurs and when the natural law does not do so, is the function of government. * * *

He said further:

However, when civil authority adjusts ownership to meet the needs of the public good it acts not as an enemy, but as the friend of private owners; for thus it effectively prevents the possession of private property, intended by Nature's Author in His wisdom for the sustaining of human life, from creating intolerable burdens and so rushing to its own destruction. It does not, therefore, abolish, but protects private ownership, and, far from weakening the right of private property, it gives it new strength.

This pronouncement expresses the moral foundation on which justification for effective regulation of industries affected with the public interest rests. If confirmed by the Senate, I will do my best to carry on my responsibilities as defined by Congress with the conviction that the Federal Power Commission's activities, far from weakening the rights of private property, are giving it new strength.

Senator JOHNSON. Thank you very much, Mr. Olds. It may be that the committee will want to talk with you further in executive session, and, if so, the clerk will be in touch with you.

Mr. OLDS. May I ask one thing, Mr. Chairman? This morning I sat in the back of the room and listened to the presentation of Representative Lyle. I would like to ask that I be furnished with a copy of the record of that presentation, including the exhibits, and, if I see

fit, have an opportunity to make such comments to the committee on that as seems necessary in order to make the record clear.

Senator JOHNSON. I think that can be worked out. You have consumed in the total of your appearance a little over 3 hours, including the questions, so you will have more time if you wish to use it. If not, we will extend it.

Mr. OLDS. Thank you, sir.

(Mr. Olds subsequently submitted the following information for the record:)

From the time I started voting I supported candidates of the Democratic Party, except in 1924 when I voted for La Follette and in 1928 when, to the best of my recollection, I voted for Hoover. In 1938 I worked with the American Labor Party in New York to assure support of President Roosevelt's country-wide program. At the same time I worked with the Affiliated Young Democrats of the State of New York in support of the Roosevelt program. In 1924 I was sent by the Democratic National Committee as a speaker to assist in the wind-up of the campaign for Roosevelt in two Western States. I supported President Truman in 1948.

Senator JOHNSON. The next witness will be Mr. George S. Reed, of Lowville, N. Y., of the Power Authority of the State of New York, 270 Broadway, New York City.

I would like to say for the benefit of the witnesses from out of town we are sorry we are keeping you here, but we plan to run the hearing to 6 o'clock, have a recess for dinner, come back at 8 o'clock, and get as far along as we can, and resume the session tomorrow morning at 9:30 and probably run to 12:30, and those of you from New York, Pennsylvania, Texas, Oklahoma, and any of the other States who need to catch planes or trains, if you will indicate to the clerk, we will try to give you preference in appearance.

We will be glad to hear from you, Mr. Reed.

STATEMENT OF GEORGE S. REED, LOWVILLE, N. Y.

Mr. REED. Mr. Chairman, I have a short prepared statement, which I will endeavor to read.

Senator JOHNSON. I will say for the benefit of the proponents and opponents that I will ask the clerk to present to each witness from here out notice 2 minutes prior to the time that he is due to complete his statement, so you will have some advance notice.

We are trying not to take account of any observations by members of the committee because sometimes they take more time than witnesses, and we do not count the questions you are answering within your time. We understood you wanted this much time for your own prepared statement, and when questioning begins the clock is cut off, but for the witnesses, particularly the 15- and 20-minute ones who will appear later, the clerk will put a notice on your desk that you have 2 minutes left, so you can wind it up.

Mr. REED. My name is George S. Reed, and my residence since birth has been Lowville, N. Y. I might say Lowville is an important center in that great conservative area which lies north of the Mohawk. By profession I am a lawyer, having practiced in the State and Federal courts for over 40 years. I am a member of the American Bar Association and the New York State Bar Association. For some years I have served with the late Harold B. Johnson, editor and publisher of the Watertown Daily Times, Mr. Edward J. Noble, chairman of

the board, American Broadcasting Co., Owen D. Young, and other colleagues as a trustee of St. Lawrence University, at Canton, N. Y.

In 1934 I was appointed by Governor Lehman a member of the board of five trustees of the Power Authority of the State of New York, of which I am now vice chairman. As you gentlemen may know, this body was the first power authority, Federal or State, which was set up to deal with the conservation and development of water-power resources. It was created in 1931, by unanimous vote of the Legislature of the State of New York to provide for a trusteeship on behalf of the people of the State over the great undeveloped water-power resources of the St. Lawrence watershed. I was reappointed a trustee of the Power Authority in 1935 and 1940 by Gov. Herbert H. Lehman and in 1946 by Gov. Thomas E. Dewey.

In the period of over 15 years in which I have taken an active part in the work of the power authority, I have had innumerable occasions to cooperate with Mr. Leland Olds, and to appraise the worth of his character and his public service. I will say now that few men have come within the range of my observation who have served their country in a position of public trust with greater ability, with more single-minded devotion to the ideals of democracy, or with finer results achieved in the public interest than Mr. Leland Olds.

Senator JOHNSON. Do you share that view about the other members of the Power Commission?

Mr. REED. Well, I was speaking particularly on account of Mr. Olds.

Senator JOHNSON. I understand, and I assume you are familiar with the Commission and its operation.

Mr. REED. Yes; I have great confidence in the Commission. I have been before the Commission numerous times.

Senator JOHNSON. I gathered that.

Mr. REED. Over a period of 10 years.

Senator JOHNSON. So you have the same high opinion of all the members of the Commission?

Mr. REED. I have, sir.

Senator JOHNSON. You think that as presently constituted it is a good Commission doing a good job?

Mr. REED. Yes; I think the Federal Power Commission is a Commission perfectly able to perform the duties it is charged with performing under the Federal Power Act.

I welcome an opportunity to present to you, gentlemen of the subcommittee, a few of the many instances upon which I base that estimate of Mr. Olds.

When I joined the power authority as a trustee in 1934, Mr. Olds was serving as executive secretary of the power authority and assistant to the chairman. The chairman of the power authority at that time, from its creation in 1931 until his death in 1939, was the late Frank P. Walsh. Mr. Walsh had served as chairman of the Industrial Relations Commission, by appointment of President Wilson in 1914, and as joint chairman with the late President and Chief Justice Taft of the War Labor Board, by appointment of President Wilson in 1917. It was Mr. Walsh who brought Mr. Olds into the work of the power authority. Mr. Olds was selected as assistant chairman and he served for nearly 8 years as executive secretary by election of the trustees, under the administrations of Governor Roosevelt and Governor Leh-

man until 1939. In that year he was first appointed a member of the Federal Power Commission and for over 4 years from 1940 to 1944 served as its chairman.

From the time of my first contact with Mr. Olds, I had personal knowledge of his background and daily evidence of his ability and his accomplishments. I knew him as a native of Rochester, N. Y., a graduate of Amherst College and the son of Dr. George B. Olds, for many years the dean of that institution. I knew him as a trained economist and a specialist in the regulation of utility and transportation rates and as an assistant to Mr. Walsh and a member of the staff of the New York State Commission on the Revision of Public Service Commission laws, 1928-30.

I very carefully in the past read the report of that Commission, even including the testimony given by Floyd L. Carlisle, who was then probably the greatest name in the utility field, and whose statements were quoted, I think, by Mr. Olds in his study made for the power authority on the great subject of hydro versus steam in which Mr. Carlisle seemed to agree with Mr. Olds and Mr. Olds with Mr. Carlisle as to the advantages of the development of the St. Lawrence and of hydroelectric power over steam.

From the time I joined the power authority down to date I have observed that Mr. Olds possesses qualities all too rare in the public service; that he is a man of great energy and keen intelligence and an indefatigable worker.

Senator JOHNSON. Do you find very few public servants who possess those qualifications?

Mr. REED. I might say I have found him hard at work often at 7 o'clock at night.

Senator JOHNSON. You did not get my question. I said you have found very few public servants who have those qualities you just listed?

Mr. REED. That is right, sir.

To anyone who is interested in the basic philosophy of Mr. Olds and what he has stood for and accomplished over the years, I say that we should look at the public record. I mean the public record of his service. That record is plainly written, so far as the power authority is concerned, in the engineering and technical studies and in the annual reports of the power authority over the period from 1931 to 1939. On each of those studies and reports, Mr. Olds' name appears either as assistant to the chairman or executive secretary of the power authority, in which capacities he supervised the preparation of most of them.

I should like to mention merely a few of the activities of Mr. Olds, during the period of my service as a trustee of the power authority, which I consider outstanding.

Senator JOHNSON. Mr. Reed, you have used 7 minutes. You can include the balance of your statement and I will extend you another 5 minutes.

Mr. REED. In November 1934 the power authority published the results of a pioneer survey on the cost of distribution of electricity. The 300-page report on this study, submitted to Governor Lehman and later published as an appendix to our fourth annual report, covered the results of 3 years of investigation by 14 well-known engineers, working under the direction of Mr. Olds. This report pointed out that, with the existing system of private-utility distribution in

New York State, residential rates could be reduced to 3½ cents per kilowatt-hour for an average usage of 600 kilowatt-hours per year, with similar reductions to commercial consumers, with an approximate saving of \$63,000,000 to residential and commercial consumers in New York State. This report had a material influence in the reduction of utility rates in our State. In express terms, this report pointed out that the actual effect of such reductions would not be to reduce the gross income of the power companies, but, on the contrary, that their income could be expected to increase. It was further stated in this report that the effect of rate reductions is to promote consumption to the point where consumers pay at least equivalent bills for much larger average usages, and this has been the actual experience in New York State.

Another important piece of work performed by Mr. Olds was in connection with rural electrification in New York State. When Congress passed the REA Act, our State was slow in taking advantage of the opportunity provided by the Federal Government to bring power and electric service to farm homes. At that time 100,000 of the State's 160,000 farms were without central station electric service. A rural electrification program was prepared by our vice chairman, Fred J. Freestone, for 10 years master of the New York State Grange, with the active assistance of Mr. Olds. A detailed survey of all farms and a program for complete electrification of Seneca County, N. Y., was made and the cooperation of the utilities as well as the farm organizations of the State was enlisted. The number of farms in New York State receiving central station electric service increased to 101,000 in 1939 and to 123,000 in 1944. I should like to emphasize that this great expansion began, and was stimulated and initiated, largely as a result of the pioneer work performed by Mr. Freestone and Mr. Olds and that it has been carried forward, to their very great profit, by the private utilities themselves.

Just before Mr. Olds became Chairman of the Federal Power Commission in 1940, the power authority, in 1939, published its study and report on coordination of St. Lawrence and Niagara power. This report, which was prepared by a large engineering and technical staff under the supervision of Mr. Olds, has been presented at hearings before many committees of Congress and is well known to every student of power problems. The report estimated that, with the coordinate development and operation of St. Lawrence and Niagara hydroelectric power projects, savings of more than \$100,000,000 a year to consumers could be realized, below the then prevailing levels of cost of electric service in New York State. I quote from the summary of this report, prepared by Mr. Olds, as follows:

This very material reduction in the present cost of power could be achieved with full protection for all present and future private investments in the power industry serving New York State. * * *

The plan assumes that distribution of power will remain as today largely in the hands of the private power system, provided they cooperate in the public purpose of attempting to sell electricity in abundance at the lowest possible rates.

Now, I could go on indefinitely and cite chapter and verse from the records of the power authority to demonstrate what the character of the work and the point of view of Mr. Olds actually have been. But I do not wish to consume the time of this subcommittee and I do not believe it is necessary to do so. During the years that Mr. Olds was

with the power authority, I worked with him closely, calling upon him for economic data, in the preparation of briefs which we filed in the courts of our State to establish the public rights of the people of New York State in the great water powers of the St. Lawrence and the Niagara Rivers. Everything for which we have contended in a long struggle that goes back to the time of Gov. Theodore Roosevelt and Governor Hughes, has been sustained in decisions of our courts of appeals. We have also filed briefs to establish these rights in proceedings before the Federal Power Commission. I believe it is fair to say, that in the time Mr. Olds has served as Chairman and as a member of the Federal Power Commission, some of the most important cases involving water power rights have come to an issue and to a decision, and that the position that Mr. Olds has taken has been sustained and upheld, in every important instance, in the decisions and the opinions of the Supreme Court of the United States.

I know that this subcommittee not only considers the Federal Power Commission as an instrument of the Congress in carrying out public policies of the greatest and most vital concern to our people, but that it looks to members of the Commission for the qualities required for the exercise of quasi-judicial functions. In the record Mr. Olds has made, in his position of high public duty, I am earnestly convinced, by long years of observation and experience, that he has met every test, that he has performed his trusteeship for the benefit of our people the Nation over, and that he richly deserves confirmation for re-appointment as a member of the Federal Power Commission.

As a trustee of the power authority I worked with Mr. Olds after my appointment and until he went on the Federal Power Commission in every study that was made. Those studies consisted of an elaborate report on steam against hydro, the cost of distribution of electric power, and a very elaborate report on the coordination of the power resources of the State of New York.

I want to say that his work on the power authority in the State of New York on the question of rural electrification was of great use and great value. He worked in conjunction with our then vice chairman, Mr. Fred J. Freestone, who was for 10 years master of the New York State Grange, and they did a great job.

I wish to conclude by saying I think Mr. Olds is not only a great public servant, but that I doubt if he could be replaced by anyone who has his experience and training and ability.

Senator JOHNSON. Mr. Reed, the committee is grateful to you for coming here, for spending 2 days waiting to testify. We are sorry we delayed you. We appreciated your opinion and hope you come back to see us.

Mr. REED. I appreciate the opportunity, Senator.

Senator JOHNSON. Is Mr. Donald Montgomery in the room?

Mr. MONTGOMERY. Yes, sir.

Senator JOHNSON. Come forward, Mr. Montgomery.

Is Mr. Charles M. LaFollette here?

Mr. LAFOLLETTE. Yes, sir.

Senator JOHNSON. We will try to arrange to have you right after Mr. Montgomery.

Any other witnesses who need to be heard before we recess, any case that may be particularly urgent in order that they may leave town—are there any in that category?

(No response.)

STATEMENT OF DONALD MONTGOMERY, UNITED AUTOMOBILE WORKERS, CIO

Mr. MONTGOMERY. My name is Donald Montgomery, in charge of the Washington office of the United Automobile Workers, CIO, and appearing here today on behalf of the Congress of Industrial Organizations to urge confirmation of Leland Olds for a third term on the Federal Power Commission.

Twice appointed to that position by President Franklin D. Roosevelt, and each time confirmed by the Senate, Commissioner Olds has made a record of public service of which both he and the American people may well be proud. This is President Truman's first opportunity to recognize and endorse that record of service, and we applaud his reappointment of Commissioner Olds.

Senate confirmation of Leland Olds appears to us to be of the highest importance. There are three reasons for this. One is the extraordinary ability, courage, and capacity of the man himself. He is able, tireless, and fearless in the public interest. Second is the proof which his record affords that able and honest men can be found to serve our Government. Government service attracts not too many men of outstanding qualifications and character; Olds is one of the encouraging exceptions.

Our third reason for attaching particular importance to the confirmation of this man is the nature of his enemies. Far more than the man Olds is involved in the opposition that has so long delayed Senate action on the President's appointment. Olds is challenged not for lack of ability, but because he is too able, and because he is too ready to put his ability to the service and protection of the American people. The electric power and the gas and oil companies do not like such men to administer the regulatory laws enacted by Congress. They want it their way, and to get it their way in this instance they want the scalp of Leland Olds. So the real issue is not Olds; the real issue is whether the people of the United States, acting through their Government, can control the utility companies or whether the utility companies will control them.

This fight is our fight. The conflict between corporate power and the rights of people is well known to the men and women of CIO. Olds' whole life has been dedicated to the service of the people in their struggle with great corporations. That is why he is under attack. And that is why we put the highest importance on his confirmation. Let me set forth, as we see it, the case of Leland Olds.

Leland Olds received excellent training for the public service to which he has dedicated most of the years of his life. Soon after completing his college training he worked for the War Labor Board under Frank P. Walsh. His understanding of labor's fight for basic democratic rights was enriched by close observation of police brutality in the 1919 steel strike, and by 3 years of service as an economist to railway labor unions during the open-shop drive in the early 1920's. He saw the railroad companies abrogate national agreements on working conditions and smash the unions of nonoperating railroad workers. How Government agencies can go wrong was made clear to him when the Railway Labor Board in those Republican days refused to uphold the principle of a living wage.

This schooling was followed by 7 years as a writer on economic issues for the Federated Press, the only labor news service of that day. Here during the Republican era of so-called perpetual prosperity he saw, reported, and anticipated the most impressive effort yet made by free enterprise to commit suicide in the speculative boom and crash of 1929. He wrote that capitalism must be reformed. He said that corporations must be made to accept social responsibility. He asserted that labor must have the right to organize and bargain collectively, that labor is entitled to a fair share of industry's product, and that every worker is entitled to a living wage for which the Government must fix the standard, as later it did undertake to do through enactment of the minimum-wage law.

In 1929 Leland Olds entered the field which was to become his life's work and in which he has rendered such distinguished public service. He was introduced to the field of public-utility regulation by Frank P. Walsh who was then serving under Franklin D. Roosevelt, Governor of New York, on a commission set up to revise the public-utility laws of that State. For 2 years Olds worked for a citizens' organization participating in that project and in drafting remedial legislation. Here he learned how public regulation of utilities bogs down in endless litigation when it is not vigorously administered, and how much greater is the power of corporations than of the people in influencing public opinion and public agencies.

For the next 8 years, Olds headed up the studies of the St. Lawrence Power Development Commission, investigating distribution costs of electric power, with special attention to residential and rural costs and rates, and the development of publicly generated power through integrated public and private distribution lines.

In 1939 President Roosevelt appointed him to the Federal Power Commission where he has served for two terms of 5 years each. This brings his history down to date when he has been reappointed by President Truman and is awaiting confirmation by the Senate.

What Leland Olds stands for in Government regulation of the electric power and gas utilities is no secret. It has been convincingly demonstrated by his 10 years of brilliant service on the Federal Power Commission.

He stands for squeezing the water out of utility property accounts so that consumers shall not have to pay a return on fictitious investment. He stands for charging gas and electric rates that are based on actual net investment instead of on the imaginative values of alleged reproduction cost. He stands for clear and specific standards of regulation so as to avoid endless litigation in the courts and so that the utility companies will know what the law requires and the public will get the protection which the law intends. He stands for integrated development of river valley resources, and the sale of power at low rates to promote increased use and lower costs. He urges conservation of our natural gas resources and the development of rational patterns of distribution so as to make this low-cost fuel available to as many people as possible with assurance of adequate service for long years ahead.

These are the things Olds stands for. With others on the Federal Power Commission he has labored 10 years to achieve them. Water has been squeezed out of utility accounts. The net investment rate base has been established. Uniform accounting by public utility com-

panies has been greatly advanced. State commissions have received valuable assistance on their regulatory problems. And to date the big oil companies have been defeated in their efforts to take over the Federal Power Commission.

Olds has been chief spokesman for the Commission in opposing the effort of the oil companies to amend the Natural Gas Act so as to overrule the decision of the Supreme Court in the Interstate case and thus get out from under Government regulation on their sales of natural gas to interstate pipe-line companies. This appears to be the major reason for opposition to Olds' reappointment.

If I understood the chairman this morning and Senator Reed, they made that quite clear and said so toward the end of their cross examination of Mr. Olds in the morning session.

Senator JOHNSON. I would suggest the gentleman read the record.

Mr. MONTGOMERY. I want to read that record very much. Those two comments that you and Senator Reed made seemed to me highly significant, and I hope I remember them correctly.

If so, it is a major reason why he should be confirmed. If the Commission is not to be allowed to control the prices at which oil companies sell gas to pipe lines, it will be forced to recognize such prices in the rates it allows pipe lines to charge. The public would be mulcted of many millions of dollars annually. Government regulation of delivered prices for gas superimposed on unregulated prices paid for gas in the field would be a fraud on the public. If we are to be put at the mercy of the oil companies, let's not ask the Federal Power Commission to administer the punishment and let's not allow the public to believe that it is being protected by Government regulation.

If Members of Congress wish to enrich the oil companies at the expense of natural gas consumers, they can vote for the pending bill which has that purpose. But we understand that the same result can be achieved without embarrassing legislation if a majority of the Federal Power Commission will interpret the present law in the way the oil companies desire, which two members of the Commission are prepared to do. If this is what a majority of the Senate wishes the Commission to do, Leland Olds is not their man.

Senator JOHNSON. Isn't that the way he has interpreted it for 11 years?

Mr. MONTGOMERY. Pardon me?

Senator JOHNSON. Isn't that the way he has interpreted it for 11 years?

Mr. MONTGOMERY. Interpreted what?

Senator JOHNSON. The law you are talking about.

Mr. MONTGOMERY. Leland Olds?

Senator JOHNSON. Exempting the producers, the same as legislation now on the statute books, and Mr. Olds has been participating in those decisions and joined in signing that order.

Mr. MONTGOMERY. He has made that perfectly clear, not only in today's testimony, but in testimony before this committee before and before the House committee that the position he took once has been changed by circumstances and by the change in the facts.

Senator JOHNSON. So for 10 years he interpreted the law, the law has not changed, the law is just as written when put there.

Mr. MONTGOMERY. Correct.

Senator JOHNSON. For 10 years he has explained that the law did not give him authority or jurisdiction to regulate the independent producer and gatherer, but in the fall of 1947 he changed his opinion and thereby changed the law.

Mr. MONTGOMERY. He did not think that the Federal Power Commission regulation of those sales of gas was necessary to carry out the purposes which Congress directed.

Senator JOHNSON. He expressed himself time and time again that he did not have jurisdiction over independent producers and gatherers, but he testifies very frankly before the committee that in 1947 he changed his mind.

Mr. MONTGOMERY. That question of power was determined by the Supreme Court in the Interstate case.

Senator JOHNSON. There has never been any case in the Supreme Court involving the independent producer and gatherer.

Mr. MONTGOMERY. I will go back to the beginning of that paragraph. If Members of Congress wish to enrich the oil companies at the expense of natural-gas consumers, they can vote for the pending bill which has that purpose. But we understand that the same result can be achieved without embarrassing legislation if a majority of the Federal Power Commission will interpret the present law in the way the oil companies desire, which two members of the Commission are prepared to do. If this is what a majority of the Senate wishes the Commission to do, Leland Olds is not their man. He has not, and I am sure he will not, use his office in this way unless Congress by legislation directs the Commission to conform to the demands of the oil companies.

Much has been accomplished for the consuming public during Olds' service on the Commission, and he has played a leading role in those accomplishments. More remains to be done. But if the Senate refuses to confirm the appointment of this man, it will, in effect, be serving notice that honest, vigorous, and capable public service is not approved by our highest legislative body. Much if not all of the progress which the Federal Power Commission has achieved will be lost. The utilities will write their own ticket. We shall be thrown back to the buccaneering practices of the 1920's—extortion of consumers by the utility companies and rape of the utility companies by stock-jobbing manipulators. The gamblers will win. Everyone else will lose.

Break-down of Government regulation of private utilities, it has been said, will inevitably lead to public ownership and operation of these industries. Perhaps we should admit that the craving of private enterprise to commit suicide is too strong to be circumvented, and it may as well go ahead and slit its own throat without further interference on our part.

These questions lead down a long road. But just such questions are raised when a man of the caliber of Leland Olds is challenged by the oil companies and the power crowd. The decision of the Senate in this case can have far-reaching consequences. We urge you to appraise carefully the significance of your decision and to vote for honesty and ability in the public service.

Senator JOHNSON. Thank you very much, Mr. Montgomery.

Mr. Charles LaFollette, please take the stand.

**STATEMENT OF CHARLES M. LaFOLLETTE, NATIONAL DIRECTOR,
AMERICANS FOR DEMOCRATIC ACTION**

Mr. LaFOLLETTE. Mr. Chairman, this is relatively short. If it was very long, I would put it in the record and not bother you with it.

Senator JOHNSON. I am glad to hear you.

Mr. LaFOLLETTE. My voice is not so resonant that it needs to be heard.

Senator JOHNSON. Any part you want to you can put in the record.

Mr. LaFOLLETTE. My name is Charles M. LaFollette. I am national director of Americans for Democratic Action, a liberal, non-Communist political organization dedicated to the achievement of freedom and economic security for all peoples everywhere.

I might interpolate that I was a Member of the Seventy-eighth and Seventy-ninth Congresses as a Representative from the Eighth District of Indiana and from 1947 to 1949 I was in military government in Germany. I am representing ADA in urging this committee to approve the renomination of Leland Olds as a member of the Federal Power Commission.

Last July over 100 persons representing 34 national organizations took part in a 1-day conference called by ADA in behalf of full employment, full production, and an expanding economy. A resolution which these people adopted supported several proposals for economic expansion and higher living standards. The following comment was included in the resolution:

We see in Congress an evolving pattern of events which indicates a concerted drive to deliver public sources of power into the hands of private monopolists. Public-power projects have been gutted by the Senate Appropriations Committee; the Kerr bill favoring the natural-gas industry has been favorably reported out of committee; there has been ominous inactivity in the Senate Commerce Committee on the renomination of Leland Olds to the Federal Power Commission; the attack on David Lilienthal, a known advocate of public ownership of power resources, goes on; the monopolists have not given up their fight to grab tidelands oil and to prevent the future use of atomic power under public control and for the maximum public good.

I am happy to acknowledge that since this resolution was adopted, the appropriations for public-power projects have been restored to the Interior Department bill and finally approved; and that hearings on Mr. Olds have finally begun, however belatedly.

But the "evolving pattern of events" is still visible. I know the record of the private-power lobby too well to believe that they have given up. As for Mr. Lilienthal, he is now being held responsible for the discovery by a group of Russian physicists that E equals MC^2 . And now that Mr. Olds, after 4 months of waiting, is to be given a hearing, the oil, gas, and power interests are stepping up their campaign against him.

I sometimes wonder why men like Mr. Lilienthal and Mr. Olds continue to take the abuse and vilification which the private-power interests smear them with every day. It just must be that they take seriously the duty that rests with them to safeguard the public interest.

Safeguarding the public interest is, of course, the primary obligation of the business-regulating agencies which have been a part of American public policy for the last 60 years. This country long ago

accepted the principle of public regulation of private-utility enterprise which, left to itself, would gravitate toward extortionate prices, restriction of markets, and a rigid, inflexible economy. Although those who are subject to the regulation have never ceased fighting it, their attack has subtly changed over the years, and it might be well to trace the line of their attack.

At first the utilities and the railroads made their fight against the principle of Federal regulation. They saw no reason, even in the face of a drastic change in our economy from an agrarian one to a highly industrialized one, why they should not be allowed to go their own way. They were against any "interference" from the Government; all they wanted from the Government was a continuation of the generous subsidies that this Nation had given them since the early twentieth century. But they lost their battle to destroy the Federal boards and commissions which the people established to protect themselves. This called for a change in strategy.

The next line of attack was to accept the idea of Federal regulatory agencies, but to make them defenders of special interest rather than custodians of the public interest. They did this with remarkable candor, as illustrated in the following incident:

The president of the Chicago, Burlington & Quincy Railroad, who was afraid that the Interstate Commerce Commission might cause trouble for the railroads, asked the opinion of an eminent lawyer on how best to eliminate the ICC. The lawyer was Richard Olney, later Attorney General in the Cabinet of Grover Cleveland. This was his reply to the railroad president:

My impression would be that, looking at the matter from a railroad point of view exclusively, repeal of the Interstate Commerce Commission Act would not be a wise thing to undertake. * * * The attempt would not be likely to succeed; if it did not succeed, and were made on the ground of the inefficiency and usefulness of the Commission, the result would very probably be giving it the power it now lacks. The Commission, as its functions have now been limited by the courts, is, or can be made, of great use to the railroads, at the same time that that supervision is entirely nominal. Further, the older such a commission gets to be, the more inclined it will be found to take the business and railroad view of things. It thus becomes a sort of barrier between the railroad corporations and the people, and a sort of protection against hasty and crude legislation hostile to railroad interests. * * * The part of wisdom is not to destroy the Commission but to utilize it.

One of the best ways to nullify the legislation under which a regulatory agency operates is to change its personnel. Mr. Olney well knew that the popular will could be thwarted merely by keeping public-spirited men off a commission and stacking it with men who could be trusted to hold "the business view of things."

Lately, the utilities and the monopolists have come up with a third method of attack: exempting certain industries from regulation or from prosecution under the antitrust laws. Thus we now have the Reed-Bulwinkle bill, which ties the hands of the Antitrust Division so far as the railroads are concerned; the McCarran amendment, which does much the same thing for the insurance companies; the tidelands oil bill, which would force the Federal Government to turn over these precious reserves to private interests; the efforts to wrest control of atomic energy from the people; and finally, the Kerr bill to prohibit regulation by the Federal Power Commission or the big gas producers.

I think it explains the opposition to Leland Olds to point out that he has courageously fought the monopolists on both of the latter-day

lines of attack; the tactic of keeping good men off the commissions, and of exempting the big boys from regulation. He will not quit, as the private utilities want him to; and he will not surrender the public interest in favor of four or five big oil and gas producers.

It is Mr. Olds' crime that for 10 years as a member of the FPC he has capably administered public policy within the limits of the laws entrusted to the Commission and as those laws have been interpreted by the highest courts, including the Supreme Court of the United States. In so doing, of course, he has helped save the American consumers many millions of dollars, because the FPC has properly kept electric and gas producers from charging all that the traffic will bear. But the utilities conveniently overlook the fact that FPC jurisdiction has been helpful to them, too. There are no more healthy industries in the country than those subject to FPC regulation. Mr. Olds' record is proof that what is good for the people is good for business.

Mr. Olds has demonstrated utmost fitness for the position to which President Truman has nominated him. He is that all-to-rare specimen of a trained expert with a deep and genuine feeling of social responsibility. The Federal Power Commission has been without his valuable services since last June 8.

I am not sure all the American people are yet aware of what is involved in the fight over Mr. Olds' confirmation. Unfortunately, there is often a time lag between the landing of a blow here in Washington and its repercussion in the home of the average citizen out in the country. But I venture to predict that, if Mr. Olds is turned down, some day the American consumers will realize that their interests have been adversely affected by that decision. They will learn, sooner or later, that Leland Olds was a leader in the fight to keep their gas and electric bills down. Their protest will be even louder when those bills go up. The rejection of Leland Olds can well lead to the public ownership of all basic natural resources, including oil and gas. This is something which those who are after Leland Olds' scalp should somberly contemplate.

Leland Olds possesses high courage and integrity. The American people, I am sure, will consider it a display of equal probity on the part of the United States Senate when it impartially considers his qualifications and gives him its endorsement.

I can think of no action by this committee which would meet with more general approval or more effectively revitalize the people's belief in the workability of our institutions.

Senator JOHNSON. Thank you very much, Mr. LaFollette. I appreciate your indulging us and waiting to testify at this late hour.

Mr. LAFOLLETTE. Thank you.

Senator JOHNSON. Mr. Morris L. Cooke. I am glad to have you, Mr. Cooke. Proceed with your statement.

STATEMENT OF MORRIS LLEWELLYN COOKE, CONSULTING ENGINEER IN MANAGEMENT, PHILADELPHIA, PA.

Mr. COOKE. I am Morris Llewellyn Cooke, a consulting engineer in management, living at St. George's Road, Philadelphia 19, Pa. For purposes of further identification, some of my public assignments have been:

Chief Engineer of U. S. S. *Eagle* in the Spanish-American War.

Chairman of the Storage Committee and executive assistant to the chairman of the Shipping Board in World War I;

Assistant to Sidney Hillman on WPB in World War II;

United States representative in the settlement of the oil dispute with Mexico in 1942, and

First Administrator of the Rural Electrification Administration.

After perhaps 10 years of casual acquaintance, I came really to know Mr. Olds about 20 years ago, during my service as a member of the Power Authority of the State of New York—a five-member board—manned by three Democrats and two Republicans, with Frank J. Walsh, of Kansas City and New York, as chairman. Mr. Olds was both indefatigable and highly efficient as our executive secretary. It is a pleasure to recall that every member of this board had at all times unquenchable confidence in his integrity. Each of us relied on him as our personal assistant in carrying out our respective assignments and looked to him, and never in vain, to keep the work of the board on the beam. Through the years, I have served on a good many public and private boards and do not recall a more competent or more self-sacrificing executive. Since this experience in New York, I have followed Mr. Olds' career fairly closely. His stature as a public servant has grown with the years.

It is not without its bearing on the question before you to note that Mr. Olds has a keen sense of humor; is a genial associate, and knows how on proper occasions to compromise public and private issues without undue yielding on what are, or may seem like, ethical values. He has from time to time espoused vigorously and effectively different public causes, but he goes to the public discussion of public matters rather ingratiatingly and with none of the earmarks of the typical crusader. Further, he is young; enjoys good health, and is versed in the history and lore of regulation.

Principally because of official assignments—municipal (Philadelphia), State (Pennsylvania), and Federal—the conduct and regulation of utilities (railroads, electric, telephone, gas, water, and others) has been a concern of mine for about 35 years. I have taken part in four or five important Nation-wide conferences concerned with regulation. I have written and edited books on the subject. Based on this intimate experience, I can say that there are three, and only three, methods under which utilities can be held: First, as unregulated private property; second, as publicly owned property; and third, as regulated private property. But this last is only feasible if you have regulatory commissions in which the public has confidence. The public during the last 75 years has demonstrated that it will not tolerate unregulated private ownership of utilities. So, if you make regulation impossible by rejecting qualified appointees like Mr. Olds to the regulatory commissions, you put in a very effective plug for public ownership.

In recent years, I have spent no little time in trying to bring about a better understanding between politics and science—including engineering—an overwhelmingly important issue. For instance, in the *American Scientist* for January 1946, under the title "Scientists Should Knock at the Door of American Politics," I said in a 7-page article, "The politicians largely ignore the scientists, and the latter all but despise the politicians." Day by day I am pleading with my

colleagues in science and engineering for both understanding and sympathy in their appraisal of the political scene.

Senator JOHNSON. If we do not come to that, neither of us is likely to exist.

Mr. COOKE. That is right, and I am glad to know you appreciate the importance of it. This is indeed, gentlemen, a flower worth nurturing. If the Congress should fail in this instance to endorse a candidate such as Mr. Olds, so profoundly equipped with technical experience and all the scientific tools, I will have a tough time with my colleagues in engineering and science who hold quite aloof from the real world of politics and society and who believe that the individual legislator can be depended upon to act contrary to the public interest. A view with which, of course, I am not at all in agreement.

Let me ask, "Who is it that is opposing the confirmation of Leland Olds for a third term on Federal Power Commission?"

It is certainly not the consumers of electricity and natural and manufactured gas, who have obtained much lower rates as a result of his 10 years of service on the Commission. The great consuming interests are supporting Mr. Olds through (1) National Institute of Municipal Law Officers, composed of attorneys for most of the cities in the country; (2) the American Federation of Labor and the Congress of Industrial Organizations, representing the country's wage earners to whom the cost of electricity and gas is an important item in the household budget; and (3) the Farmers Union and certain other farm agencies which believe that his activities in the past have helped to assure farmers the full benefits of low-cost electricity in abundance.

It is not the rural electric cooperatives which he has helped in many ways during his two terms as a member of the Commission, for they are supporting him through their National Rural Electric Cooperative Association.

It is not the public-power officials, who have found in him an important influence in assuring widespread development of hydroelectric power in connection with the Federal river-basin programs, for they have spoken in support of his confirmation through both the American Public Power Association and the Northwest Public Power Association.

So, who is it that is opposing Mr. Olds' confirmation? First, it is the private electric-power interests which are determined to eliminate a public official who is not subservient to their wishes, one who believes that Congress meant the Federal Power Commission to regulate effectively so as to encourage good management, and obtain reasonable rates, and squeeze out the water from their capital accounts; who believes that Congress meant to give the Commission broad authority over private and other non-Federal waterpower developments in order to protect the public interest in such resources; who believes that the inhabitants of all the country's river basins are entitled to the same benefits from the planned development of their valley resources as those which the TVA has brought to the Tennessee Valley; who believes that Congress meant what it said when it provided in the Federal Water Power Act of 1920 for possible acquisition of privately constructed hydroelectric projects at the end of the license periods and directed the Federal Power Commission to consider whether any given power site should not be developed by the Government itself; who believes that the REA program has been one of the

greatest blessings to the country's agriculture and who has been ready to protect rural electric cooperatives in their efforts to secure a power supply at the lowest possible cost; in short, one who believes that the power business is legally a public business which may be entrusted to private operators only to the extent that they fully accept the public responsibility.

Second, the opposition to Mr. Olds comes from the huge, combined oil-gas companies, like Standard Oil and Phillips Petroleum, which supply the bulk of the natural gas for the interstate pipe-line business that Congress has sought to regulate under the Natural Gas Act.

These people are determined to eliminate a public official who believes that Congress intended to assure consumers protection against the efforts of these big interests to go back to a day that is gone and to charge what the traffic will bear for the natural gas which is destined for utility markets; who believe that this requires the regulation of the entire interstate natural-gas business on a reasonable cost basis, including a fair return on every part of the investment—not just some of it; who refuses to allow these large companies to claim hundreds of millions of dollars of value for their gas in excess of what they have actually invested; who insists that the country's exhaustible reserves of this very desirable fuel shall not be transported in interstate commerce to be dumped in vast quantities in wasteful uses for which other local fuels are available; who insists that a new gas pipe-line project shall show an adequate supply of gas for a reasonable period sufficient to protect the large consumer investment required for the service; in short, a public official who insists that the industry be soundly financed without exorbitant profits to insiders; who believes that the regulation of the industry, which Congress has set up to correct the widespread evils in the conduct of the industry disclosed by the Federal Trade Commission investigation, should not be so controlled by the industry itself as to be in fact a fraud on consumers.

I have never wavered in my loyalty to our American competitive, freely operating, enterprise system. Properly conducted, it is a stupendous national asset. But, among the influences seeking to break it down, the closely knit private-utility system appears to be the strongest single force as it tries either to sabotage existing regulation or to escape entirely from its control as is now the undisguised effort of the natural-gas industry located in the southwestern part of our country.

Clearly the battle over the confirmation of Leland Olds as a member of the Federal Power Commission is a battle between the great body of people who are consumers, on the one side, and the monopolistic power and oil-gas interests on the other. It is a part of the battle which has been going on for years to bring these vital interests under some measure of public control. This battle must go on if democracy itself is to survive.

Senator JOHNSON. Mr. Cooke, I am sure that the members of the committee and Members of the Senate that read the record will appreciate your statement, and I thank you for taking the time to prepare it and come and give us the benefit of your views.

Mr. COOKE. Thank you, sir.

Senator JOHNSON. Mr. Angus McDonald?

(No response.)

Is Mr. Carlton Nau here?

Mr. NAU. Here, sir.

Senator JOHNSON. You may proceed, Mr. Nau.

**STATEMENT OF CARLTON L. NAU, GENERAL MANAGER, AMERICAN
PUBLIC POWER ASSOCIATION**

Mr. NAU. Mr. Chairman, my name is Carlton L. Nau. I am general manager of the American Public Power Association, which has its headquarters here in the city. Except for a 2-year period during the war, when I served in the United States Naval Reserve, I have occupied this position since July 1942. Previous to that time, I was with the War Production Board, and before that, for some 8 years, with the Rural Electrification Administration. My first employment in Washington was on the staff of the late Harry L. Haines, a Member of Congress from Pennsylvania.

First, let me express my thanks to this committee for an opportunity to appear before it in support of the nomination of Leland Olds for another term on the Federal Power Commission.

For those who may not be familiar with our association it is a management-service organization composed of existing publicly owned electric-power systems, financed entirely by membership fees. Its purpose is to promote efficient management of these properties and safeguard the interests of its members. I want to make it clear that we are prohibited by our articles and bylaws from engaging in the spread of public ownership as such. There are now almost 3,000 publicly owned electric systems in the country. Some date back to 1885. Most of these systems are agencies of the sovereign States or political subdivisions thereof. We now represent some 600 systems through direct membership and the affiliation of 12 State and regional associations. Samuel B. Morris, of the Department of Water and Power of Los Angeles, is our president.

Since our association is concerned solely with electric power, my comments will be confined to that phase of Commission activities.

As preference customers in the sale of power generated at Federal hydroelectric projects, we have a very direct interest in the river-basin-development program and the installation of maximum power-generating facilities where not inconsistent with the primary purpose of the project. Since Mr. Olds has made a major contribution to the planning for the conservation and utilization of the Nation's water-power resources, we are most anxious that his wide experience and comprehensive knowledge of the Federal Government's power program continue to serve the public.

The Federal Power Act, as amended in 1935, provides, as do most of the other basic Federal laws relating to electric power, that certain preferences shall be given to the States and their political subdivisions. Section 7, part I, says that in issuing preliminary permits or licenses providing for the construction of a dam on a navigable water of the United States—

the Commission shall give preference to applications therefor by States and municipalities, provided the plans for the same are deemed by the Commission equally well adapted, or shall within a reasonable time to be fixed by the Commission be made equally well adapted * * *

Section 14, part I, in stating the power of the Government to recapture a project licensed to a private company, at the end of 50 years, contains a proviso as follows:

Provided, That the right of any State or municipality to take over, maintain, and operate any project licensed under this Act at any time by condemnation proceedings upon payment of just compensation is hereby expressly reserved.

Moreover, the Supreme Court in a number of cases sustaining the constitutionality of the Federal Power Act, made it clear that it considered the water resources of America the property of the people, and subject to regulation in the public interest.

Thus it will be seen that the Federal Power Act, and the decisions interpreting that act, make clear the power of the Federal Government to regulate navigable waters in the public interest. Apart from the power given the Commission in part II to regulate electric utility companies engaged in interstate commerce, the legislation is designed to prevent private exploitation of our natural water resources.

There have been references here to Mr. Olds' philosophy, the intimation being that it is different from the mandate given this agency by Congress.

Senator JOHNSON. What particular testimony are you referring to?

Mr. NAU. I wrote this prior to the testimony today, and I refer particularly to some telegrams and letters which were read into the record on the first day of the hearings in which there was general use of the words "Mr. Olds' philosophy," and I refer to that in this testimony.

I submit that the law itself as written by the Congress is favorable to public agencies and establishes a philosophy that the Government must exercise its power to protect the public interest.

Electric utilities developed in this country under the theory of private ownership subject to State regulation to protect the public interest. To those familiar with the industry, it is quite apparent that it has been very difficult to make this regulation effective. However, the industry has been able to circumvent the regulatory authorities. I say this without any attempt to discredit those officials in the States charged with that responsibility. Lack of adequate statutory powers, lack of funds, and lack of adequate staffs have in many cases prevented effective State controls being exercised. You will remember we had State regulation all during the twenties and early thirties when the electric industry got into the hands of the holding companies and the promoters and went through a pyramiding period which one of them called the era of utter nonsense.

It was not until the Securities and Exchange Commission was established and until teeth were put in the Federal Power Act by amendments in 1935 that the Federal Government was able to exercise some degree of control over companies engaged in interstate commerce. For a long time prior thereto, the utilities operated in the twilight zone between State and Federal jurisdiction.

The Miller bills introduced in the Eightieth Congress, to amend the Federal Power Act, were intended to cut down on the Commission's jurisdiction, and by attempting to write a definition of interstate commerce different from that which the courts have already established, remove from Federal controls some 70 of the electric operating companies.

Senator JOHNSON. What happened to those bills?

Mr. NAU. Those bills, I do not believe, Mr. Chairman, were reported out of committee in either House of Congress.

The point I am making is that only the Federal Government was strong enough to deal with the powerful forces intent on avoiding regulation or weakening it. The Federal Power Commission was one of those agencies which finally was able, following numerous favorable court decisions, to enforce its statutory jurisdiction over interstate companies, requiring uniform accounting practices, approval of wholesale rates, and issuance of licenses for projects on navigable waters. Moreover, it was able to eliminate from capital structures some 1.4 billions of dollars of water, to the benefit of the companies and the consumers. Many of these activities took place while Mr. Olds was a member of the commission and chairman.

Senator JOHNSON. Do you observe any lessening of the Commission's activities since Mr. Olds was chairman?

Mr. NAU. I do not believe I am familiar with any major decisions, Mr. Chairman, since his departure in June of this year.

Senator JOHNSON. Generally speaking, during the time you were familiar with the Commission's operation has its administration met with your approval?

Mr. NAU. Generally speaking, it has. I think the electric utility industry, as witnessed by their statistics, which show that for the first 6 months of 1949 the net income was 14 percent above the first 6 months of 1948, that indicates that they are in pretty good condition.

Senator JOHNSON. I am not worrying about what kind of condition they are in, I am worried about the condition of the Commission. Your observation is it is a good Commission and operating in the public interest?

Mr. NAU. That has been my general experience.

Mr. Olds has been a leader in urging full development of our water-power resources, and the development of feasible hydroelectric sites, whether by the Federal Government, or by public or private agencies.

Some progressive industry executives have admitted that the Commission has done a good job. Also, it is my own opinion that the private electric industry in this country could not survive another period such as they went through in the era referred to above. Public opinion would demand expropriation the next time, and a tightening of regulation. Therefore, it seems to me that it is in the long-range interests of the private companies to accept effective regulation.

Mr. Olds, by his 10-year record in the FPC, has amply demonstrated his capacity to forcefully apply the regulatory powers vested in him as a Commissioner.

I would like to add that I have known Mr. Olds personally for quite a few years, having become acquainted with him while I was with the Rural Electrification Administration. I can attest to his high character, his integrity, and executive capabilities without any reservation whatsoever.

For these reasons, we respectfully urge this committee to confirm Mr. Olds for this high post in our Government.

At the annual convention of our association in Los Angeles this May, a resolution was adopted endorsing Mr. Olds for this post. If I may be permitted to do so, I would like to offer a certified copy of this resolution for introduction into the record. Also, at their annual conven-

tion in Long Beach several weeks ago, the New York Municipal Electric Utilities Association passed a similar resolution, which I am authorized to offer for insertion in the record. They both appear appended to the statement.

Senator JOHNSON. They will be inserted in the record.

(The resolutions above referred to are as follows:)

RESOLUTIONS CONCERNING LELAND OLDS

"Whereas the term of Leland Olds as a member of the Federal Power Commission expires in June of this year, and up to the present time, his reappointment for another 6-year term has not been made by the President of the United States:

"Whereas it is well known that special interests have been fighting his nomination, as they have in the past, on the grounds that he is too consumer minded;

"Whereas he has by his actions and words, contributed greatly to the fuller development of our water and power resources for the public welfare; Therefore be it

"Resolved, That the American Public Power Association respectfully petitions the President, the Honorable Harry S. Truman, urging that Leland Olds, of the State of New York, be nominated for another term as a member of the Federal Power Commission.

"Copies of this resolution shall be sent to the President and Members of the United States Senate."

I hereby certify that this is a true and correct copy of the original resolution adopted by the American Public Power Association the 12th day of May 1949 in convention assembled at Los Angeles, California.

CARLTON L. NAU, *Secretary*.

"Whereas Leland Olds, of New York State, has been nominated for a new term as a member of the Federal Power Commission, and said nomination is now pending before the Senate Interstate and Foreign Commerce Committee; and

"Whereas Mr. Olds has demonstrated by his record that he is a conscientious administrator of the Federal Power Act and is intent on protecting the public interest; and

"Whereas he is being opposed by the large electric and gas utilities who feel that he is too "consumer minded"; Now, therefore be it

"Resolved, That we, the members of the Municipal Electric Utilities Association of New York State, hereby endorse and urge that his nomination be confirmed by the Senate Interstate and Foreign Commerce Committee and by the United States Senate."

Adopted at nineteenth annual conference in the city of Long Beach, New York, this 16th day of September 1949.

B. N. SPARKS, *Secretary*.

Senator JOHNSON. Does that complete your statement?

Mr. NAU. It does.

Senator JOHNSON. Thank you very much.

Mr. NAU. Thank you.

Senator JOHNSON. Mr. Angus McDonald?

Mr. McDONALD. Here, Mr. Chairman.

Senator JOHNSON. Mr. McDonald, I understand you consumed about 10 minutes. Do you have a prepared statement?

Mr. McDONALD. Yes, sir. If it should run over, I can summarize it.

Senator JOHNSON. You will be given a few minutes more. We are glad to have you.

**STATEMENT OF ANGUS McDONALD, ASSISTANT LEGISLATIVE
SECRETARY, NATIONAL FARMERS UNION**

Senator JOHNSON. Is James Patton president of your organization?
Mr. McDONALD. Yes, sir.

My name is Angus McDonald, and as a representative of the National Farmers Union I am appearing on behalf of Leland Olds, who has been renominated to serve on the Federal Power Commission.

We are supporting the confirmation of this appointment because Mr. Olds has been a consistent fighter for the regulation of utility rates in the public interest and for the pursuance of a policy which at once would conserve our natural resources, protect the consumer from exorbitant power rates, and at the same time assure utility companies a fair profit. Over the years the record shows that Mr. Olds from the time he became involved in electric-power utility regulation that he has been a consistent and tireless fighter for the interest of the consumer. Not only did he work throughout his long career on the New York Power Authority and Federal Power Commission to bring about lower electric-power and natural-gas rates by inaugurating a system of a fair profit based on prudent investment, but he assisted in developing power and natural gas to the ultimate benefit of private-power companies.

We are supporting Leland Olds not only because of his fine work in regulating natural-gas and electric-power rates which are, for the most part, natural monopolies, but because his philosophy is somewhat similar to that of the members of the National Farmers Union. Leland Olds' attitude toward cooperatives, we feel, is entirely consistent with his attempt to give the public electricity at the lowest possible price. We feel as he does that cooperatives are part of the answer to monopoly. Cooperatives give the farmer more of an equality of bargaining power with big business and with Government loans help him to distribute electric power so that real competition in our free-enterprise system is preserved. We feel that both cooperatives and future governmental action is necessary in this age when great corporations often tend to extract as much profit from the consumer as the market will bear. I quote from a resolution passed at the last national convention of the farmers union:

We know from bitter experience that strong governmental action is required to deal with some of the crucial problems of our society. We are not afraid to support such action whenever it becomes necessary. Individual activity, cooperative enterprise, and governmental functions are all necessary in the American economic system * * *. We denounce elected or appointed officials of government who oppose the cooperative movement directly or indirectly. We will seek to turn such officials out of office.

The National Farmers Union, as a general policy, supports the development of public power by the United States Government. We have supported the TVA, are supporting a St. Lawrence Valley Authority, a Columbia Valley Authority, and other developments which will be for the benefit of all the people. And we are opposed to legislation and officials who would undermine our public power policy and hamstring the regulation of private power companies.

During the time that Leland Olds has been a member of the Federal Power Commission, enormous savings in utility rates have accrued to the American people. Over \$1,000,000,000 of water has been taken

out of utility stocks and on an accumulated basis rate reductions had by the end of 1948 amounted to \$269,000,000. In some instances rates were reduced from one-third to one-half of their former level.

We are told that perhaps even more important than these dollar reductions to American consumers has been the substitution of the fair return on the investment formula for the fair value formula. I understand that the fair value formula means that a utility can charge all that the traffic will bear. And that the investment formula means that the utility is entitled to 6½ percent on the actual dollars invested. It is readily seen why the latter formula is more fair to the consumer in situations where a natural monopoly exists. Because if there is no competition, and this is generally true in the utility field, the utility company can jack up its rates to a point where they are exorbitant.

Leland Olds has been opposed because members of certain regulatory bodies claim that he was attempting to trespass on jurisdictions which properly belong to them. Yet, the record of his administration of the Natural Gas Act would seem to indicate that he has been very conservative in applying Federal regulation to new firms. Although the act was passed in 1938, not until the United States Supreme Court decision in the Interstate case in 1947 did Mr. Olds come around to the conclusion that sales at gathering points of natural gas which was destined for interstate commerce should be subject to Federal regulation. Furthermore, Mr. Olds together with Commissioner Draper had about this time concluded an exhaustive natural gas investigation which contributed, no doubt, to his decision that sales in the first instance of gas destined for interstate commerce came under the jurisdiction of the Natural Gas Act.

It would appear that Olds finally interpreted the Natural Gas Act somewhat in the same manner as Chief Justice Vinson when he wrote the decision in the Interstate case. In this case, the Chief Justice pointed out that the courts had held that the regulation of wholesale rates of gas moving into interstate commerce were beyond the constitutional power of the State and that the basic purpose in passing the Natural Gas Act was to occupy this field in which the Supreme Court had previously said that the State may not act. The Court added that the regulation of sales of a commodity which finally enters interstate commerce is predominantly a matter of national and not local concern.

Whether or not the Congress amends the Natural Gas Act we have no doubt that Leland Olds will continue to sincerely administer the law. As pointed out above, it would seem that he has been slow to venture into new fields and we have no doubt that if Congress exempts independent gas companies from Federal regulation that Olds will conscientiously carry out the wishes of Congress.

In conclusion, we urge the members of your committee to report favorably on Mr. Olds' nomination. We do not think the criticisms made against him are worthy of serious consideration. He is an honest and sincere public servant. His long and distinguished career indicates that he has worked tirelessly to protect American consumers from monopolistic corporations and to conserve and develop water power and natural-gas resources for the benefit of all the people.

Senator JOHNSON. Thank you very much, Mr. McDonald.

Mr. McDONALD. Thank you, Mr. Chairman.

Senator JOHNSON. Mr. William Houston?

(There was no response.)

Senator JOHNSON. William A. Roberts? Does anyone have any information on them?

(There was no response.)

Senator JOHNSON. Is Mr. Proctor here?

(There was no response.)

Senator JOHNSON. I would like to notify the following witnesses who have asked to appear that we will meet in this room at 8 o'clock and we will reach as many of them as possible.

Mr. Thomas C. Buchanan, Mr. Claude L. Draper. I will try to finish with them before 6 o'clock.

Dr. R. N. Richardson, Lawrence Hagy, J. T. Sanders of the National Grange, Miss Anne X. Alpern, Mr. David M. Proctor, Mr. Raymond J. Kelly, O. C. Bailey, W. H. Echols, Guy Warren, William N. Bonner, W. A. Kirkland, James A. Upham, Russell B. Brown, Leon Halden, Sherman White, Raymond Dillard, and Hayden W. Head.

Mr. Claude Draper, will you come forward, please. Proceed as you may choose, Mr. Draper.

STATEMENT OF CLAUDE L. DRAPER, COMMISSIONER, FEDERAL POWER COMMISSION

Mr. DRAPER. Mr. Chairman and members of the committee, my name is Claude L. Draper and I have been a member of the Federal Power Commission since 1930, having been initially appointed by President Hoover. I represent myself, and I request the privilege of making an unsolicited statement in behalf of Leland Olds who has been nominated to succeed himself as a member of the Federal Power Commission by President Truman.

I feel obliged to volunteer this statement because I know, from personal observation of his character and accomplishments during the past 10 years, that he possesses the qualifications that are essential to the proper performance of the duties incumbent upon a member of the Commission.

I desire to preface this statement with a brief review of my own experience in the field of public utility regulation. Since 1919 I have devoted such efforts and capabilities as I have to the administration of public utility regulatory laws. For more than 10 years I was a member of the State board of equalization and the Public Utility Commission of the State of Wyoming, serving as chairman of those bodies for most of that time. Since 1930 I have been a member of the Federal Power Commission, actively participating in its work and its deliberations. For the last 10 years I have been intimately associated with Leland Olds, during his tenure of office as a member and as Chairman of the Federal Power Commission. His reappointment is now under consideration by this committee. I therefore feel that I am in a position to, and that I should, inform this committee concerning his qualifications as a Commissioner.

Mr. Olds has been one of the most diligent and tireless workers whom it has ever been my privilege to know in the regulatory field. He is the type of public servant needed on regulatory commissions. Because of his many years of conscientious study and application in

this field, he is an authority on public utility regulation and has a proper appreciation of the duties and responsibilities entailed by the administration of regulatory authority. Moreover, he has exhibited rare courage in the discharge of his public duties. In fact, his unswerving fidelity to his responsibilities has at times led to criticism of him in some quarters. But such criticism, particularly when appraised in the light of its sources and motives, is obviously a testimonial to his qualifications.

I have on occasions disagreed with the position taken by Mr. Olds on issues decided by the Federal Power Commission. But such differences have been honest differences, and have found expression in the majority and minority opinions of the Commission. At all times I have been impressed by his fair, unbiased, and unprejudiced approach to the problems with which the Commission has been confronted.

It is well known that Mr. Olds has played a conspicuous part in the effective work of the Federal Power Commission, the results of which have been of inestimable value not only to the public but to the electric and gas utilities themselves which are today in the best financial position in their history. It is indeed strange to me that criticism should be expressed of the Commission's policies, vigorously championed by Mr. Olds, in view of the widespread recognition that the strong financial position of the electric and gas utilities today is due in part to activities of the Commission in bringing about large-scale financial and accounting rehabilitation of a substantial segment of the industry. Financial writers, utility representatives, and financial houses have commented on the favorable position of electric and gas companies in the security markets and have urged the purchase of their securities because they are nearly depression proof and have excellent earning prospects under regulation. If financial men so regard the results of the Commission's regulatory policies, the praise and endorsement of these securities is but a further tribute to the actual merit of the work which Mr. Olds has so actively fostered.

In short, I do not know of a single honest reason which would justify unfavorable action on Mr. Olds' appointment. Few men have made a more creditable record in the discharge of their public duties, or done more to inspire public confidence in regulatory bodies. I know of no one better fitted for the post for which he has been nominated. Therefore, without hesitation, I respectfully urge an early and favorable report by this committee on Mr. Olds' nomination.

Senator JOHNSON. Thank you, very much, Mr. Commissioner.

Mr. DRAPER. Thank you.

Senator JOHNSON. I am glad you took the time to come and give us your views. Thank you very much.

Mr. DRAPER. Thank you, sir.

Senator JOHNSON. Mr. Buchanan.

STATEMENT OF THOMAS C. BUCHANAN, COMMISSIONER, FEDERAL POWER COMMISSION

Mr. BUCHANAN. My name is Thomas C. Buchanan and I am a native of Beaver, Beaver County, Pa. I am a member of the Beaver County Bar, of the bars of the Superior and Supreme Courts of Pennsylvania,

of the Federal District Court for the Western District of Pennsylvania, and of the Supreme Court of the United States. I am a member of the Pennsylvania and the America Bar Associations; senior member of the law firm of Buchanan, Wallover & Barrickman, on leave of absence; formerly a member of the Public Service Commission of Pennsylvania, and of the Pennsylvania Public Utility Commission, for a combined period of 9½ years; and was coreceiver of the former Pittsburgh, Shawmut & Northern Railroad Co.; presently, I am a member of the Federal Power Commission and have been since July 14, 1948.

I am appearing before this subcommittee of the Senate Committee on Interstate and Foreign Commerce in behalf of the confirmation of Leland Olds to a third full term on the Federal Power Commission, and to testify publicly as to the integrity, ability, and devotion to public duty of Leland Olds as a member of the Federal Power Commission.

My knowledge of and acquaintance with Mr. Olds extends over the past 10 years. That knowledge derives principally from my membership on the Pennsylvania Public Utility Commission and his contemporary membership on the Federal Power Commission, and it is from this, what might be called professional, approach that I am convinced of his absolute qualifications for this third term on the Federal Power Commission.

Prior to the entrance of the United States into World War II, Mr. Olds, as chairman of the Federal Power Commission and by Executive directive of June 14, 1940, and in cooperation with the National Power Policy Committee and the Advisory Commission of the Council of National Defense, fostered a program for the interconnection and power interchange between systems located in important centers of defense, urged increased capacity of the equipment industry in producing additional generating units, and, in cooperation with the power industry, standardized steam turbine generators. All this was in anticipation that the European and Pacific disasters might eventually reach this Nation. We experienced the results of that program in Pennsylvania, and the merits of that activity were fully proven during and subsequent to the war.

Probably Mr. Olds' outstanding contribution to the regulatory field has been his intense interest in the development of comprehensive river basin improvements covering the fields of flood control, irrigation, electric power development, and recreation, all of which may be summed up in the word "conservation." He is undoubtedly one of the outstanding men of this country in that field.

Likewise, his contribution to public-utility regulation has been noteworthy. History will show that at the time of the enactment of parts II and III of the Federal Power Act in 1935 one of the first orders promulgated by the new Commission was its "uniform system of accounts." This system was inaugurated primarily under the direction of Commissioner and later Chairman Clyde L. Seavey, now deceased. Mr. Seavey's and the Commission's active prosecution of the uniform system of accounts and its requirement that accounting systems of public utilities subject to the jurisdiction of the Federal Power Commission be based upon original cost, and the squeezing out of inflationary items from the rate bases and books of accounts of public

utilities, has contributed not only to the efficiency of the administration of the act itself and a lower cost to the consumer, but likewise has built up the standards of public-utility financing to the extent that security issues of electric public utilities subject to Federal jurisdiction rank close to securities of the Federal Government. That has been accomplished first, as I said, through the activity and zeal of former Chairman Clyde L. Seavey and, secondly, through the equally zealous efforts of Leland Olds as Chairman of the Federal Power Commission when he picked up the reins where Chairman Seavey laid them down.

In my opinion, it would be a tragedy and a disaster if Mr. Olds failed of confirmation. Mr. Olds' service to the United States and to the people thereof has been completely lacking in consideration of himself and of any personal interest. It has been a service in the public interest entirely without exception. It has been a service where his theories of regulation have consistently followed sound accounting principles customarily attaching to conservative private business, but hitherto absent in the public-utility field.

There are two methods of regulation: One is the laissez faire regulation; the other is the application of the law as written by the legislative body to the facts of each case.

Senator JOHNSON. Do you feel that should be spelled "l-a-z-y"?

Mr. BUCHANAN. It could be. Which system is more in the public interest goes without saying. Where the proverbial backscratching reigns, there are only two backs to be scratched, one the public utility and the other the Commission. Indeed it appears that one effect of laissez faire is the assurance of the security of a Commissioner's job in return for favors in regulation.

The second method of regulation looks upon an application filed by a public utility as a request to do something within the law. The only questions raised by such application are whether it does fall within the law and is in the public interest. A good Commissioner will scan an application with that idea in mind. It is this kind of regulation that Leland Olds believes in, and probably it is for that reason alone that he has been so bitterly attacked. He believes that regulation should be within the confines of the law and the public interest and not on the basis of personal whim or private favor. His philosophy of regulation has been a political philosophy of this country since the early days of its history.

As I have said, I have known and observed closely Leland Olds in the discharge of his duties for many years. I have found him to meet fully the qualifications of a good judge and a capable administrator. He listens patiently, considers soberly, weighs wisely, and judges impartially. What more could be desired in a public official?

Senator JOHNSON. Do you really believe that last statement you made?

Mr. BUCHANAN. Yes; I do, very much so. In fact, I would go beyond that.

Senator JOHNSON. You arrived at your conclusion from your daily meetings with him on the Commission?

Mr. BUCHANAN. Yes, sir.

Senator JOHNSON. How long have you been on the Commission with him?

Mr. BUCHANAN. Since July 14, 1948.

Senator JOHNSON. You have been intimately associated with him during that period?

Mr. BUCHANAN. Yes; and before that, of course, I had very close contacts with him as an exchange between the Pennsylvania commission and the Federal commission. In the course of my digging around in connection with this matter, I ran across a little note which I think ought to go into this record. [Reading:]

We have had here in Washington in years past another public administrator, and I just want to draw a parallel between that public administrator, Joseph B. Eastman, and Leland Olds.

Senator JOHNSON. Go ahead.

Mr. BUCHANAN (reading):

Joseph B. Eastman, when he passed away in 1944—

Mr. JOHNSON. Is this a statement of yours?

Mr. BUCHANAN. This is included in my statement.

Senator JOHNSON. Was this your statement?

Mr. BUCHANAN. No; this is not.

Senator JOHNSON. Whose statement is it?

Mr. BUCHANAN. This is just a note that I found in my files and which I picked up.

Senator JOHNSON. Who is the author?

Mr. BUCHANAN. I do not know. It is part of my files. [Reading:]

Joseph B. Eastman, when he passed away in 1944, after 25 years on the Interstate Commerce Commission, was hailed by the press as a model public servant. His character and his work were praised everywhere in the land.

There is a remarkable parallel between the inherent traits, characteristics, and viewpoints of Joseph B. Eastman and Leland Olds, who has been nominated as a member of the Federal Power Commission. Some of them are:

Both Eastman and Olds graduated from Amherst College.

Both were deeply imbued with the idea of social reform and both entered settlement work upon graduation from college.

Both espoused the cause of labor. Eastman represented labor in the Boston strike for 2 years or so, and Olds, after his experience with the War Labor Board, was a labor consultant and writer from 1920 to 1930.

Eastman became a member of the Public Utility Regulatory Commission of the State of Massachusetts, the Commonwealth of Massachusetts; Olds became an important member of the staff of the commission on the revision of the public utility regulatory laws of New York;

Eastman became a member of the Interstate Commerce Commission which regulates chiefly interstate railroads and busses; Olds became a member of the Federal Power Commission, which regulates interstate electric and natural gas utilities;

Eastman was an indefatigable worker, working late at night, Sundays, and holidays; Olds does precisely the same thing;

Eastman became one of the best if not the best informed man in respect to our transportation system; Olds is one of the best if not the best informed man in respect to river-basin development and our electric and natural-gas utilities systems;

Eastman and Olds fought for the underdog; the consumer came first with them. The following description of Eastman by the Wall Street Journal applies with equal force to Olds:

"A watchdog of the public interest and as such earned for himself the reputation of a dangerous radical."

Through the opinions of both men there run "the one clear note of fundamental sympathy for the underdog and also an equally clear note of fundamental fairness."

That was a quotation from the Wall Street Journal on Eastman. Both men were called radicals. Eastman for recommending public ownership of railroads, and Olds for allegedly favoring public ownership of other utilities.

Thus, Eastman said as late as 1934:

"When an industry becomes so public in character that such intimate regulation of its affairs becomes necessary, it would seem that it should cease to masquerade as a private industry and the Government should have complete responsibility, financial and otherwise."

His plan of Government ownership was called state socialism. Olds has advocated public ownership of river-basin developments like Bonneville and the proposed St. Lawrence development. He has not advocated public ownership of the electric and gas utilities. In this respect he is less liberal than was Eastman.

In short, both men could be said to possess unlimited zeal for the public interest, which they consider to be the consumers' interest. Both sought to protect this interest by hard, fearless, intelligent, and fair effort. Only through such effort can that interest be adequately protected from utility monopolies of great wealth.

Olds is needed now on the Federal Power Commission more than Eastman was needed on the ICC during the 1920's and 1930's. And just before his death Mr. Eastman stated his opinion as to the qualifications requisite for a good regulatory commissioner. They are substantially as follows: A good public utility commissioner is a person who has an expert knowledge of public utility systems, the competence to comprehend regulatory problems, and who works hard, fearlessly, and fairly to reach honest decisions in the public interest.

This in my opinion is an excellent description of Leland Olds.

Senator JOHNSON. Do you have any idea who wrote that?

Mr. BUCHANAN. No. I think it is a composite of—well, the last paragraph, for example, is mine, and I have interpolated all the way through here, but I think it is just a composite of notes and matters in the file.

Senator JOHNSON. You found it in your Olds file?

Mr. BUCHANAN. Pardon?

Senator JOHNSON. You found it in your Olds file?

Mr. BUCHANAN. No, this is not an old file. This has been written within the last week or so.

Senator JOHNSON. But you do not know how it came to you?

Mr. BUCHANAN. No, I would not know the exact authorship of it. However, I would subscribe to the whole matter myself. I do not think it needs any matter of authorship.

Senator JOHNSON. Thank you very much.

Mr. William J. Houston? (No response.)

Mr. William A. Roberts? (No response.)

J. T. Sanders? (No response.)

Mr. David Proctor? (No response.)

Raymond Kelly? (No response.)

If the clerk could get them word—does anybody know if they will be here this evening? (No response.)

Mr. Bailey, you want 15 minutes?

Mr. BAILEY. Yes, it probably will not take that long.

Senator JOHNSON. Mr. Echols, 15 minutes. Mr. Warren, 15 minutes. Mr. Bonner, 5 minutes. Mr. Kirkland? Is Mr. Kirkland in the room? (No response.)

James A. Upham? (No response.)

Leon Halden? (No response.)

Sherman White? (No response.)

I think in view of the fact that it may be possible for some of the other members to be here, and it seems that many of the witnesses are

not here and may not be available this evening, I think it the better part of wisdom if the committee takes a recess until 10 tomorrow morning, and those of you who are from out of town and need to get away by noon, if you will inform the secretary immediately upon convening, we will try to give you preference in being called.

It seems there are about 2 hours left to be consumed, and we hope that we can finish the hearing tomorrow, except for such time as the committee may want to spend with the nominee and any other witnesses that want to have an executive session.

So the committee will recess until 10 o'clock tomorrow morning and reconvene in room 318.

(Whereupon, at 6:05 p. m., the hearing was adjourned to reconvene in room 318 on Thursday, September 29, 1949, at 10 a. m.)

REAPPOINTMENT OF LELAND OLDS TO FEDERAL POWER COMMISSION

THURSDAY, SEPTEMBER 29, 1949

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE
ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m., in the caucus room, Senate Office Building, Senator Lyndon B. Johnson presiding.

Present: Senators Johnson (presiding), Johnson of Colorado (chairman of the full committee), McFarland, O'Connor, and Tobey.

Senator JOHNSON. The committee will come to order, please. At this time, I would like to insert in the record a letter from W. W. Nichols, chairman of the New Mexico Public Service Commission, public-utility division, Santa Fe, N. Mex., endorsing Mr. Olds for another term as Commissioner of the Federal Power Commission, and highly recommending his appointment to the committee.

In part, the letter says:

We will also appreciate your having this communication incorporated in the record of the proceedings of your committee when his appointment is under consideration.

The letter will be inserted in the record at this point.

(The letter referred to above is as follows:)

Senator LYNDON JOHNSON,

Chairman, Subcommittee of the Committee on Interstate and Foreign Commerce, Senate Building, Washington, D. C.

DEAR SENATOR JOHNSON: I understand Mr. Leland Olds has been appointed by President Truman for a third term as a member of the Federal Power Commission, but that he has not as yet been confirmed.

It is also my understanding that hearings on his nomination have been scheduled to begin September 27, 1949, before your committee.

We in New Mexico are interested in good regulation of public utilities and feel indebted to Mr. Olds for the assistance he rendered our commission in 1941 when the New Mexico Public Service Commission was first established, in that the service he rendered at that time was of material benefit to us in getting the commission started off in an effective manner.

We have also repeatedly called on Mr. Olds for assistance since that time in matters of regulation which have been most troublesome, and without exception he has given us the proper answers as promptly as time would permit.

We feel he has been and will continue to be a staunch public servant who believes in aggressive regulation in behalf of the public interest. He has been eminently fair in his approach and attempt to reach the right answers in matters of public utility regulation and has been unafraid to render what we believe have been just and reasonable decisions.

We have no hesitancy in endorsing Mr. Olds for another term as Commissioner of the Federal Power Commission and highly recommend his appointment to your committee.

We will also appreciate your having this communication incorporated in the record of the proceedings of your committee when his appointment is under consideration.

With sincere good wishes, I am
Very truly yours,

W. W. NICHOLAS, *Chairman.*

Senator JOHNSON. We have another letter from the International Association of Machinists, signed by A. J. Hayes, the international president, enclosing a statement. I will read the letter into the record and the statement will speak for itself.

DEAR SENATOR JOHNSON: Enclosed please find my statement to the Senate Interstate and Foreign Commerce subcommittee on the reappointment of Leland Olds as Commissioner to the Federal Power Commission. Realizing that you are very busy and with limited time for the reading of all materials, I have necessarily condensed our position for your reading convenience.

The confirmation of Mr. Olds is of vital importance to the International Association of Machinists, and I trust that you will see fit to support and vote for his reappointment to this important position.

The statement submitted by Mr. Hayes will be incorporated in the record at this point.

(The statement referred to above is as follows:)

Mr. Chairman and members of the committee, the International Association of Machinists presents this statement to support and endorse confirmation of Leland Olds for reappointment for a third term as Commissioner of the Federal Power Commission. It is not necessary to go into details about Mr. Olds' record as a Government administrator or his qualifications as Commissioner of the Federal Power Commission. He has appeared before numerous House and Senate committees during his 10 years as a member of this Commission to advise and counsel on the Commission's functions. His qualifications have been carefully scrutinized by this committee on two previous occasions when the Senate was considering his appointment and reappointment in this Commission. His record as Commissioner has been without reproach. His sound administration has always been in the public's interest. His ceaseless efforts as the head of this important Commission has produced a record of consistent protection to the public's interest of the laws it was his duty to enforce.

Specifically, the 600,000 members of the International Association of Machinists and their families endorse Mr. Olds because he has campaigned consistently against exorbitant electric and gas rates. He has protected their interests by forcing greedy utility companies to revalue their accounts, thus lowering the capitalization on which the utility rates are based. During his term in office, the Supreme Court established precedents for fixing actual net investment, and not theoretical replacement cost, as the base for determining electric rates. They have also established cooperative working arrangements under the law to enable State and city utility commissions to borrow competent Federal experts to handle utility requests for rate increases.

Mr. Olds has consistently worked for the development of our river basin developments on the Tennessee Valley Authority pattern. He has lent of his full time and energy to making democracy a useful and respected instrument in the public interest. Typical of this is his vigorous action taken to enforce utility regulations in Kansas City. In 1943, Mr. Olds threw the authority of the Power Commission into a midwestern gas rate fight. As a result, the gas users throughout the Cities Service System in western Missouri and Kansas received refunds totaling up to \$24,000,000. Today, they are receiving the benefit of that rate reduction which amounts to over \$4,500,000 per year.

It is only natural that in his clear record of protecting the interests of the public he has met the opposition of those private utilities who are bent on exploiting the public. Today these selfish interests representing the power lobbies are trying to defeat Mr. Olds' confirmation by the use of the undemocratic methods of smears, lies, and insinuations. Yet, the issue is clear. Mr. Olds is being attacked for his unbroken record of zeal in protection of the American public in the American way. He has proved an honest, capable, and efficient public servant and as such we of the International Association of Machinists respectfully request your full support and vote for his reconfirmation as Commissioner of the Federal Power Commission.

Senator JOHNSON. I am cognizant of the fact that some of the Members of the Senate who have a great responsibility in respect to this confirmation will not have a chance to read everything that has been said or written on the subject. However, I am hopeful that all of them will have available to them the viewpoints of the proponents and the opponents, and all else worth while that may be said on either side by way of oral statements or written statements.

For that reason, at this point in the record, I want to insert an editorial appearing in the Washington Post of September 29, 1949, entitled "Lobby Target".

(The editorial referred to above is as follows:)

Leland Olds, nominated by the President to serve another term as member of the Federal Power Commission, is in danger of being rejected by the Senate because he has had the temerity to oppose the powerful natural-gas lobby. He was known to be an opponent of the Moore-Rizley bill which passed the House but died in the Senate during the Eightieth Congress. He testifies vigorously before the House and Senate Interstate Commerce Committees in opposition to the similar bills before the present Congress. These bills would amend the Natural Gas Act of 1938 in such a way as to remove from regulation of the Federal Power Commission all the independent producers of natural gas—about three-fourths of the industry. The effect would be to deprive consumers of the protection afforded by Federal rate fixing and make them the victims of a price gouge by an already profitable industry.

Mr. Olds has had nearly two decades of experience in utility regulation. He served the New York State Power Authority from 1931 to 1939, when President Roosevelt named him to the Federal Power Commission. On that body, where he has completed two 5-year terms, he has been vigilant in squeezing the water out of utility accounts and vigorous in pressing for gas- and electric-rate reductions. Testifying in his behalf on Tuesday, Ordway Tead, chairman of New York City Board of Higher Education, observed that "if, as some allege, there is a disposition to have men serving on this Commission whose first loyalty is to some lesser private interest, then Mr. Olds is not your man. He has served and will serve one interest only—that of all the plain people of America."

It is clear that there is a disposition, at least among the utility lobbyists, to have men on the Commission whose loyalty is to private interest. This disposition was evident in the opposition to Mr. Buchanan's confirmation as a commissioner as well as in the opposition to Mr. Olds. It was evident in Representative Lyle's despicable and preposterous attempt to smear Mr. Olds as a Red because he worked and wrote for labor unions 20 years ago. The Senate can best demonstrate its own devotion to the public interest by confirming Mr. Olds at once.

Senator JOHNSON. As of now, we have consumed about 4 hours and 40 minutes on this matter. We still have a number of witnesses to be heard. I am hopeful that every witness will condense his statement as much as possible and that each witness will summarize where that can be done. Any extension of remarks that a witness may care to make will be included in the record, if he will submit it to us.

It may be possible for us to hear most of those who desire to appear today. I am hopeful that we can hear all of them.

We will proceed now with our witnesses. Is Mr. William J. Houston, of the American Federation of Government Employees, present in the room?

Mr. HOUSTON. Yes, sir.

Senator JOHNSON. Mr. Houston, will you come forward?

Is Mr. William A. Roberts, an attorney at law with offices in the Transportation Building, Washington, D. C., in the room?

(No response.)

Senator JOHNSON. I should like, if there is anybody here who has any contact with Mr. Roberts, that he inform Mr. Roberts that for the

last 2 days we have called his name. If there is a mistake about his desire to appear, I wish that he would let us know, because we are trying to give him an opportunity. If he is not here now, we will have to proceed with the others.

Is Mr. J. T. Sanders, the legislative counsel for the National Grange, in the room?

Mr. SANDERS. Yes.

Senator JOHNSON. Mr. Sanders, we plan to get to you very shortly.

Is Miss Anne K. Alpern, city solicitor, Pittsburgh, Pa., present?

Miss ALPERN. Yes, I am.

Senator JOHNSON. Thank you, Miss Alpern. I hope that you may follow Mr. Sanders.

Is Mr. David M. Proctor, city counselor, Kansas City, Mo., in the room?

Mr. PROCTOR. Yes.

Senator JOHNSON. And is Mr. Raymond J. Kelly, city counselor, Detroit, Mich., in the room?

Mr. CHARLES RHYNE. Mr. Kelly will not be here.

Senator JOHNSON. Well, do you know if he has a statement for the record?

Mr. RHYNE. He does not have a prepared statement.

Senator JOHNSON. Well, will you inform him that if he cares to submit a statement for the record, we will be glad to have it, and it will be inserted.

Mr. RHYNE. I will, sir.

Senator JOHNSON. Thank you.

Is Mr. Lawrence Hagy, of Amarillo, Tex., in the room?

Mr. HAGY. Yes, sir.

Senator JOHNSON. Are there any other people that are present who want to appear and who will need to get out by noon?

(No response.)

Senator JOHNSON. All right. We will proceed with Mr. Houston. Mr. Houston, we are happy to have you here.

Mr. HOUSTON. Thank you.

STATEMENT OF WILLIAM J. HOUSTON, REPRESENTING AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, WASHINGTON, D. C.

Senator JOHNSON. Mr. Houston, do you have a prepared statement?

Mr. HOUSTON. I do.

Senator JOHNSON. We will be glad to have you give us the benefit of your judgment and recommendations on this appointment.

Mr. HOUSTON. Thank you, Mr. Chairman, very much.

My name is William J. Houston, and I am of Washington, D. C. I might add that I am also a member of the bar of Texas, and I am general counsel of the American Federation of Government Employees, which has a total membership of over 55,000.

I am authorized to speak to this committee on behalf of the American Federation of Government Employees generally and also for the Federal Power Commission Lodge No. 421, of the American Federation of Government Employees, which lodge has a membership of about 350, a little less than one-half the total number of employees in the Federal Power Commission. Lodge No. 421 is the only representative organization of employees now existing in the Commission.

My purpose in requesting opportunity to be heard by this committee is to recommend your favorable consideration of the Presidential nomination of Leland Olds for reappointment as a Commissioner of the Federal Power Commission.

For more than 10 years the officers of the national organization of American Federation of Government Employees and the members of the Federal Power Commission Lodge No. 421 have observed and worked together with Leland Olds as a member of the Federal Power Commission and we have known him to be a man devoted to his work as a public servant to the point that he has sacrificed much of his home life in order to properly and honestly fulfill his duties as chairman and commissioner. He has given of himself unstintingly to the public service and is a man who has constantly imbued those who worked with and for him with the spirit of hard work in the public interest.

We of the American Federation of Government Employees know Mr. Olds to be a true friend of the employees of the Commission whether or not they are members of the AFGE. His friendship has been concretely shown on innumerable occasions in the past by his direct interest in the affairs of the employees and his own personal interest in their problems. Mr. Olds has, on many occasions, been an advocate of promotions from within based on merit and has himself been instrumental in seeing to it that this policy was carried on to the fullest extent possible. He has in many ways succeeded in securing closer cooperation among the employees themselves in the execution of their official duties and thus has brought about a better efficiency of the personnel of the Commission. Mr. Olds' philosophy in this connection was best expressed by himself when in addressing a Christmas gathering of all the employees of the Commission, he stated that it was his desire that all the employees should think of themselves as a family in the Commission, a family just as real as if they were brothers and sisters, for, in his opinion, it is only with such a feeling that the employees and members of the Commission can do their jobs well to the extent that they work unselfishly.

Because, therefore, we know Mr. Olds to be a most capable public official, a true Christian gentleman and public servant, and a man of humanity always having the interests of those associated with him at heart, we trust that he will receive your favorable consideration and that this committee will recommend his reappointment as a Commissioner of the Federal Power Commission.

In addition to explicit instructions from our people to appear as a proponent for Mr. Olds, our lodge, lodge No. 421, has prepared a resolution.

Senator JOHNSON. I have before me the resolution.

Mr. HOUSTON. You do have the resolution, a copy of it?

Senator JOHNSON. Yes, signed by Mr. Albert J. Feigen, the president of lodge No. 421. That is the one you refer to?

Mr. HOUSTON. That is correct.

Senator JOHNSON. Without objection, there will be inserted in the record immediately following Mr. Houston's statement, a letter from the president of lodge No. 421, American Federation of Government Employees, Washington, D. C., and the attached resolution.

Are there any questions?

Senator McFARLAND. No questions.

Senator O'CONOR. No questions.

Senator JOHNSON. Thank you very much, Mr. Houston.

(The letter and resolution referred to above are as follows:)

SEPTEMBER 26, 1949.

HON. EDWIN C. JOHNSON,

Chairman, Senate Interstate and Foreign Commerce

Committee, United States Senate, Washington, D. C.

MY DEAR SENATOR JOHNSON: In accordance with authority extended me by members of Federal Power Commission Lodge, No. 421, American Federation of Government Employees, I am transmitting to you herewith resolution adopted unanimously by members of lodge No. 421 favoring the renomination of Leland Olds as a member of the Federal Power Commission for another term.

Respectfully yours,

ALBERT J. FEIGEN,

President, Lodge No. 421, AFGE.

The officers and members of Federal Power Commission Lodge, No. 421, American Federation of Government Employees (AFL), being fully conscious of the outstanding ability, intellectually and as a public administrator, of the Honorable Leland Olds and his great friendship for this lodge, are collectively and individually interested in the return of Mr. Olds as a member of the Federal Power Commission for another term of 5 years.

President Truman has nominated Mr. Olds for an additional term and the confirmation thereof is presently before the Senate Interstate and Foreign Commerce Committee.

Accordingly, at a special meeting of lodge No. 421, held on July 13, 1949, the following resolution was unanimously authorized, and further, it was directed that copies thereof be sent to the chairman and members of the Senate Interstate and Foreign Commerce Committee and other interested parties: Therefore be it

Resolved, That the officers and members of the Federal Power Commission Lodge, No. 421, desiring the reappointment of the Honorable Leland Olds to succeed himself as a member of the Federal Power Commission because of his outstanding and demonstrated ability as a public official and protector of the public interest, hereby recommends the confirmation of the nomination of Mr. Olds which is now before the Senate Interstate and Foreign Commerce Committee.

ALBERT J. FEIGEN,

President, Lodge No. 421,

American Federation of Government Employees.

SEPTEMBER 26, 1949.

Senator JOHNSON. I wish to say that if there are any witnesses present who desire to be heard and who have not filed a request to be heard with the clerk of the committee, should do so. Are there any such witnesses present who have not yet filed?

(No response.)

Senator JOHNSON. All right. Mr. Sanders, the committee is glad to have you present, and will you proceed with your statement in your own way?

Mr. SANDERS. Thank you.

STATEMENT OF J. T. SANDERS, LEGISLATIVE COUNSEL, THE NATIONAL GRANGE

Mr. SANDERS. Mr. Chairman, my name is J. T. Sanders. I am legislative counsel of the National Grange.

I think, by way of explanation, I shall make a few remarks relative to my experience.

Senator JOHNSON. You have a prepared statement here?

Mr. SANDERS. Yes, sir. I am sorry that I was unable for want of time to mimeograph this statement, Mr. Chairman.

Senator JOHNSON. That is all right. We do not need mimeographs. You may speak, Mr. Sanders, for 10 minutes, and if you need it, you may consume all of that time. The clerk will notify you 2 minutes before the 10 minutes are up.

Mr. SANDERS. Mr. Chairman, I will be through before the 10 minutes are up.

Senator JOHNSON. Well, I just wanted you to have that information.

Mr. SANDERS. I am an economist by profession, and I have taught agricultural economics in Oklahoma Agricultural College for about 14 years and have been a research man in agricultural economics and agricultural matters until about 2 years ago, when I assumed my present duties.

Public utilities in a democracy and a country that is founded on a capitalistic system of free enterprise present a special and very difficult problem. The management and control of businesses of this type in a totalitarian state such as Russia compared with management and control in our country is simple and easy but this simplicity of control in Russia does not insure efficient and highly responsive service such as we obtain from our public utilities.

For such semipublic monopolies we have clung to the plan of granting the highly desirable and necessary monopolistic rights to public utilities, but holding them to the strictest accountability for rendering maximum efficiency of service under the strictest of public supervision and for rendering these services at the lowest possible profitable price.

This delicate balance of monopolistic operation of a free enterprise is one of the most difficult tasks in a well-ordered democracy. There is the constant irritation and selfish interest of management arising out of control clashing with the interest of the public to prevent monopolistic abuses. This requires of the public control personnel great skill, wisdom, and objectivity, but above all, a great sense of fairness and the highest degree of integrity.

Leland Olds, the National Grange believes, has demonstrated for many years these qualities of necessary ability, integrity, and efficient sympathetic understanding of both the public and the private interest in his official work in the dealing with public utilities.

We believe he is outstanding in this respect; and that any criticism that may be presented to the contrary reflects more on the critic than on Mr. Olds.

Without such important high order of public service as Mr. Olds has given, the public would be impelled to take one of two undesirable courses. We would either have to take over the complete ownership and management of all monopolistic or semimonopolistic public utilities, or we would have to allow them to remain in private ownership and suffer all the consequences of uncontrolled monopoly. Either course would greatly endanger our private enterprise system as a whole and our democracy. Neither the management of utilities nor the general public can afford to permit either of these two undesirable courses to be taken. We must have honest, fair, and efficient control.

In this sense the service of wise, fair, dependable supervisors such as that rendered by Leland Olds is of great importance in preserving our democratic and free enterprise system.

It seems to the National Grange that the utilities themselves would be the first and strongest supporters of such service as Leland Olds has officially rendered if they take a long-time unselfish view.

For decades past the National Grange has stood out strongly in favor of public ownership, development, and conservation of our great natural water-power resources. It is our conviction that the full interest and welfare of all our citizenry and our Nation demands that the public retain ownership of these resources and develop them in a coordinated way. We know of no more effective advocate and protector of this policy than Leland Olds has been for years; and because of this, in part, the National Grange recommends, without reservation, that his reappointment by the President to a third term on the Federal Power Commission be confirmed at the earliest possible date.

In connection with our endorsement of Mr. Olds, I would like to insert, with your committee's permission, at this point, a copy of a letter sent us through Grange channels from the former master of New York State Grange and who, for 10 years, was chairman of the executive committee of the National Grange, Mr. Fred J. Freestone.

Senator JOHNSON. Without objection, the letter will be inserted in the record at this point.

Mr. SANDERS. The letter, Mr. Chairman, should have been on a letterhead, I am sorry.

Senator JOHNSON. That is not necessary, Mr. Sanders.

Mr. SANDERS. I can supply a copy of the letter.

Senator JOHNSON. Well, that is not necessary; you have identified it.

Mr. SANDERS (reading):

I note that the Committee on Interstate and Foreign Commerce—

Senator JOHNSON. Mr. Sanders, you are reading the letter into the record. You do not want it inserted; you want to read it?

Mr. SANDERS. Yes, sir; I should have said that. Is it all right to read it?

Senator JOHNSON. It is all right. You may go right ahead and read that letter.

Mr. SANDERS (reading):

I note that the Committee on Interstate and Foreign Commerce is considering the nomination of Commissioner Leland Olds for reappointment to the Federal Power Commission. In view of my personal knowledge of Mr. Olds' public service over a considerable period, I hope I may properly write you in this connection.

From 1928 to 1936 I was master of the New York State Grange and from 1932 to 1942, chairman of the executive committee of the National Grange. Since its creation in 1931, I have served as a trustee of the Power Authority of the State of New York, and during this entire period Mr. Olds and his work have been well known to me, both in his capacity as executive secretary of the power authority and as a member of the Federal Power Commission. No one could observe Mr. Olds' work as I have for so many years, without recognizing his exceptional ability and his sincere devotion to duty in the best traditions of our public service. His effective work for rural electrification and for the development of our water-power resources, to extend improved electric service for the benefit of consumers on farms, homes, and in urban areas alike, has been of immense value to all our people.

I consider his confirmation for reappointment to the Federal Power Commission most desirable in the public interest, and I am confident a review of his outstanding public service will lead to this result.

That was a letter under date of August 21, 1949, from Fred J. Freestone, of the Power Authority of the State of New York.

In closing I would like to express our appreciation for the committee's permission to give our views on Mr. Olds. We consider it a

rare privilege to give your committee our wholehearted endorsement of him. We trust that your committee will give its unanimous approval at an early date.

That concludes my statement, Mr. Chairman.

Senator JOHNSON. Thank you, Mr. Sanders. The committee is glad to have heard you. Are there any questions?

Senator McFARLAND. Mr. Chairman, I want to apologize for being late this morning and for not being able to be present yesterday. I was interested in legislation on the floor, to the extent that I just had to be there, and I probably will have to be there this afternoon.

However, I want everyone to know that I am going to read Mr. Olds' testimony very carefully and the rest of the testimony of these hearings; I will give it all my careful study, the testimony that has been given, as well as the testimony of any witnesses that may appear this afternoon, in my absence.

Senator JOHNSON. Do you have questions, Senator O'Connor?

Senator O'CONNOR. No questions.

Senator McFARLAND. I do not have any questions.

Senator JOHNSON. Thank you very much, Mr. Sanders.

Our next witness is Anne K. Alpern, city solicitor of Pittsburgh, Pa. Miss Alpern will have 10 minutes.

STATEMENT OF ANNE K. ALPERN, CITY SOLICITOR, PITTSBURGH, PA.

Senator JOHNSON. Miss Alpern, I understand that you are going to speak in behalf of the nomination. Will you proceed with your statement in your own way? Do you have a prepared statement?

Miss ALPERN. I do not, Senator.

Senator McFARLAND. You are just going to talk off-the-cuff?

Miss ALPERN. That is right. I appreciate the opportunity to be here.

I am city solicitor of Pittsburgh, Pa., which is a position equivalent to the position of corporation counsel in other cities.

Senator JOHNSON. You have appeared before our committee before.

Miss ALPERN. Yes, I have appeared in connection with the Rizley bill, in opposition to it, and also in opposition to the Kerr bill. I believe that this is inextricably tied up with those bills, this hearing regarding Mr. Olds' nomination.

Senator McFARLAND. If I may interrupt, I want to say, Mr. Chairman, that as far as I am concerned there is no connection between the two at all. I would not let it be said that any differences of opinion upon one subject would persuade me to be either for or against a man—that is another subject altogether.

Senator JOHNSON. Well, Miss Alpern is simply expressing her views.

Senator McFARLAND. I know, but I wanted to state my position as far as I am concerned.

Senator JOHNSON. You may proceed, Miss Alpern.

Miss ALPERN. I am heartened to hear you say that, Senator, that you do not believe that there is any connection. I have noted that those who were interested in the Rizley bill and in the Kerr bill—I have come to the conclusion that those interested in those bills are

the ones who are against Mr. Olds. If that is not a correct conclusion, I would be very happy to know it.

Senator McFARLAND. Again I say that I do not believe that those who were for the bill were against Mr. Olds or, vice versa, that those who were against the bill; and I am just giving you my own attitude in regard to the matter. I do not believe there is any connection.

Miss ALPERN. Of course, I have come to my conclusions from noting that Senator Kerr and Congressman Lyle, who were sponsors of the bill, were here against him; and when I went up for the nomination of Thomas Buchanan of Pennsylvania, which I did because the same interests were involved, it was the same. If I am in error, I would be delighted to find that was the case.

Senator McFARLAND. Well, you must remember that the committee voted Mr. Buchanan out, yet we knew what his attitude was on those bills.

Miss ALPERN. Yes, and the people of Pennsylvania were extremely grateful for that nomination, just as I believe that the people of the whole country will be grateful, after they see the performance of Mr. Buchanan.

Senator McFARLAND. Yes, and I think that our vote on Mr. Buchanan's nomination clearly demonstrates that we will also give Mr. Olds' renomination very careful consideration, and will not confine it solely to his stand on any particular thing. Of course, you cannot judge a man on one thing, you have got to judge him on everything.

Miss ALPERN. A man has to be judged, in my opinion, on his performance; and, of course, my position in behalf of Mr. Olds is based entirely upon his performance as a member of the Federal Power Commission.

As the city attorney of Pittsburgh, I have handled a great deal of utility litigation in the 7½ years that I have occupied my position, and I know only too well the problem of the consumers, and the difficulties they have in fighting the large utilities.

I know the real efforts involved in keeping down the consumer's rates and, at the same time, allowing the utilities a fair return on their investment.

The extraordinary achievement of Mr. Olds, in my opinion, has been his ability to keep the rates of consumers down by saving \$50,000,000 for the consumers and, at the same time, keeping the utility industry so vital that never in the history of the electric industry or the gas industry have the stocks been as attractive to investors, and never have the returns been as good as today.

Now, a man who can combine regulation in that fashion, so as to achieve a saving of \$50,000,000 to the consumer and at the same time secure the highest returns to the investors in the utility field, is performing a very vital service. It is for that reason that I think his ennoblement takes on aspects of real national importance.

Mr. Olds was instrumental in bringing about the prudent investment theory which was adopted by the Supreme Court of the United States in the Hope Natural Gas case.

Those of us who live in jurisdictions like Pennsylvania, where they adhere to the fair-value theory, where reproduction cost is test, instead of the prudent investment theory, know what a real landmark that is.

Under the prudent investment theory the utility receives a fair return on its actual cost of business. Under the reproduction-cost theory, they cover a great many spurious figures based not upon actual

cost, but upon theoretical, synthetic costs for reproducing, costs which they figure for reproducing systems that will never be reproduced, in actual fact.

In a case that I personally handled in Pittsburgh, one of the reproduction elements was the cost of a vice president's car that did not exist—I am just exemplifying the type of testimony that has been used to bring about high rates to consumers in the country.

So, for that one landmark alone, for pioneering the prudent investment theory, Mr. Olds should be recommended and should be confirmed by this committee.

But that is not all. As a member of the Federal Power Commission, he was also instrumental in bringing about the classified system of accounts, that has meant so much to the consumers in the country.

This classified system of accounts, or unified system of accounts, was difficult to bring about because it was resisted by the industry for years. It has now become common practice.

Along that line, I have been interested in seeing certain excerpts in the Wall Street Journal and in the Iron Age, excerpts telling of the salutary effect of the system of accounts brought about by Mr. Olds and the other members of the Federal Power Commission.

The Electrical World, which, for example, is certainly a conservative organ of the industry, says in an editorial dated December 8, 1944:

At no time in the past 20 years has the electric utility industry of this country been in as sound a position financially as it is today.

Again, Mr. John F. Falvey, in the Wall Street Journal of March 14, 1945, states:

The fundamental position of the electric utility industry has been strengthened by the Federal Power Commission's program of eliminating intangible items and write-ups from the property accounts of many companies, and by progress made by the Securities and Exchange Commission in unravelling the complicated corporate structure of utility holding company systems.

Likewise, in Moody's Bond Survey, September 9, 1946, we find this statement:

The record of the industry's improvement includes, among other things: * * * (7) large-scale accounting rehabilitation. The record also reveals regulatory insistence in recent years upon balanced capital structures, increased depreciation, sinking funds, dividend restrictions, and modernized bond indentures. The results have been constructive, and a growing number of electric utility bonds now outstanding unquestionably satisfy the requirements of conservative long-term investors.

If one looks at the earnings of the utility companies after these reforms had been instituted and sees how they compare with the blue-chip companies of this country, such as A. T. & T. and Pennsylvania Railroad and all the large interests, one sees that the public utilities have fared more favorably under the regulation of the Federal Power Commission; and the more one looks, the more one realizes how important these reforms have been.

Now, what concerns me about Mr. Olds is not so much the fate of the man. I only know him in connection with my work on behalf of the city of Pittsburgh, appearing before the Federal Power Commission.

What concerns me is the fact that what really is involved here is the conservation of a very important national resource.

This is a very wasteful country, in many ways. We have to have programs of soil conservation, because we have been so wasteful of

our soil. We have to have legislation against strip mining because we have been so wasteful.

We have been so profligate in handling our national resources that we cannot, we dare not, be wasteful about our public servants. There are not enough good public servants in this country.

It is difficult enough to find an able man and a man of intelligence and training. It is extraordinarily difficult to find a man of integrity. It is a real feat to find an industrious man.

Then, when you are able to find a man of vast experience, industry, and integrity, you do not jettison him.

He is a national resource which we must keep: and the consumers of this country have a very vital interest in men like Leland Olds, and in seeing that they are retained in public service, because I sincerely believe that democracy flourishes when men of this caliber are in high administrative positions and administer the laws of our country, so that capital can prosper and so that consumers can be protected.

I think it is very significant that, before the fight on the Rizley bill and the Kerr bill began, nobody attacked Mr. Olds. He was confirmed for the Federal Power Commission for two terms, in this Senate.

The theory of trial by jury and the theory that a man should be placed only once in jeopardy of his life is a very well recognized theory; a man should not be placed in double jeopardy before Senate committees all of his life. His qualifications should be passed upon and ruled upon and determined once and for all—there should be no double jeopardy.

Senator JOHNSON. When was the Rizley bill considered by the Congress?

Miss ALPERN. Two years ago.

Senator JOHNSON. Is that the first time it was considered?

Miss ALPERN. That was the first time that the Rizley bill was up; yes. I testified 2 years ago, when the Rizley bill was here; that was before the Kerr bill.

Senator JOHNSON. The committee records indicate that Mr. Olds' confirmation was in 1944, and that the vote of this committee—and some of the present members of the committee, I believe, were then members and then voted for confirmation in the subcommittee 3 to 2.

Now, I understood you to say that there had been no protest before consideration of these bills that you mentioned.

Miss ALPERN. Well, I am talking in terms of the protests regarding taking him out of public office. I knew, of course, that when Mr. Olds came up for confirmation before the Senate before, that there was a protest. However, at that time the protest was from those people who knew of his record in connection with administering public utilities in New York City and who, as the result of that, opposed him, just because they knew that he was always dedicated to public service—he was just as much dedicated to the public service as a street is dedicated to public use.

Senator JOHNSON. Let the record show that I misunderstood Miss Alpern. I understood her to say that on the previous confirmations there had been no protests; and my information on the subject has indicated that in the committee at that time there were protests, and that the committee recommended Mr. Olds' confirmation by a vote of 3 to 2.

Miss ALPERN. That is right, Senator, but I meant that at that time they were not raising any of those questions that they are now; but

they were not raising any real question as to his integrity and his ability to serve this country, except at the time of his first confirmation. That, of course, I knew about.

Senator O'CONOR. May I ask a question?

Senator JOHNSON. Senator O'Conor.

Senator O'CONOR. I certainly have been impressed by the intelligent and forthrightness that you have displayed, but I am quite interested in one observation that you have just made, the remarks as to the double jeopardy.

Now, capable lawyer as you are, and understanding legal principles, you would not contend to this committee, would you, that we, this committee, could justify ourselves in approving a nominee—assuming, you understand, that this is only for the sake of discussion, that there is no connection with the present case, necessarily—you would not feel that a committee would be justified just because they felt that a man was fit merely because a prior committee had said that he was?

Miss ALPERN. No; I would not think so, Senator.

Senator O'CONOR. The new committee should consider the man on its own. Then, therefore, does your analogy of double jeopardy hold good, assuming, for the sake of discussion only, that his prior attitude means expression of views and general qualifications might not have been known—I am not indicating any connection with the present case, I am just taking it in the abstract—would you feel that any Senate committee would be performing its full duty in passing a nominee merely because a prior Senate committee had done so?

Miss ALPERN. Well, may I answer that this way?

The attack that is being made upon Mr. Olds is not being made upon any information that was developed since he became Federal Power Commissioner. You have the same identical set of facts before you now that were before the other committee of the Senate.

Now, it seems to me that a Senator cannot very well say, "I was busy that day," or "I was not in the room," or "I did not attend all of the hearings."

Senator, we are talking about a high public office, an office of great public importance.

Senator O'CONOR. But suppose that the Senator was not a Member of the Senate at that time, but has since come into the scene. He is called upon to discharge his obligations and to live up to his oath, and to pass upon questions as of today, and not because of something that happened a couple of years ago.

I am trying to depart from the present individual, I am talking about the principle involved—whether your application of double jeopardy applies at all?

Miss ALPERN. My principle of double jeopardy applies, to this extent, that you have the same set of facts now as then. There is nothing new. And he has been in the Federal Power Commission, and nothing has come up that is new; nothing is involved but the same set of facts. They have been brought up here, they have been hashed and relashed and regurgitated. I think it is unfair.

Senator JOHNSON. I think I might say at this point, Senator, that complete copies of the hearings in 1944, as well as these hearings in 1949, and the facts presented through thirty-odd witnesses, both proponents and opponents, will be made available to every member of

the full committee. The Senator will be in a position to judge all of the facts presented and the conclusions reached.

Senator O'CONNOR. Well, the only point that I mentioned, and I come back to it again, is I do not think that this committee ought to be estopped from going into the matter thoroughly, regardless of what the outcome may be. It may even be for the benefit of the nominee. I do not think that the committee should be estopped by what a prior committee has done, because it is our sworn duty to pass on this question now, irrespective of what any committee has or has not done.

Miss ALPERN. Yes; but I would like to point out this, too, that I think you should be highly skeptical of the attacks upon Mr. Olds when you consider them, just as the other Senate was skeptical. They found the attacks to be untenable or why else would they have confirmed him, unless they were skeptical of those attacks? Now, there are no new facts, and he has served in the Federal Power Commission, and if he is attacked again on those same facts, then I think it is a double jeopardy upon his character.

Senator McFARLAND. Mr. Chairman, I would like to say a word.

Senator JOHNSON. Senator McFarland.

Senator McFARLAND. I would like to say to Miss Alpern this much:

I do not suppose that you were here yesterday, but the evidence presented yesterday was not thoroughly gone into in the last confirmation. Of course, it may have been gone into somewhat by the subcommittee, but it was during the war and I did not know about it, and I was a member of the committee. Of course, at that time I was a member of six committees, and we were very busy trying to win a war and certainly I am not going to preclude myself, and I do not think that any member of this committee should, from considering everything that comes before us, including your testimony. You did not appear here before, but just because you did not is not going to keep me from considering your testimony. Regardless of whether or not testimony has been given before, if I do not know about it, I want to hear it.

Senator JOHNSON. I wish that members of the committee would keep in mind that the original hearings will be available to them. The hearings of 1944 can be consulted and you can draw your own conclusions as to whether, for example, the same charges were made then as now. You will have available the testimony of about 30 or 35 witnesses, that we have heard, and we have about 18 more to be heard.

In fact, we spent several hours yesterday; and today we want to get the benefit of Miss Alpern's recommendations and views, so that every Member of the Senate may read them. However, if we spend our time considering what happened in 1940 or 1944, we will never get through. Proceed, Miss Alpern.

Miss ALPERN. Well, I hope that the Senators will ask me some questions, because I think the only way by which anyone has an opportunity to present a point of view is through questions.

It is significant that the minority members of the Commission in 1946, when Mr. Olds decided to resign as Chairman of the Federal Power Commission, presented him with a testimonial, and in this testimonial they expressed their appreciation of the work performed by Mr. Olds as a member of the Federal Power Commission.

That is apparent from that testimonial of December 1946, when they said:

It is good to know, however, that you will continue to serve this Commission and the broad public interests it represents. With sincere expression of our highest esteem and affection, we are—

and it is signed by the Commissioners of the Federal Power Commission.

Apparently, at that time, the members of the Federal Power Commission were persuaded of the ability of Mr. Olds to perform his duty in an extraordinary fashion.

I believe that the change of heart that has come about has been due to the Rizley bill and the Kerr bill.

I may state that I am past president of the National Institute of Municipal Law Offices, which is an organization composed of members from about 500 cities in the United States, and through which city attorneys have appeared before the Congress of the United States in opposition to the Rizley bill and the Kerr bill. So we are very familiar with this fight and its implications.

I feel that the stand of Mr. Olds in connection with the Rizley bill or the Kerr bill should not be determinative of his right to sit as a Federal Power Commissioner, not because of his interest in sitting on that job but because I think that we, as consumers, are entitled to the protection afforded by a man of such vast experience and such extraordinary ability and such unusual application and integrity.

It is for that reason that I am here. I believe his confirmation is extremely important to the public because, if public servants ever get the impression that the point of view that they take on legislation will keep them from being renominated, you can well imagine what that would do to our public servants in this country.

Courage is not implicit in public service. It is very difficult to be a courageous public servant. The courageous ones are the ones who are decapitated, the ones who are amenable, the ones who go along, those are the ones who have no difficulty with their confirmations.

That is why I think this confirmation is so very important not only in connection with utility matters which are important in themselves but in connection with the whole problem of public service.

I believe that, inevitably, if you do not confirm Mr. Olds, that men in high positions will be fearful of being courageous; they will be fearful of taking a stand; they will be fearful of expressing themselves for fear of being accused uneven in their decisions; and they will be fearful of coming up before committees and expressing their honest convictions as to what is or is not harmful to the public welfare.

A man in high public office must be left untrammelled; he must be able to express his convictions for the people he represents; he must not be in terror of any retribution which he and his family may suffer as a result of his integrity and honesty in his position.

Senator JOHNSON. Miss Alpern, you have consumed the time allotted to you. Are there any questions?

Miss ALPERN. Well, Senator, my time has been divided a little unequally between me and the members of the committee.

Senator JOHNSON. The time spent in asking questions and your answers has not been counted.

Miss ALPERN. Well, I am practically through.

Senator JOHNSON. However, do you have something else?

Miss ALPERN. Yes.

Senator JOHNSON. You may proceed, Miss Alpern.

Miss ALPERN. I was just trying to finish as quickly as I could, Senator Johnson.

I will say that the ultimate effect on public service is so terrifically important—the effect of this nomination—that you must consider that aspect also in considering the qualifications of Mr. Olds; and, beyond that, we, the consumers of the country, have a great deal of difficulty in fighting utility matters—we do not have the money; we do not have the staff—we need men like Mr. Olds.

As a member of the electric and gas committee of the National Institute of Municipal Law Officers, we have conferred frequently with the Federal Power Commission, and we conferred with Mr. Olds, and we know how anxious he was to assist the cities of the country and give them the benefit of his experience.

I think the cities of this country would lose a real source of strength and power in fighting their utility matters if Mr. Olds were removed from the Federal Power Commission.

I want to thank this committee for the opportunity of being heard, and I want to stress the importance of this confirmation, not only in connection with the specific job that he has handled so well but also in connection with all men in high public offices—men of ability and courage—who will be heartened by this reconfirmation.

It takes courage to take a position against strong interests in this country.

Senator JOHNSON. Are there any questions, Senator McFarland?

Senator McFARLAND. No; no questions.

Miss ALPERN. I would like, Senator, to introduce in the record this resolution I referred to by the minority members of the Federal Power Commission in 1946.

Senator JOHNSON. Without objection, the resolution of 1946 will be incorporated in the record.

Senator McFARLAND. In my opinion the city of Pittsburgh has been very well represented by you, Miss Alpern.

Miss ALPERN. Thank you.

Senator JOHNSON. Are there any questions, Senator O'Connor?

Senator O'CONNOR. No.

Senator JOHNSON. Then we will proceed to the next witness.

(The resolution referred to reads as follows:)

LELAND OLDS

In expressing our appreciation of the work you have performed during the years you have served as Chairman of the Federal Power Commission, we fully realize that these sentiments are shared by all who are aware of the time and energy you have devoted to the task of making effective the acts of Congress under which this Commission operates.

Your desire to be relieved of the administrative responsibilities in connection with the chairmanship of this Commission is understood. It is good to know, however, that you will continue to serve this Commission and the broad public interests it represents.

With sincere expression of our highest esteem and affections, we are,

Yours very cordially,

NELSON LEE SMITH,
CLAUDE R. DRAPER,
RICHARD SACHSE,
HARRINGTON WIMBERLY,
Commissioners.

DECEMBER 1946.

Senator JOHNSON. We will now hear from David M. Proctor, city counselor, Kansas City, Mo. Before you begin, Mr. Proctor, I want to say that I have no desire to take the time of any witness away from him; that is, the time consumed in questions and answers with committee members will not be counted in the time allotted you.

STATEMENT OF DAVID M. PROCTOR, CITY COUNSELOR, KANSAS CITY, MO.

Senator JOHNSON. I understood that a representative of yours asked for 10 minutes prior to your statement. Two minutes before the end of that 10 minutes you will be notified. I say that not only for your benefit but for the benefit of some 18 or 20 others who are here and who would like to make their personal appearances. If some witnesses take more time than others, we will ask him to be considerate and tolerant, but we do want them to know what the schedule is.

Now, proceed in your own way, Mr. Proctor.

Mr. PROCTOR. Senator, I have no prepared statement. I wish to say that I am presently and have been for several years city counselor of Kansas City, Mo., and I am here to represent at this hearing the administration of Kansas City.

Senator JOHNSON. That is, you represent the mayor and the city commission?

Mr. PROCTOR. The mayor and the members of the council.

Senator JOHNSON. Are you representing the same group that was before the Interstate and Foreign Commerce Committee upon the legislation that Miss Alpern referred to, in which she also appeared?

Mr. PROCTOR. That is correct, Mr. Chairman.

I take pleasure in recommending Mr. Olds for confirmation. In fact I wish to urge this committee after careful consideration, if need be, to recommend his confirmation by the Senate.

My opinion of Mr. Olds is based entirely upon his official letter.

Several years ago there was instituted a proceeding known as the Federal Power Commission versus the Cities Service Co., which involved natural-gas rates in four States—Missouri, Kansas, Oklahoma, and Nebraska.

As a result of that proceeding, which went through all the courts, the order of the Commission was sustained by the Circuit Court of Appeals for the Tenth Circuit, and certiorari was denied by the Supreme Court.

Senator McFARLAND. Mr. Chairman, if I might just interrupt a minute.

I wonder if you would want to shorten the testimony and get into something a little bit new. I believe you presented those same things before, and we could make that testimony, as far as this matter is concerned, a part of the testimony here.

Mr. PROCTOR. All right. However, I think I can conclude my remarks in just a sentence.

Senator JOHNSON. You just proceed.

Mr. PROCTOR. I just wanted to give you the background.

Senator JOHNSON. Yes.

Mr. PROCTOR. As the result of that proceeding there was impounded \$24,000,000 plus; and at the termination of the litigation that money

was turned back to the consumers; Kansas and Missouri received the lion's share, and Kansas City, Mo., received about \$8,000,000.

Naturally, therefore, the city administration of Kansas City and the people generally of Kansas City, Mo., are highly commendatory of the Federal Power Commission as an agency of the Government, and the personnel of its membership, including Mr. Olds.

Senator JOHNSON. That applies to the full membership of the Commission?

Mr. PROCTOR. Yes. I do not think that the general public knows one from the other; but they do know that Mr. Olds is on the Federal Power Commission.

Here is a thing that happened that I think this committee should bear in mind:

About the time that this litigation was over, the Cities Service Co. was planning to build a large pipe line from the gas fields to Kansas City. Of course, under the law, they had to obtain a certificate of necessity, and Mr. Olds individually, I happen to know, gave some of his time and energy and zeal to expedite the granting of that certificate of necessity which, to my mind, proved that his zeal for reasonable rates for the consumers was not tainted by any desire to levy reprisal upon the utility.

I think fairness in office is a high attribute, and I think that Mr. Olds has that quality of being fair to both parties and to all persons concerned.

I take it that this committee, as well as myself and others, believe that our Government should foster, not father, industry; that it should regulate and not control utilities; and I believe that that philosophy of government was incorporated in the Natural Gas Act of 1938, and according to my interpretation of the rulings of that Commission and its orders, it has acted within the four corners of that law, and it has administered the provisions with due regard to the original intent of regulation and no control.

As a matter of fact, the reason that I am impressed so much by Mr. Olds' official conduct is that in Government service—Federal, State, county, and city—we have so many misfits. We have some incompetents, I am sorry to say, in Missouri and in Kansas City.

Mr. Olds does not belong to either of these categories, either misfit or incompetent.

On the contrary, in my opinion, based upon my personal knowledge of his official conduct, he has demonstrated a fairness that is unusual, a rare degree of courage and ability and unimpeachable honesty.

It would be a mistake, in my opinion, for the Government not to avail itself of his services during the next 5 years, as it has advantageously during the last 10 years.

As a matter of fact, I think the Government needs his experience and services more than he needs a membership on the Commission.

I want to thank this committee—have I kept within the 10 minutes, Mr. Chairman?

Senator JOHNSON. Oh, yes; you have. Thank you very much. Are there any questions?

Mr. PROCTOR. I want to thank you for listening to me.

Senator JOHNSON. Are there any questions?

(No response.)

Senator JOHNSON. There are no questions. Thank you, Mr. Proctor, very much.

Mr. PROCTOR. I desire to offer, Mr. Chairman, for the record, an editorial of the Kansas City Star, dated September 9, 1949.

Senator JOHNSON. Without objections, the editorial will be inserted in the record at this point.

(The editorial referred to is as follows:)

PUNISHING PUBLIC SERVICE

Human memory and gratitude are short, but a few persons in this area have reason to remember Leland Olds. He is the strong man of the Federal Power Commission who stepped into the 15-year-old battle for lower gas rates in this region and won.

Since last June his reappointment to the Commission has been held up by a Senate subcommittee headed by Senator Lyndon Johnson of Texas. It so happens that Texas is one of the gas-producing States leading the fight to undermine the authority of the Federal Power Commission. Johnson, who went into the Senate as a liberal (Texas version), has appeared to be very much on the side of the pipe-line companies.

This looks like a drive to get at the Power Commission one way or the other. If its control can't be weakened by a new law, then the next best thing (for the big companies) is to block the man who has been carrying out the intentions of the present law.

We have heard of no case that could be made against Olds except vigorous action under the present law which was written by Congress. His sin is doing his duty as he saw fit.

One of his greatest sins, no doubt, came in this area. When the authority of the Federal Power Commission came into the old gas-rate fight, the public saw results in an amazingly short time.

From impounded funds out of that case the Kansas City gas users received checks totaling nearly \$8,000,000. Throughout the Cities Service system the refunds aggregated \$24,000,000, most of it in western Missouri and Kansas.

Since that time the Kansas City public has continued to receive the benefit of the rate reduction to the tune of more than \$2,000,000 a year (4½ million for the system).

After all this saving for the public the pipe-line company has continued to make a good income by utility standards. The only complaints come from the fact that the pipe-line companies in general think they should make a speculative profit from the increased real value of their own wells.

The real issue is in the Kerr bill which would remove the authority of the Commission from the producing end of the pipe lines. We believe the bill would be very expensive to gas users, but if the natural-gas Senators can win in an open fight that's that.

The sneak play against Olds is entirely different. The Senate subcommittee probably knows that it doesn't have a single honest reason to justify holding up his appointment. It hasn't risked bringing the name out on the floor of the Senate. The play is to do absolutely nothing and thereby punish a man for the sin of working in the public interest—as the present law provides.

Mr. PROCTOR. And, Mr. Chairman, I do not want to give the impression to this committee that I am speaking for the President, who happens to be in Kansas City today. However, I take pleasure in endorsing his nominee.

Senator MCFARLAND. I thought you were going to say that you took pleasure in endorsing the President.

Mr. PROCTOR. I do not go that far, publicly.

Senator MCFARLAND. I will go that far.

Mr. PROCTOR. Senator, we have a Democratic mayor in Kansas City and the council is 50-50 between Democrats and Republicans. I am a Republican myself; the mayor is an uncompromising Democrat. I

am what I guess you would call a forward-looking Republican—I am looking forward to 1952. [Laughter.]

Senator McFARLAND. Well, I concede that everyone is entitled to some mistakes in life; I suppose your mistake is in the matter of politics. [Laughter.]

Mr. PROCTOR. I have not had the vision, perhaps.

Senator JOHNSON. Thank you, Mr. Proctor, for your statement.

Mr. Raymond J. Kelly, city counselor of Detroit, Mich., is going to submit a statement for the record which, without objection, will be made a part of the record.

(Statement referred to was not supplied prior to the printing of the hearings.)

Senator JOHNSON. Is Mr. Roberts in the room?

(No response.)

Senator JOHNSON. Congressman Miles desires to make a statement.

Congressman Miles, we are delighted to have you. Do you have a prepared statement?

Mr. MILES. Yes, sir.

Senator JOHNSON. You may proceed in your own way, Congressman.

STATEMENT OF HON. JOHN E. MILES, A REPRESENTATIVE-AT-LARGE IN CONGRESS FROM THE STATE OF NEW MEXICO

Mr. MILES. Mr. Chairman and members of the committee, my name is John E. Miles. I am a Member of Congress from the State of New Mexico.

Senator McFARLAND. And a former Governor of the State of New Mexico.

Mr. MILES. Yes, sir; I acknowledge that.

Senator O'CONOR. And may I say a very good Governor. I happen to know.

Mr. MILES. Thank you, sir; I am glad you do not talk to all of the people in New Mexico. [Laughter.]

Senator McFARLAND. Mr. Miles, before you became Congressman, what was your official position?

Mr. MILES. I was a member—I was the commissioner of public lands, and thereby a member of the oil-conservation commission of the State of New Mexico; and also, during my term as Governor, I was a member.

I appreciate the opportunity to appear here before this subcommittee to express my views on the reappointment of Mr. Leland Olds to the Federal Power Commission.

I am opposed to the confirmation of Mr. Olds.

My objection to his reappointment is based primarily on the fact that if the philosophy he has expressed is to dominate the thinking of the Federal Power Commission, it will undoubtedly retard and seriously injure the development of the natural gas and oil production that is just getting started in the State of New Mexico.

His policies will have the same adverse effect in a great many States. However, I will speak only for the State that I represent in Congress.

Now, Mr. Chairman, may I depart from my prepared statement for just a minute and make this statement?

It is certainly not my intention to say one word that would be detrimental or harmful to a man's character, or to interfere in any way with his ambitions.

But, as I sat and listened to the testimony produced before this committee yesterday morning, it made me wonder.

I believe in State's rights and I believe in the foundation, the principles, the theory, and the philosophy upon which this great Nation of ours was founded.

When I listened to some of the statements that were made here yesterday, if they be true, and there seems to be evidence to confirm those statements, then I wonder.

I feel sure that this committee will make a thorough investigation to find if those statements are true. If that sentiment prevails today and the man who made them—Mr. Chairman, it is my opinion that a man cannot, by a wave of his hand, banish a theory and a practice and a principle that he has been following for years and the stand that he has made.

However, I hope that that is not true; and I hope that if he should be confirmed, that he no longer follows those ideas that I have listened to, those ideas that have been produced before this committee.

I think that we are at a dangerous stage, at a stage when the future of this Government is in the balance—and I do not ever want to go away from those principles on which this Government was founded, and I hope that we do not go over on the other side and listen and lean to Communist ideas, which have destroyed all other countries, and I certainly do not want to go back to any of the dark days, the dark times that will come if we follow those ideas.

I want to take this country which, at any stage in its history, is far better than any other country in the world that we know about.

Therefore, whenever a man produces ideas in which he thinks that some other country, taking any stage in the history of this country, is far superior to ours—then either my thinking is wrong or his thinking is wrong.

Senator McFARLAND. If I may interrupt, Governor, I would want to say that I am very happy to hear you say that. Personally, I think that the biggest compliment that we have here in the United States, and also the proof that our system of government is the best in the world, is the fact that all of the rest of them want to come here, from these Communist-dominated countries.

It makes my blood boil to hear people advocating some of the things that are advocated on the other side.

Mr. MILES. And I want to say this: That I heard a statement in which it was said that Mr. Olds was a courageous man. Well, I presume that he is. But, to make a statement, to say that, "I am for the public," or "I am for the people," that does not denote courage to me. Sometimes it takes courage to make a decision which you do not feel would be the most popular decision that you might make. And it does not always take courage to just make a statement or even to take action in the interest of what seems public interest, sometimes, because that is not always the best stand at certain times.

I do not mean that the public should not always be considered, but there is also industry, and industry is the foundation on which this Nation was built, and we must be considerate of industry, along with all other interests.

I have watched the growth of New Mexico's oil and gas industry for many years. During the 4 years that I served as Governor of New Mexico I also served as a member of our State oil and gas conservation commission. I served for a time as chairman of the New Mexico Public Service Commission. During 4 years as State land commissioner I was again a member of our State oil conservation commission. During these years of service I became thoroughly acquainted with the work that was being done to develop New Mexico's petroleum resources. I should like to point out that it has been relatively recent that wildcat operators have undertaken widespread activity in New Mexico as a result of new discoveries which indicate that we have a great potential wealth of gas and oil in New Mexico.

I am sure, however, that these independents will not continue their activities if they realize that a Federal agency will set the price that they are to receive for their gas and oil. This is what Mr. Olds has said he intends to do if he is given another term on the Federal Power Commission.

If the producing oil operators in my State can expect to sell their gas and oil on a free competitive market, they will be willing to take the risks involved in drilling, but there are too many unsuccessful ventures in this industry for any man to enter it knowing that his maximum returns will be fixed under a utility rate-making formula. The method of fixing a rate of return for the utilities is based on the conception that a utility is a monopoly, that its markets and returns are assured. No such monopoly or assurance is given the wildcatter exploring for gas and oil.

Mr. Olds in testimony earlier this year before this committee warned that if he has his way independent producers of natural gas who sell to interstate lines not only will have their sale price fixed at a rate determined by the Federal Power Commission, but may also be forced to drill additional wells to meet market demands, if the Commission so decides. I am sure that these independent producers do not intend to subject themselves to that kind of regulation by a Federal agency; they are either not going to produce or they will not sell to interstate pipe lines. How Mr. Olds can contend that it is in the public interest to apply regulation that deprives the consumers, in nonproducing States, of adequate supplies I am unable to understand.

Perhaps it may be that this is Mr. Olds' ultimate aim. In testimony before the committee last year his statements indicated that he felt it to be the duty of the Federal Government to regulate the gas industry so that the bulk of the gas would be held in the Southwest and not be allowed to go to consumers in other areas where coal is available. He seemed to feel that the Southwest is incapable of looking out for its own interests and should be compelled to keep its gas supplies hoarded in the Southwest to induce industry to move there. It should be obvious that if the Southwest did not share these resources with the other States of the Union there would be so much gas in the ground that it would be virtually worthless to the producers. It is a known fact that there are greater reserves of gas than of crude oil. If Mr. Olds' theory is carried to its logical conclusion it would mean too, that we should also withhold our oil from the rest of the country, but I have heard no suggestion that this be done.

Mr. Olds' expressed ideas and philosophies are so opposed to the necessary free market for natural-gas production that to continue him

in office as a member of the Federal Power Commission will, in my opinion, jeopardize the future development of our petroleum resources.

New Mexico has sound and adequate laws governing oil and gas conservation. I should not like to see the Federal Power Commission usurp the constitutional powers of our State in this regard. Mr. Olds' belief that the Federal Government should regulate the petroleum industry from the well to the consumer is not compatible with the true best interest of the industry or the people of this country, as I see it.

I must necessarily oppose the confirmation of Mr. Olds for reappointment because I am opposed to his expressed beliefs and intentions.

Senator JOHNSON. Thank you, Congressman. Are there any questions by members of the committee? Senator O'Connor?

Senator O'CONNOR. No questions.

Senator JOHNSON. Senator McFarland?

Senator MCFARLAND. No.

Senator JOHNSON. Thank you very much, Congressman Miles.

Mr. MILES. Thank you, Mr. Chairman.

Senator JOHNSON. Our next witness is O. C. Bailey, chairman of the Arkansas Oil and Gas Commission, El Dorado, Ark.

STATEMENT OF O. C. BAILEY, CHAIRMAN, ARKANSAS OIL AND GAS COMMISSION, EL DORADO, ARK.

Senator JOHNSON. Will you come forward, please?

State your name and whom you represent.

Mr. BAILEY. My name is O. C. Bailey. I am chairman of the Arkansas Oil and Gas Commission.

Senator JOHNSON. Do you have a prepared statement?

Mr. BAILEY. Yes.

Senator JOHNSON. You have been, I believe, allotted 15 minutes, exclusive of questions and answers. You will be notified 2 minutes before the expiration of the 15 minutes of allotted time.

Mr. BAILEY. Thank you, Senator.

Mr. Chairman and members of the committee, my name is O. C. Bailey. My home is El Dorado, Ark. In 1939 the Arkansas Legislature created the Arkansas Oil and Gas Commission. I was appointed chairman of the commission at that time and have since continued to serve in such capacity.

The duty of appearing here in opposition to the confirmation of Mr. Olds as a member of the Federal Power Commission is not a pleasant one. As a member of a State regulatory body I do not relish the task of opposing another for membership on a similar commission. However, it is because I am a member of the Arkansas Oil and Gas Commission, which has jurisdiction over conservation of the oil and gas resources of our State, that I feel it is my duty to express opposition to the confirmation of Mr. Olds.

During the hearings of the committees of Congress considering proposed amendments to the Natural Gas Act, in the Eightieth and the present Eighty-first Congress, I have had occasion to hear Mr. Olds express his ideas and theories regarding Federal regulation of the production of oil and gas. In view of the interest of the Arkansas Oil and Gas Commission and the Governor of my State in the proposed amendments to the Natural Gas Act, I have naturally been interested

in the reports of the Federal Power Commission to the Congress and the views and actions of the various members of the Commission relating to oil and gas matters. The statements of Mr. Olds before the committees of Congress and in his reports to the Congress have led me to the firm belief that, if he is confirmed as a member of the Federal Power Commission, and if his announced policies are followed by the Commission with respect to the administration of the Natural Gas Act, the conservation efforts of our State commission and the other State regulatory bodies having jurisdiction of oil and gas matters within their respective States will be seriously impeded and made substantially more difficult. In some respects the jurisdiction of the State regulatory bodies may be entirely superseded by the Federal Power Commission, if the theories of Mr. Olds should be carried out. Two other members of the Commission have testified before House and Senate committees that they agree with the Olds theory of regulation of natural gas.

In short, it seems entirely apparent from the testimony and statements of Mr. Olds that he believes in Federal regulation of natural gas from the bottom of the well to the burner tip, without regard to the constitutional rights of the States. I was first alarmed at the philosophy of Mr. Olds, expressed in the Twentieth Annual Report of the Federal Power Commission to Congress, in 1940, wherein he stated that he was [reading]:

convinced that these conservation problems—

referring to the conservation problems of the States—

are of such preeminent importance in the present world situation that the Natural Gas Act should be immediately broadened to give the Commission adequate power to resolve them in the public interest.

It seems clear from this language that Mr. Olds believes the Federal Government should supersede and usurp the local regulatory powers of the State with regard to the conservation of oil and gas resources.

In the recent hearings before another subcommittee of the Senate Interstate and Foreign Commerce Committee, a portion of a tentative report to Congress that had been prepared by Mr. Claud C. Brown, formerly an engineer in the Federal Power Commission's Division of Gas and Electric Resources, and transmitted to a committee of the House on February 7, 1940, was quoted as follows [reading]:

It is my definite opinion that the proper and adequate conservation of petroleum, natural gas, and other hydrocarbons and the prevention of wastage thereof cannot be satisfactorily accomplished through State control, either individually or by means of State compacts. It is, therefore, my recommendation that appropriate Federal legislation be enacted completely controlling production and conservation of natural gas or other hydrocarbons in the United States.

Although Mr. Olds pointed out that he was not the author of the language, under close questioning by Senator Johnson of Texas and Senator Kerr, he refused to say that he disagreed with the sentiments expressed or recommendations contained in the report. The final report was later filed by Mr. Olds, as Chairman of the Commission, in which he did state that these conservation problems are of such preeminence that [reading]:

the Natural Gas Act should be immediately broadened to give the Commission adequate power to resolve them in the public interest.

These statements of Mr. Olds and his sympathetic acceptance of the statement of Mr. Brown, contained in the tentative report submitted to the House committee in 1940, have since been continuously followed up by Mr. Olds through his activities on the Commission. At the present moment Mr. Olds is threatening, if he is confirmed as a member of the Commission, to promulgate general rules and regulations for the purpose of controlling the price of all gas in the field or at the end of the field gathering line, sold by independent producers, at arm's length, for interstate movement. In connection with such regulations, Mr. Olds contends that once such sale has been made by an independent producer that he is forever within the regulatory control of the Federal Power Commission and may never withdraw, except by leave of the Commission, although the producer is not a public utility nor does he hold himself out to perform a public-utility service. Mr. Olds says that it may be necessary in the application of his theories to require operators to drill additional wells, if the Commission deems it expedient. He states that purchase and sale contracts that have been made between gas producers and interstate pipe lines, with respect to the price that is to be paid for gas, will be ignored and overridden by the Commission, if such prices are not in accord with what the Commission may believe to be a proper price.

In view of these threats of Mr. Olds, independent producers of natural gas in my State and throughout the Southwestern States, are chilled with fear that their business is about to be taken over by a Federal agency.

They are refusing to contract for the sale of their gas to any pipe line which does, or that may, transport it in interstate commerce. This has retarded our conservation efforts because a great part of our gas is produced with oil in the Southwest, and without a ready market for the gas it is difficult for the operators to adhere to our antiflaring regulations. In the State of Arkansas our commission takes a great deal of pride in its conservation of gas. We have uniformly followed the practice of requiring unit operation of fields in order that the maximum benefit may be derived from the use of gas for the production of oil. We have required the gas to be returned to the formation for the purpose of maintaining the reservoir pressure, even though in some instances it proved expensive to the operators, rather than to permit it to be flared in the air and wasted. In order to follow up such conservation practices it is highly desirable that a market be available to these operators. The Olds theory of Federal controls has made the operators afraid to sell to interstate markets and has been and is continuing to be a direct interference with the efforts of the States to enforce their oil and gas conservation laws.

Mr. Olds also has pointed out during the hearings on the pending amendments to the Natural Gas Act that the price of gas in the field has remained comparatively low because the sellers feared the action of the Federal Power Commission and that this fear has been a good thing for the country. The fact is that the field price of gas has been low because the supply was greater than demand, but I cannot agree that regulations, controls, or restraints imposed through fear of what some Federal agency may do is a healthy condition for the country or for any industry. Men who hold such philosophies certainly should not be entrusted with important administrative positions.

Mr. Olds holds the opinion, which he has expressed many times both to congressional committees and in other public utterances, that interstate transportation of the gas reserves of the Southwest should be prohibited, except for some special uses which cannot be served by coal. It seems to be his theory that the consuming areas which can use coal should be denied the use of gas. Such regulated economy would obviously be bad for the oil- and gas-producing States, the oil and gas industry and the consuming public of the United States. Such philosophy would destroy competitive enterprise and subject us to the economic planning of Government agencies. I do not believe our people or the Congress agree with any such social order for America.

Mr. Olds argues that the economy of the Southwestern States would best be served if the gas were to be kept there to draw industry to that area. The presence of cheap fuel in the southwestern area is, of course, a competitive advantage which we hope will draw industry to our section of the country, but it should be purely on a competitive basis and not by regulation, control, or direction of a Federal agency, as advocated by Mr. Olds. That is the way it may be done under some European governments, or the socialistic government of England, but it is not in accord with the accepted political principles or policies of this country. Men who take such contrary view to the freedom of competitive enterprise should not be confirmed to important Government jobs.

People of the consuming areas, it seems to me, should be seriously concerned with Mr. Olds' appointment and confirmation, because to the extent that his philosophy may be put into practice the consuming areas which do not have a plentiful local supply of natural gas are going to be denied this luxury fuel.

The pipe-line companies, with their hundreds of millions of dollars invested and their thousands of individual investors, should be concerned with Mr. Olds' appointment and confirmation. The very threat of imposing his regulatory ideas upon the natural-gas industry has caused hundreds of producers to refuse to sell to these interstate lines. If this attitude of the producers continues—and it will if the thinking of Mr. Olds dominates the Commission—then the investment in these lines will, of course, be in serious jeopardy.

The conservation and regulation of our natural resources is a matter for the cooperative efforts of both State and Federal Governments, but in order to bring about results that will best serve the entire Nation, the spheres in which each operates must be precisely drawn and neither must invade the province of the other. My objection to the pending nomination is based on the fact that Mr. Olds does not believe in this distinction between State and Federal jurisdiction. Like many others, I am fearful that, if Mr. Olds is confirmed for this important position, he will not confine himself to the proper area of Federal jurisdiction.

In view of the issues that have been raised as to Mr. Olds' theory of Federal regulation, I respectfully suggest that, if he is recommended for confirmation by this committee and is confirmed by the Senate, it will be, in effect, a mandate to Mr. Olds to carry out his social and economic theories. The issue before this committee, and which will be before the Senate, is not Mr. Olds' personality, his ability, or efficiency,

but rather the more important question of whether the committee and the Senate agree with the theories and philosophies of Mr. Olds.

Senator JOHNSON. Thank you, Mr. Bailey. Are there any questions, Senator Johnson?

The CHAIRMAN. No.

Senator JOHNSON. Senator McFarland?

Senator McFARLAND. No.

Senator JOHNSON. Senator O'Connor?

Senator O'CONOR. No.

Senator JOHNSON. Thank you very much, Mr. Bailey.

Mr. BAILEY. Thank you for your time.

STATEMENT OF W. H. ECHOLS, PETROLEUM ENGINEER, CARTHAGE, TEX.

Senator JOHNSON. You are our next witness, Mr. Echols. Do you have a prepared statement?

Mr. ECHOLS. Yes, I do, Senator Johnson.

Senator JOHNSON. All right. Will you please give them to the clerk and we will have them distributed to the members.

Mr. Echols, you are scheduled, as I understand, 15 minutes. Is that correct?

Mr. ECHOLS. Yes; I hope to take a little less than that.

Senator JOHNSON. You may proceed as you wish, Mr. Echols.

Mr. ECHOLS. Mr. Chairman and members of the committee, my name is W. H. Echols. I live in Carthage, Tex. I am a practicing petroleum engineer, being a registered professional engineer in the State of Texas.

I appear before you today to oppose the confirmation of Mr. Leland Olds as a member of the Federal Power Commission on behalf of the Panola County Royalty Owners Association, an organization composed of approximately 2,500 land and royalty owners in the Carthage field; the Whelan Field Land and Royalty Owners Association, an organization composed of approximately 100 land and royalty owners in the Whelan field, Harrison County, Tex.; and the Lincoln Parish Land and Royalty Owners Association, an organization composed of approximately 300 land and royalty owners in several fields in Lincoln Parish, La.

Now, let's look at these people I represent. Of these nearly 3,000 members of the three associations I represent, approximately two-thirds, or, 2,000 of them are farmer-landowners who became royalty owners by virtue of the discovery of gas on the land which they owned—men who have worked the soil for years, sometimes making but a bare existence while paying for their farms. Some of them made their final payments out of lease bonuses or from their royalty income. The remaining one-third of these royalty owners represent a cross section of the average American investor.

These people are extremely proud of what they have, they are proud of our American way of life and they have confidence that their duly elected governmental representatives will formulate policies that will preserve that way of life. They want these policies to be determined by their elected representatives—not by an appointed department official whom they do not know and to whom they have no means of presenting their situation and problems. Many of them are personally acquainted with and can discuss matters with their

Senators and their Representatives. They only know Mr. Olds by reputation. They do know that Mr. Olds' thinking and the policies he advances do not jibe with theirs.

A study of the ideas of government and the philosophy which Mr. Olds has expressed and his announced intention to apply his ideas and philosophy unless Congress stops him, convinces us that his method of administering the Natural Gas Act, would result in these land and royalty owners becoming public utilities, subject to close supervision and control by the Federal Power Commission in Washington. I am going to show you how that can be brought about. The customary gas royalty provision found in oil, gas, and mineral leases reads as follows:

The royalty on gas shall be one-eighth of the amount realized from the sale thereof.

In executing such a lease, the royalty owner, who is the lessor, designates the lessee to be the operator of the gas wells and to be his agent for the entire operation. Thus, the royalty owner becomes a silent partner with a one-eighth interest in the enterprise, with his welfare entirely dependent upon how the operator fares. So if the operator becomes classed as a public utility, the royalty owner also becomes a public utility. And I would like to know how many farmers there are, such as those I represent, who could be classed as being a monopoly and a public utility as Mr. Olds contends and as was referred to by a preceding witness.

In the Carthage field to which I refer, the average current price at the wellhead is about $5\frac{1}{2}$ cents per thousand cubic feet. This means that the land and royalty owner's part of the price is one-eighth of $5\frac{1}{2}$ cents or something less than three-fourths of 1 cent. This is his share which he receives for his property. In sharp contrast I understand that the average domestic consumer in the city of Washington pays \$1.52 per thousand cubic feet.

Let me repeat that. The royalty owner who owns the land from which the gas is produced receives approximately 7 mills out of the \$1.52 that the Washington consumer pays.

Under the theory and philosophy that Mr. Olds has expressed, and states that he will put into effect, this small share of the land and royalty owner would be controlled by Mr. Olds who says that the only way the consumer may be protected is for him to have the authority to control the income of these land and royalty owners as he sees fit.

The effects of Mr. Olds' theory go even further. It is our studied conclusion that it would actually result in confiscation of this one-eighth interest that the land and royalty owner retains. The Carthage, Whelan, and Lincoln Parish fields are all wet-gas fields. Most of the gas from these fields moves into interstate commerce and would be subject to Mr. Olds' control. Since it is wet gas it must be processed through extraction plants that will remove these liquid elements before entering transmission lines. In some cases the operator of the extraction plant is also the producer of the gas wells. His entire operation, both plant and wells, would become a public utility subject to the cost formula. Under this formula, if the extraction plant earned a profit equal to the utility return that Mr. Olds would allow, the operator would be given no allowance whatever for the natural

gas he produced. Likewise the land and royalty owner who has a one-eighth interest in the gas would receive nothing for his property. Mr. Olds has endeavored to explain that his theory would not have this result. We do not, however, have confidence in these explanations. It appears that Commissioner Wimberly of the Federal Power Commission agrees with us on this. In the hearings before this committee in 1948 on H. R. 4051 Mr. Wimberly said [reading]:

Under the cost formula, any profits above a utility return, which a pipe-line company or an affiliate derives from the sale of natural gasoline and other liquid fractions extracted from wet gas prior to its delivery into the transmission lines, are deducted from the cost of such gas. In other words, if such profits from extraction operations were sufficient to pay all costs connected with production and gathering of gas, including a return on the investment in leases, wells, and so forth, the result would be that the gas would enter the transmission lines as free gas at that point.

Mr. Olds has stated that in regulating the production and gathering of gas, he does not intend to encroach upon the regulation of oil production—that he would segregate the two. Gentlemen, we do not believe this. Control of one would lead to complete control of the other. Let me say as an engineer that it is my opinion that gas and oil which is produced from the same well bore is so intermingled that it is impossible to arrive at any degree of accuracy in segregating the economics of the two. It is obvious that the control of the economics of an oil and gas operation to a very large extent would control physical operation. Even though Mr. Olds contends that he would not interfere with local conservation laws in matters of well spacing, production rates and other matters of physical control, the application of his methods would have that effect.

The landowners whom I represent fear that Mr. Olds' philosophy and stated intentions would not only destroy their small gas property rights, but might ultimately lead to a destruction of their property rights to other natural resources. For these reasons, we urge this subcommittee and the Senate to vote against the confirmation of a man who we feel would use his position and influence to lead our Nation into a controlled economy.

Senator JOHNSON. Thank you very much, Mr. Echols.

Are there any questions by the committee?

Senator JOHNSON?

The CHAIRMAN. No questions.

Senator JOHNSON. Senator McFarland?

Senator McFARLAND. No questions.

Senator JOHNSON. Senator O'Connor.

Senator O'CONNOR. No.

Senator JOHNSON. We thank you very much, Mr. Echols.

Mr. ECHOLS. Thank you very much.

Senator JOHNSON. Our next witness is Mr. Sherman White, an attorney at law of Pampa, Tex. Will you come forward, Mr. White, please?

STATEMENT OF SHERMAN WHITE, ATTORNEY AT LAW, PAMPA, TEX.

Senator JOHNSON. Mr. White, you requested 10 minutes for your statement, is that correct?

Mr. WHITE. Yes; Mr. Chairman; I will try to do better than that.

Senator JOHNSON. That will be fine. Do you have a prepared statement, Mr. White?

Mr. WHITE. Yes, sir.

Senator JOHNSON. The clerk will distribute the statements. You will be notified 2 minutes before your 10 minutes are up.

Mr. WHITE. Thank you.

My name is Sherman White. I am engaged in the private practice of law in Pampa, Tex., Gray County, which is located in the well-known Panhandle oil and gas district. I have resided in Gray County for the past 25 years during which time I served as county attorney for a period of 6 years and thereafter as county judge for a period of 12 years.

My appearance is on behalf of the County Judges and Commissioners Association of Texas in opposition to the confirmation of Mr. Leland Olds to membership on the Federal Power Commission.

The members of the Texas County Judges and Commissioners Association consist of one county judge and four commissioners elected in each of the 254 counties of Texas. These five elected officials in each county constitute the commissioners court of the respective counties. The principal function of the commissioners court pertains to the fiscal management of the county. The valuation of all properties of each county for ad valorem tax purposes is fixed by this court. It is from the taxes on these properties that the county obtains funds to operate its affairs.

Oil and gas is now being produced in approximately 179 counties of Texas and consequently our people are very much interested in the administration of any Federal law such as the Natural Gas Act which might in any way hinder the development of oil and gas in Texas which in turn would result in decreased valuation of the properties for tax purposes in providing funds for our county governments and our school systems.

As an example of the importance of this source of revenue to our local governments and school systems, in Gray County oil and gas provides 80.6 percent of the total tax revenue. In other counties in the State it is even higher, reaching as much as 95 percent.

Based upon a study of the testimony of Mr. Olds presented to the committees of Congress on the proposed amendments to the Natural Gas Act we are gravely concerned that if he is permitted to impose his philosophy of Government and Federal regulation upon the production and gathering of natural gas, that the financial structure of our local governmental units including our schools will be jeopardized.

Beyond our local governments, our State schools are also vitally concerned with the problem inasmuch as a large part of their financial support is also derived from oil and gas. Our great University of Texas and other State schools derive a substantial part of their operating funds from oil and gas produced from lands owned by the State institutions.

To further illustrate the importance of oil and gas to the Texas tax structure, in 1948, 61 cents out of every tax dollar collected on business and property came from oil and gas and related industries.

Mr. Olds would regulate the interstate sales of gas made by producers in Gray County. He would have control over the income of the property. Since income is the principal element in determining valuation, our tax valuation base would be at his control. It is our strong

feeling that free competitive forces should determine our tax base. We are certainly opposed to these local matters being under the assumed authority of a remote Federal bureau. If for some reason it might become necessary that the Federal Government should be concerned with these local matters we want our elected Representatives of Congress to determine the extent to which this need be done. These are matters for Congress, not for individual officials of Government.

We further strongly feel that Mr. Olds' expressed intention to assume authority over these matters is persuasive evidence that he is unfit for public trust to sit in a position where he could do so. We are opposed to the appointment of any Federal agent who would arrogate the authority, if he found the opportunity, to destroy the source of revenue on which our local institutions and welfare of our communities are dependent.

In all communities in Texas where oil and gas is being produced, we have many one-gallused individuals who own and operate gas wells. Under our present competitive system these small operators have, for the most part, been successful. It is my conclusion that if Mr. Olds is permitted to come into our communities and apply his theory, not only will these individuals not drill any more gas wells but they will be forced to sell their properties to the major companies which could longer withstand the expense, delays, and other burdens of control by a Federal agency far removed from the gas fields. The small folks will be driven out of business.

For these reasons our people are opposed to the confirmation of Leland Olds as a member of the Federal Power Commission.

Senator JOHNSON. Thank you, Mr. White. The committee is glad to hear you. Are there any questions by members of the committee? Senator Johnson?

The CHAIRMAN. No questions.

Senator JOHNSON. Senator McFarland?

Senator MCFARLAND. No questions.

Mr. White, I noticed that you used an old-time expression here, one-gallused. Not everybody knows what that means.

Senator JOHNSON. Senator O'Connor?

Senator O'CONNOR. No questions.

Senator JOHNSON. Thank you, Mr. White.

STATEMENT OF LAWRENCE R. HAGY, OF THE FIRM OF HAGY, HARRINGTON & MARSH, AMARILLO, TEX.

Senator JOHNSON. Mr. Hagy, you are scheduled for 10 minutes. Is that correct?

Mr. HAGY. Yes.

Senator JOHNSON. You may proceed with your statement. You have a prepared statement?

Mr. HAGY. Yes.

Senator JOHNSON. The clerk will distribute copies. You may proceed, Mr. Hagy.

Mr. HAGY. Mr. Chairman and members of the committee, I am Lawrence R. Hagy of Amarillo, Tex. I am a member of a partnership formed in 1927 with Don Harrington and Stanley Marsh then, and still known as Hagy, Harrington & Marsh. I am one of those whom Mr. Olds has termed a monopolist who has threatened to reduce the

effectiveness of competition as a detriment of the field price of natural gas. He has singled my firm out by name as one of those whom he says he must control and make into a public utility dedicating me to public consumption.

In appearing in opposition to confirmation of Mr. Olds, who threatens my very business existence, I can best present my argument by a brief review of my own firm as gas producers.

After leaving the University of Oklahoma, having majored in geology, I decided to make my life work the oil and gas business. I moved to Amarillo in the Texas Panhandle some 25 years ago and determined to make my home there. Shortly after that time the above-mentioned firm engaged in the brokerage business and in buying and selling oil and gas leases and in promoting and drilling wildcat test wells for oil and gas production, a highly speculative endeavor, during the early days of the development of the panhandle gas field. The extent of our holdings was measured for many years by the amount of money we could earn and borrow. We suffered many losses and setbacks. Our partnership was able, with the aid of others, to commence the drilling of gas wells in the year 1930.

I think I might be pardoned for saying that in the early days and for a long period of years our partnership was confronted with many hardships, worries, and uncertainties as to whether we could survive, and at times the question seemed to be how long could we survive. It was the ambition of our partnership to use every reasonable business means possible to acquire sufficient gas leases and drill sufficient wells to put together a sizable operation in the hope that markets for this gas could be obtained at a fair price.

There were many who did not believe this would be possible, and often we ourselves were forced to doubt the wisdom of our efforts but after getting involved to the extent we were, we had no choice except to attempt to see our program through and hope that in the end we would be able to pay our debts and accumulate for ourselves and our families a property that would be valuable.

To continue our leases in force and afford some sort of market for gas produced therefrom, we borrowed money and built a gasoline plant and connected the wells then drilled with this plant, completing it in the year 1933. We have from the date of completing our plant continuously carried on a development program, drilling gas wells as we were financially able to do so, and at this time the firm and our associates have approximately 50,000 acres of leases upon which are 93 gas wells. The leases and wells from which the Hagy, Harrington & Marsh gas is produced in Gray and Carson Counties, Tex., are presently owned by more than 25 different individuals, some of which are members of our families and others are not.

Through our efforts of approximately 20 years of operations we have now just about recovered our costs in the producing properties. One of our original partners is now deceased and members of his family are continuing in the business. At the present time those owning the producing properties referred to as the Hagy, Harrington & Marsh properties are producing gas at the rate of approximately 22,000,000,000 cubic feet per year. All of this gas is sold under contract for the entire life of the field to Northern Natural Gas Co. at $5\frac{1}{4}$ cents per thousand cubic feet. This is in line with the prevailing

market prices for gas and I point out that on the basis of its heating value compared with oil at 31 cents per barrel.

If I have read the testimony of Mr. Olds correctly he would now, without congressional sanction, authority or approval but by a recent mental extension of his own, by virtue of newly claimed power in the Federal Power Commission extend the Federal Power Commission control to our wells and leases and the gas produced therefrom. He would allow us to retain out of the purchase price of the gas we have sold earnings at some percentage to be fixed by him upon whatever "rate base" he chooses, as we have depreciated our properties down to where we have very little book cost in them at the present time. He could set aside a contract made by us 12 years ago under which we have operated during all of these years and which contract makes available to our purchaser the gas produced from our leases at a cost of $5\frac{1}{4}$ cents per thousand cubic feet for transportation and sale to midwestern markets.

During the years that the Natural Gas Act has been in effect, and Mr. Olds has been on the Federal Power Commission, we have been devoting our entire time to assembling and operating our properties and drilling wells thereon, and over this period Mr. Olds has not contended or ever asserted, so far as I know, that the business we were devoting our lifetime to building up was subject to his jurisdiction until his recent testimony in connection with the proposed amendment to the Gas Act.

I appear here in opposition to the confirmation of Mr. Olds as a member of the Federal Power Commission for two reasons. One, of course, is that if Mr. Olds is on the Commission and has his way, he would in fact attempt to confiscate the business of myself and partners and dedicate us to the consuming public by standards of his own, no matter how "illogical and unfair" it might be, to quote a court that has upheld Mr. Olds.

The other reason, and one of more interest to the public, I think, is that the philosophy of Mr. Olds is contrary to all precedents, insofar as I know, of responsible Federal or State officials. His philosophy would lead inevitably to the nationalization of socialization—and in my case primarily by confiscation—of the gas industry to be soon followed in like manner of the oil industry. It would lead toward a general effort to socialize basic industries of the country.

I do not question the right of Mr. Olds to have his views, and I think he has been very frank in expressing them to the committees of Congress, but having done so, I feel that he has exhibited a mental attitude and philosophy exceedingly dangerous to the welfare of our country and contrary to the principles of individual initiative and reward for individual effort that has made this country great.

I cannot resist saying further that I feel that the philosophy of Mr. Olds, as evidenced by his actions and statements, if approved by the Congress would eventually result in destroying the right of States to regulate purely intrastate operations and the end would be bureau control at Washington, under so-called utility regulation principles, of the independent producers. It would nullify the right of producers in the industry to be regulated by elected State officials and their appointees—they will be compelled to seek relief, not from locally elected State officials, but from a bureau in Washington.

The philosophy of Mr. Olds would eventually destroy one of the greatest privileges of citizenship that has made this country great—a destruction of individual initiative and effort—the right to hope for and to retain a reasonable regard for years of effort devoted to creating something in the American way of life.

I have told the story of my own situation believing it to be typical of many others. It illustrates clearly a ruthless desire of Mr. Olds to extend without act of Congress a paralyzing hand on the business of those who, under our American system of government, have, by their industry, ingenuity and, in some cases, good fortune, been able to build. I know in my own case there would be taken from me what I have spent the better part of my life to build.

Senator JOHNSON. Thank you very much, Mr. Hagy.

Mr. HAGY. Mr. Chairman, I have just heard testimony given here by the city attorney for Kansas City and the city attorney of Pittsburgh.

Amarillo has the cheapest gas rate of any city in the United States, 25 cents for 1,000 cubic feet.

As mayor of that city, I have never seen fit to call in the Federal Power Commission to help us with our rates.

If they have the power to come into the field and regulate my rates as an independent producer, I feel that it is only another step to come in and regulate the utilities down in our cities and our State. I want that left to our duly-elected State officials and State appointees.

I want that power left at home. I do not want any man, like Mr. Leland Olds, from the evidence that I heard yesterday, to regulate my work or our city or State affairs.

Senator JOHNSON. Thank you very much. Are there any questions?

The CHAIRMAN. No.

Senator JOHNSON. Senator McFarland?

Senator MCFARLAND. No.

Senator JOHNSON. Senator O'Connor?

Senator O'CONNOR. No questions.

Senator JOHNSON. Thank you very much, Mr. Hagy.

STATEMENT OF RUPERT N. RICHARDSON, PRESIDENT, HARDIN-SIMMONS UNIVERSITY, ABILENE, TEX.

Senator JOHNSON. Dr. Richardson, do you have a prepared statement?

Mr. RICHARDSON. Yes, sir.

Senator JOHNSON. Will you proceed, please?

Mr. RICHARDSON. Yes, sir. Mr. Chairman and members of the committee, my name is Rupert N. Richardson. I am president of Hardin-Simmons University, Abilene, Tex. I appear before you to oppose the confirmation of Leland Olds as a member of the Federal Power Commission.

I should prefer to speak for an appointee of the President, if I could do so.

Please permit me to state that I am not personally acquainted with Mr. Olds and that, as far as I know, no act of his, official or otherwise, ever affected me directly.

Central western Texas, the area where I live, has for 30 years produced quantities of oil and gas. It has been developed by those industries; a large percentage of its people are dependent upon them;

and the university with which I have been associated in different connections for a third of a century, could not have survived save for gifts which these industries made possible. No donor, whether his gift was made possible by oil or not, has ever sought to dictate what should be taught in that school.

In this presentation I am joined by a number of friends. I have read, as widely as conditions would permit, from Mr. Olds' writings. I have heard nearly all the testimony presented in these hearings and I submit to you the following conclusions as being warranted by the evidence.

Let me depart from my statement here to state that I am not aware that these conclusions are contrary to certain statements that Mr. Olds made here yesterday; but I think that in the light of all of his record, these conclusions are warranted.

The thought has been presented here that what a man believes is not all-important; that we are to judge him by simply a segment of his life.

I think that you gentlemen take it as axiomatic that a man's basic attitudes are important. In other words—and I do not want to be unkind or impertinent, but I do not want the man who made the statements presented here yesterday, at the age of 34, presiding where my rights are concerned, at the age of 60 or 90. There are some things you are unable to get away from.

Mr. Olds' philosophy is not in keeping with our American economic system. He has stated that he was greatly influenced by the writings of Henry George, author of *Progress and Poverty*, a man who, as you will recall, proposed to remake society by many drastic changes. Although his statements are not consistent and his attitudes apparently have varied through the years, it is not unfair to say that his credo is that big business is bad business. In numbers of cases he has expressed himself as being unfriendly to corporations and to corporate interests.

Furthermore, Mr. Olds favors publicly owned utilities. When, therefore, as a member of the Power Commission, he deals—as he must—with privately owned power companies, he is regulating concerns that he does not believe should exist.

Most significant of all, the evidence indicates that Mr. Olds does not believe in the profit-making motive.

Gentlemen, I speak here for myself and a good many friends who still believe in that motive and who prefer the society we have, with all its imperfections, to any other that may have been produced without the profit motive. We recognize the fact that society is not static. There must be changes, but we prefer that changes be made by the Congress of the United States and the legislatures of the several Commonwealths that act in response to public opinion and must answer to the electorate, rather than by an appointive office who never has to answer to the voters and who, at times, when certain basic and important rights are at stake, acts both as lawmaker and judge. Yes, we believe in capitalism, believe that if men are to make profits they must take risks and if they do take risks, they must not be denied profits if their venture is successful.

It does not appear that Mr. Olds believes these things. We grant him the right to his own opinions, but we do not think he is qualified

to exercise broad regulatory powers over industries where free enterprise and the profit motive still prevail.

Senator JOHNSON. Thank you very much, Dr. Richardson. Are there any questions by members of the committee?

Senator McFARLAND. No questions. But, Dr. Richardson, if the rest of your university is as good as the football team, you have a very good university.

Mr. RICHARDSON. Thank you, Senator.

Senator JOHNSON. Senator Johnson?

The CHAIRMAN. No questions.

Senator JOHNSON. Senator O'Connor?

Senator O'CONNOR. No questions.

Senator JOHNSON. We thank you very much, Doctor.

**STATEMENT OF LEON G. HALDEN, PROFESSOR OF GOVERNMENT,
UNIVERSITY OF HOUSTON, HOUSTON, TEX.**

Senator JOHNSON. Will you come forward, Dr. Halden? Do you have a prepared statement?

Mr. HALDEN. Yes.

Senator JOHNSON. The clerk will distribute the copies. Proceed in your own way, Doctor.

Mr. HALDEN. Mr. Chairman and members of the committee, I am Leon G. Halden, professor of government at the University of Houston. I appreciate the opportunity of appearing before this committee in the interests of the perpetuation of our system of free enterprise and in the interests of education.

The interpretations placed upon the principles of the Constitution and upon acts of Congress, such as the powers of the Federal Power Commission, are of vital interest to all citizens in this day of international and domestic confusion. Such problems as the separation of power of legislative, executive and judicial branches, the division of power between the Nation and the States and the privileges of private property and free enterprise are at point in the discussion before this committee. From the records which I have read regarding the position Mr. Olds has taken in his public addresses and in legislative hearings, it appears that the political philosophy of Mr. Olds is in violation of all of the principles. Therefore, as one speaking in the interest of good government and as a citizen, I oppose the re-nomination of Leland Olds as a member of the Federal Power Commission.

Administrative officials delegated to enforce the acts of Congress should be the agents of Congress, and should not, without proper authority, usurp powers that are not in accord with the acts of Congress.

Leland Olds seems to think that we should have a government by men rather than a government by law. This concept is in direct violation of the principles of the Constitution. Quoting,

This Constitution and all acts of Congress made in pursuance thereof, shall constitute the supreme law of the land.

When any administrative official presumes to assume powers not granted by legislative enactment, I urge that this committee refuse to recommend such an official for confirmation by the Senate.

This attitude on the part of Mr. Olds relates to one of the fundamental problems of today. Generally speaking, national officials make and enforce national laws; States are permitted to enforce such activities that come under the category of State questions. For 11 years the Federal Power Commission has recognized the responsibility of the States in the conservation and control of their natural resources as long as such resources are not phases of interstate commerce.

Mr. R. E. Cushman, eminent authority in constitutional law, characterizes the relation between Nation and State as follows [reading]:

To maintain the balance between State and national governments was the great practical problem of our Constitution makers. * * * In this light their proposal may be regarded as a colorful experiment in federalization. Out of necessity issued a dualism which has allowed the American citizen to elect his own mayor and city council, his own Governor and State legislature; vote his own city and county taxes and collect them, and frame his own city ordinances; while at the same time it provided them with agents at the Federal Capital whose vigilance kept them protected from foreign intrigue, opened the avenues of interstate and foreign commerce to their produce * * * built great navies and raised adequate armies, and, in brief invested every citizen and every hamlet with the potencies of an empire.

May we keep it so.

The statements made herein regarding Mr. Olds are not personal, inasmuch as I am not acquainted with him. They are inserted to reflect his political philosophy, which philosophy might influence his decisions as a member of the Federal Power Commission. I oppose the reappointment of Leland Olds as he is exemplified by his writings and his public addresses.

Congressman Lyle pointed out one of the most striking statements of Mr. Olds found in the Daily Worker under date of February 24, 1924, as follows [reading]:

* * * A revolution is now in progress. Ownership will become more and more divorced from any active part of the business society. The owners will cease to be necessary. * * * The business of producing and distributing the goods which people require will be carried on by workers with the hand and brain from the unskilled laborer up to the professional director.

In conclusion, may I observe that through extensive regulation free enterprise might be destroyed. If and when our natural resources be nationalized, as witness Britain today, we establish a socialistic state.

The late Senator Joseph Weldon Bailey, of Texas, on one occasion said [reading]:

The Constitution of the United States was constructed by architects of skill and fidelity; its compartments are stately as well as beautiful; it is reared for immortality. It may, however, perish through the negligence and the folly of its keepers, the citizens.

Eternal vigilance is the price of liberty.

Thank you very much, Mr. Chairman.

Senator JOHNSON. We thank you very much. Are there any questions by members of the committee?

(No response.)

Senator JOHNSON. Our next witness will be Mr. Dillard.

The CHAIRMAN. I must go to the Senate floor but, before I go, I should like to read into the record a telegram received by me dated September 28, from Sterling, Colo., from Maurice W. Konkel and

H. Vance Austin, Comanagers of the State Association of REA Cooperatives. [Reading:]

The State Association of REA Cooperatives requests that you work for appointment of Leland Olds to Federal Power Commission. We believe opposition to him is because he has been in favor of the people rather than selfish interests.

MAURICE W. KONKEL,
H. VANCE AUSTIN,
Comanagers of State Association.

Senator JOHNSON. We have the names of witnesses who have asked to appear, with the time that they have requested, 10 minutes, 5 minutes, and so on. If anyone else wishes to appear, we will be glad to have him submit the request to the clerk.

If agreeable, the committee will meet this afternoon in the District of Columbia Committee room, Capitol Building, second floor, at 2:30. We will hear here Mr. Dillard, and then the other witnesses we will hear in the District of Columbia room.

The clerk will make a record of the names and the amount of time that the witnesses wish to consume. I hope that we can complete with the witnesses this afternoon, and then the committee can hear others in open or executive session and proceed to write its report.

Is Mr. Dillard here?

Mr. DILLARD. Yes, sir.

STATEMENT OF RAYMOND L. DILLARD, REPRESENTING EAST TEXAS CHAMBER OF COMMERCE, MEXIA, TEX.

Senator JOHNSON. Mr. Dillard, you have a prepared statement?

Mr. DILLARD. Yes.

Senator JOHNSON. And you have been allotted 5 minutes. After Mr. Dillard's appearance, the committee will recess until 2:30 when we will meet, I repeat, in the District of Columbia Committee room on the second floor of the Capitol Building.

Mr. Dillard, proceed with your statement.

Mr. DILLARD. Mr. Chairman and gentlemen of the committee, my name is Raymond L. Dillard, and I live in Mexia, a small town in East Central Texas. I am representing before your committee the East Texas Chamber of Commerce, an organization composed of some 4,000 business and professional leaders of 72 East Texas counties and Caddo Parish, La. I am a past president of the East Texas Chamber of Commerce, having served in this capacity during 1947 and 1948. I might add that this organization is the largest regional chamber of commerce in the United States.

In its annual convention in 1947, our membership, which had become increasingly alarmed about the growth of foreign ideologies and systems of government seeking to destroy our American democratic institutions and the free enterprise system, and recognizing further that there were persons holding responsible Government positions who, not only adhered to these views, but who gave active encouragement to their advancement, adopted a plan, which had as its only purpose, the revitalization of the fundamental principles of our American heritage.

Our organization proceeded to carry the cause of Americanism versus communism and the other related ideologies to the grassroots

level, to which Mr. Olds so contemptuously referred to yesterday, by holding numerous meetings, even in the cross-roads school houses, where our speakers endeavored to regenerate a reverence for the American Constitution, a revival of the old-fashioned form of patriotism which is the cornerstone of our democratic institutions. These meetings were attended by people in all walks of life—ministers, teachers, and most noteworthy of all, students in our public schools, who heard, many for the first time, a true explanation of the free enterprise system.

Mr. Chairman and gentlemen, we are convinced that our plan has borne fruit, and that as a result of our efforts we have in east Texas a more patriotic and loyal citizenship, and a greater understanding of and appreciation for the basic principles of our democratic institutions.

The East Texas Chamber of Commerce, that it might not break faith with its membership, who have pledged themselves to oppose vigorously the holding of public office by any person against whom there could be any suspicion of disloyalty, respectfully requests this committee and the Senate of the United States to reject the nomination of Mr. Leland Olds as a member of the Federal Power Commission. We believe there is conclusive evidence of his association with organizations that would supplant our democratic form of government with ideologies repugnant to us.

Senator JOHNSON. Thank you, Mr. Dillard.

The committee has attempted to hear everybody who requested an opportunity to personally appear, either proponent or opponent. We have used some 8 or 9 hours.

I want to suggest to all of the witnesses who have made requests for personal appearances, or any others who may desire to make a statement, that at the District of Columbia room in the Capitol Building, at 2:30, we will try to complete this hearing, if we can do so. Then we can go ahead to write the report and attempt to get some action before the Senate adjourns this session.

We are very anxious to get everybody's viewpoint that it is possible to get. We want to be sure that everyone has the opportunity to appear.

If there is any other person desiring to appear before this committee, either as a proponent or opponent, let him come forward and register his request now.

(No response.)

Senator JOHNSON. If not, the committee will take a recess until 2:30, and we will ask all the witnesses whose names are on our list to be present, because, if they are not, they will probably miss the opportunity to be heard.

We will conclude with the personal appearances this afternoon at 2:30.

Before the committee takes a recess, I want to read into the record a telegram received by the chairman of the subcommittee, myself [reading]:

After years of observation of the constant encroachment on the matter of natural-gas regulation over and beyond the letter and legislative intent of the law as expressed in the Natural Gas Act, I strongly urge that your committee vote not to confirm the appointment of Leland Olds as a member of the Federal Power Commission. His system of regulations, as so completely shown by his testimony on S. 1498, would put the natural-gas-producing industry in a strait-

jacket whenever an independent producer of gas dared to sell gas to an interstate gas pipe line. His philosophy would bring oil production under his control if the gas produced as an incident to oil production were sold to an interstate gas line.

I believe the people of this country are against further Federal encroachment on productive enterprises by bureaucratic extension of power over and beyond present Federal law. We here in Texas are conducting a State-wide crusade against flaring of gas produced with oil. We have succeeded in this effort in a significant way under State law and have been uniformly upheld by State and Federal courts. We hope to soon reach the day when no oil-wells will be flared in Texas, but there must be an outlet for this gas somewhere. Thirty-six hundred gas wells are capped in Texas today for lack of a market outlet.

Producers of oil and gas will refuse to sell their gas to interstate pipe lines if doing so brings them under Federal power regulation which would limit their returns to utility earning basis.

Independent producers cannot explore and hunt for oil and gas on this basis. Consumers of gas in the end would suffer through producers' refusal to sell gas when to do so would make them a utility as to their entire oil and gas operation. In the end, exploration by independents would dwindle, and the oil and gas business would be driven into the hands of the major operators. I do not believe this is desirable.

My position as a State conservation official brings these matters keenly to my attention.

ERNEST O. THOMPSON,
Member, Texas Railroad Commission.

Are there any other statements anyone wishes to present to be inserted in the record?

(No response.)

Senator JOHNSON. If not, the committee will take a recess until 2:30 this afternoon in the District of Columbia room, Capitol Building, second floor.

(Whereupon, at 12:15 p. m., the committee recessed until 2:30 p. m. on the same day.)

AFTERNOON SESSION

Senator JOHNSON. The committee will please come to order.

We have scheduled the hearing of eight witnesses this afternoon, and we may have to take a recess from time to time because of important legislation on the floor, but we are hopeful that the witnesses will cooperate in summarizing anything they can, and be as brief as they can, so that we may be able to conclude the testimony of all those who have asked to appear.

The next witness will be Mr. James A. Upham.

Mr. Upham, I believe you requested 15 minutes; is that correct, sir?

Mr. UPHAM. Yes.

Senator JOHNSON. Will you please proceed with your statement.

STATEMENT OF JAMES A. UPHAM, PRESIDENT, OHIO OIL AND GAS ASSOCIATION

Mr. UPHAM. My name is James A. Upham. I reside at Mount Vernon, Knox County, Ohio.

For more than 40 years I have been engaged in the business of producing natural gas. My father before me was an independent producer of natural gas. At the present time, I own and operate 35 small gas wells located in seven counties in Ohio. I am one of the large army of grass-root, one-suspender-strap operators who search about for likely and possible gas-producing territory, contact the land-

owners, negotiate an operating leasehold agreement, locate and arrange for the drilling of a well, provide for the drilling equipment and rigging, drill and complete the well and, if fortunate in getting a producer of gas, equip it for production and finally seek out a prospective purchaser for the gas.

For the past 2 years, I have served as the president of the Ohio Oil and Gas Association, which has an active membership of some 600 independent producers and drilling contractors engaged in prospecting for and producing gas and oil throughout Ohio.

For some years Ohio has ranked at or near the top among States in the number of gas-well completions, these completions averaging about 500 annually. Today there are approximately 7,300 producing gas wells in Ohio, more than 5,000 of which are owned by the independent operators.

In behalf of the common interest of the hundreds of producers and contractors and the thousands of interest holders and royalty owners directly interested in the production of natural gas in Ohio, I appear here in opposition to the nomination of Mr. Leland Olds for another term on the Federal Power Commission.

I do not know Mr. Olds. I have never met nor talked with Mr. Olds. We know Mr. Olds only through the reading of his published statements, his testimony before congressional hearings, and through a study of his opinions and interpretations on the issues before the Federal Power Commission. His oft-stated ideas and theories and his action on issues before the Commission are a matter of record. His attempt to enlarge and expand the scope of authority and jurisdiction of the Commission beyond that vested in it by the Congress under the Natural Gas Act has been subject to discussion before this committee early this year. (See pp. 92 and 93 of Senate hearings on S. 1498.) His agitation to increase Commission control over natural-gas production and gathering has laid a heavy hand of fear over those engaged in the production of natural gas. The responsibility for the gradual encroachment of the Commission in the regulation of gas prices at the well can largely be placed with Mr. Olds. Mr. Olds has led the effort to apply and fully enforce nationalization of the gas industry. I reach this conclusion from his continuous insistence of control over all parts of the natural-gas industry.

His philosophy is that State commissions, in spite of their long experience with the natural-gas industry, are not competent to regulate any part of it. His aim is to have a Federal bureau regulate the entire natural-gas industry.

He interprets the Natural Gas Act to include large areas of production at one end and distribution at the other, if it involves the slightest interstate movement, ignoring the plain intention of Congress to do no more than supplement State regulation and to exclude both production and distribution from Federal regulation. For him there is no dual regulation by the States and the Federal Government.

The report of Commissioners Smith and Wimberly in 1948 in Docket G-580 contains a careful and temperate analysis of all evidence taken in that investigation and makes specific recommendations to Congress for needed amendments to the Natural Gas Act and suggestions and recommendations to the States and to the natural-gas industry to make more effective the dual control of the industry which the Natural Gas Act intended (Smith-Wimberly Report, pp. 55-63).

Commissioner Olds in his separate report does not discuss any amendments to the Natural Gas Act. In his philosophy, no amendments are necessary, since he interprets the act to include all the power necessary to a fully regimented Federal-controlled industry. (See p. 212, Senate hearings on S. 1498.)

The application of the theories of Mr. Olds in the regulation of the natural-gas industry could immediately bring about economic havoc among thousands of small well owners; would greatly lessen exploratory and development activities, resulting in a greatly reduced supply of gas; would wreak hardship upon land and royalty owners, producers, industrial and domestic consumers, and prevent the proper conservation and utilization of one of the Nation's most valuable and vital resources.

To the observations of the independent gas producer, Mr. Olds has declared a continuous open hunting season on the gas operators, and it appears he is furiously gunning for our very hides, in his hot pursuit of control over us. It is a mild, reserved statement to say we producers do live in a state of mental fear at this threat of control.

Now, gentlemen of this committee, we who are natural-gas producers who seek out and negotiate the leasehold agreements with the land-owners, drill these gas wells, and prepare them for producing fuel are really plagued by Mr. Olds and his control plans, which have been aptly referred to as OPA control, and which is actually a vicious and contemptible planned production control.

Now, what will this threatened control do to us? I believe it will put us right out of business, swallow us up or really plow us under. Our many thousands of wells of small flow will not live and endure to produce satisfactorily if shut in intermittently for long periods which would be required, as the flow of natural-gas production for residential or domestic use follows the temperature swing from up to down. In order for us to successfully operate and produce our many thousands of small flow-wells throughout Ohio and the entire Appalachian area generally, these wells need to be operated on nearly continuous delivery to be healthy and maintain their normal flow. Anyone familiar with the economics of this industry knows that, unless the pipe lines can serve large industrial users who buy gas summer and winter and help to maintain a good load factor, it would be impossible for the lines to bring gas to the domestic consumer at rates which the householder could afford to pay. This situation would directly affect myself and all small independent gas producers.

The producing of these wells in this respect may well be compared with the sweat which oozes from the pores of a person's skin, and to have to shut in our wells for a long period of awaiting a low-temperature day in order to make a delivery has much the same effect upon these wells as the person taking a cold in which the congested skin pores seal in the perspiration, completing the process of producing the cold. But our long-shut-in wells develop more than a cold; they have double pneumonia. Why this reaction occurs, we don't really know. I guess a well is the same as a cow, for when you stop milking the cow she goes dry. Some of our Ohio gas wells do produce a little oil; some produce a salty sweat or vapor, and we do think that the little bit of oil or the salt vapors settle and corrode the face of the sand when the well stands dormant and inactive, and this appears to seal the producing sand to a considerable degree, which cuts down the flow of gas

and in many cases cuts off the flow entirely. Some of these wells have recovered after bailing treatments are applied, but many never return to their normal flow.

We do know this is actually what happens to many of our wells, and it is a headache which has not been solved.

Many of our wells, while faithful and regular in the amounts they deliver, have a small daily production and to have these wells cut off from delivery for 40 to 75 percent of the time would make them entirely too undesirable and unworkable to maintain. So you can see why this control is so fatal and disastrous to us producers of Ohio—and the other Eastern States as well. The Ohio Public Utility Commission certainly does a full-scale job of protecting the full interest of John Q. Public, the consumers. I do not recall ever hearing of a single complaint to the effect that the Ohio Public Utility Commission had laid down or slowed up on its job or duties. These commissioners are legal experts, but keep themselves fully informed of conditions by a full staff of technical engineers.

It just so happened that I heard a man say this morning that these commissions are misfits. I want to say that there are no misfits in Ohio, and from the slightest connection that I had with Colonel Thompson and Olin Culberson, I can say those boys are not misfits.

Senator REED. You have got a former member of the Ohio Public Service Commission sitting right at this table.

Mr. UPHAM. I was a little modest.

Senator REED. You might have made it a little stronger.

Senator BRICKER. I followed you very closely.

Senator JOHNSON. It is getting to be a pretty difficult thing where if you disagree with a man's interests he is a misfit. If you agree with him, he is nice.

Senator BRICKER. That is right. And they say it is in the public interest.

Mr. UPHAM. Since we spoke about the vested interests and the selfish interests and the corporations and utilities, I just wonder who those foreigners might be, Senator. The way they were spoken of here this morning and yesterday afternoon, I thought they were some kind of an animal with big long horns that carried everything they could to some distant remote place and, of course, as I observed, the functions of these corporations or these selfish interests, I think some of them are just country boys who have a lot of ability and who gathered up their venture money amongst the people within our borders mostly—at least, I think that most of it comes from there, and after they gather this pooling together, the result is that any time one of those corporations with this venture money, if they do make a little money, it goes out in dividends to the common people of the land, after the Internal Revenue boys got their cut out of it, so I just cannot quite see at all why it is that the humble servants, the utilities are so viciously attacked.

They certainly, to my observation—I do not know much about them because I have not had any close contact—but from what I read in the papers they surely had rough going in the dark days of the past, and if they are getting established on their feet now and are able to distribute, and it appears to me that they do take in a lot of money. I think the cream always goes into somebody else's hands to a great extent.

Of course, they always talk about the group who operate them. They are just selected hired boys. If they do not do a good job, they dump them out. If the boys come out here to serve the people, in Congress, if they do not carry home a few appropriations, they are not re-elected again, so I think the same system applies all the way around the circle.

I think the boys come down here to Congress, get an appropriation for their districts, and they are reelected, and they are good men.

If they are not good men, they just do not vote for them again. By the same token, these people in the utilities, these people in the corporations, if they do not produce, they are dumped out, and if they do not produce they are just fired, and somebody else comes along and takes their place, and I think some of them are just as sincere citizens and Christian gentlemen as these people who condemn them.

I sincerely think they are, and I do not see why they are hailed up to be such vicious characters. It is a shame I think that we have to take up that feeling.

Senator JOHNSON. If you spend all your time talking about this, you do not have to talk about some other things.

Mr. UPHAM. That is something I do not think we ought to talk about. I think the strength of this country has depended on that type of initiative of those gentlemen, and I think they should have full credit and full recognition, and they should not be shunned and tramped upon, and pushed down by the press and some other folks. It just struck me that way, and I just thought it would be a reasonable time to make an observation.

Senator JOHNSON. Mr. Upham, we have heard a lot about people in this hearing. We want to hear everything that anybody wants to give us. There is this big power lobby, that is supposed to be in here viciously fighting behind the scenes to defeat this nominee—I know the committee would be very glad to hear from any of them and what they have to say.

We are going to put every wire, every letter, and the testimony of every person who wants to be heard into this record. We want to get through, and we will hear some 30 or 40 witnesses who have taken several days' time. The White House has asked us to permit the committee to vote on this at an early date, as early as possible. We hope that the Senate can act on it, and the chairman certainly has no disposition not to allow every Member of the United States Senate to accept his responsibility and vote as his conscience dictates.

Mr. UPHAM. I am very glad to hear that.

Senator JOHNSON. This committee is not going to be browbeaten or intimidated or threatened or coerced by propaganda. We are going to hear everything that everybody has to say.

Mr. UPHAM. I would certainly be happy to take those words back home.

Senator JOHNSON. We are going to call the roll. You just proceed with your statement, if you will.

Mr. UPHAM. Our Ohio commission has been in existence since 1867, and I am proud of their record and will vigorously oppose any attempt of Federal regulation over the Ohio commission. I am for home rule. Ohio happens to be what they call a home-rule State, and it is pretty good stuff.

Ohio is deeply concerned with the continued insistence of Mr. Olds that the language of the Natural Gas Act gives and should give to the FPC certain dual and overlapping jurisdiction over local Ohio companies located entirely in Ohio and whose facilities are used exclusively to render local natural-gas service.

Ohio has been equally insistent that this is a matter solely and exclusively to be regulated within the State of Ohio and that the FPC is fostering an unwarranted, unauthorized, and arbitrary attempt to extend its power into a regulatory field reserved exclusively to the States and that such unwarranted extension of power is not only not authorized but is actually prohibited by the Natural Gas Act and by the intent of Congress. This particular matter has been the subject of continual litigation between Ohio and the FPC for over 10 years.

While the amount of gas produced in Ohio may not appear to be too important when compared to some other producing sources, it is an amount which has been quite reliable and dependable in its regularity over a period of half a century, and is constantly a fill in and stand-by in a case of emergency.

As stated before, we have over 5,000 independently owned wells in Ohio which have brought a return to thousands of royalty holders and give a livelihood and a job to a big army of employees and operators for over 50 years. This seems to us most important and to merit your earnest consideration.

Gentlemen, it is hoped I have made this picture clear, that we do have a fear and a big one that if Mr. Olds is reappointed we face but one destiny—full extinction—and, gentlemen, we deserve to live out our full useful lives. We are all loyal citizens and taxpayers and we have no designs to apply for unemployment compensation. So, our earnest prayer presented to you now is to give us some new Commissioner, not Mr. Olds, as we deeply feel the retention of Mr. Olds as a member of the FPC is a full threat to the free-enterprise system of this life in these United States.

Senator JOHNSON. Thank you very much, Mr. Upham. The committee is glad to have your views.

Are there any questions from any members of the committee?

Senator REED. Yes.

Mr. Chairman, I am particularly interested in what Mr. Upham says, as a long-time interested operator in the country that has a lot of small wells.

Mr. UPHAM. Yes, sir.

Senator REED. I come from southeast Kansas. Within 25 miles of my home town, about fifty-odd years ago, was the first oil well discovered. The whole midwestern continent was begun there. It spread out to Oklahoma and Texas and the rest of the territory.

I grew up there, lived there, and these men who went out and developed that oil and gas interest—and there the gas interest was largely developed in the oil.

Mr. UPHAM. Yes, sir.

Senator REED. They were a peculiar breed of cats. Now, they were explorers and speculators and gamblers, and whatever you want to call them.

Mr. UPHAM. Pioneers.

Senator REED. They ventured a lot of money, and some of them got it back.

Now, Mr. Olds, I happen to know, believes that the natural-gas business ought to be regulated by the Federal Government from the time it is developed in the well—

Mr. UPHAM. I follow that.

Senator REED. Until the consumer—until it goes to the consumer's stove.

Mr. UPHAM. Yes, sir.

Senator REED. What do you think of a policy of that kind, applying expenses and earnings on a public-utility basis, if we had that policy, how much development would we have had?

Mr. UPHAM. We would not have any, because we drill—at least a half to two-thirds of our wells are dry holes, and when you drill a gas well you do not know whether you are going to drill a well that makes 25,000 or 200,000 or a half million feet of gas, or a million feet of gas.

Senator REED. Or whether your oil well is going to give you 2,000 barrels or 200 barrels.

Mr. UPHAM. Yes, and the other point is this: In some areas the wells are only a thousand feet deep. I have wells in Ohio which are 5,500 feet deep.

Senator REED. One thing I have to struggle with here is the lack of understanding of so many honest and enterprising people who write for the newspapers, and especially the columnists who have not any conception of the kind of people who developed this oil and gas business, and made it possible for this country to have it as it is now.

You share that view, Mr. Upham?

Mr. UPHAM. Yes, sir. I am sure that is right, and that is sure a sad situation because you can walk into a 10-cent store and pick up any of the items that are so simple, which are manufactured, and so easy to pick up at such a very nominal price, such as a postage stamp or a small knife, and wash rag, but go out here and develop these natural resources is just an entirely different proposition whatsoever from manufacturing small articles in an assembly-line basis. You just cannot develop it that way.

Senator REED. I just wish I was here this morning, Mr. Chairman, when Dave Proctor of Kansas City was here.

Mr. UPHAM. Yes; to me, I was very much interested in his testimony. To me it was a shock.

Senator REED. I would like to have Dave Proctor tell this committee and anybody else who wants to listen that, contrary to the belief among a good many crusaders and reformers and do-gooders down here, that some attempt to regulate gas rates and natural-gas rates did not originate with the Federal Power Commission or with Mr. Leland Olds.

I happened to be chairman of the Kansas Public Service Commission for several years back in the early twenties, and I had more legal battles with the gas public utilities over the rates to be charged the consumer than anybody else.

Now, we could not do anything with the city gate rate. That was purely an interstate-commerce matter.

Mr. UPHAM. Yes.

Senator REED. And we waited. I was for the establishment of the Federal Power Commission because they could reach out from the regulatory standpoint and do what we could not do, in other words,

regulate the interstate-commerce gas as to the city gate rate. And the reason Mr. Proctor was here was on account of that long fight that the Federal Power Commission had with the Cities Service Co. over the city gate rate that was charged on the gas brought from the Hugoton and other fields to Kansas City and all of those places.

Now, the Kansas commission, while I was chairman of it, made an order reducing the gas rates. Now, that was a long time before anybody dreamed of the Federal Power Commission—the gas rates in Kansas City, Kans.—not Missouri, now—Atchison, Leavenworth, Lawrence, Topeka—and we had to go to court then. All we could do was to take the gas as it was delivered, and then attempt to make a price for the consumer, which we did. We had a running battle with the gas companies all the years I was on that commission.

Mr. UPHAM. Yes.

Senator REED. Now, that does not fit in with the common conception here that nobody ever undertook or knew anything about gas regulation until Leland Olds came along.

Mr. UPHAM. Yes. I follow your case very clearly. Senator, and it is a very faithful illustration of the conditions. But you take our area—and we have sixty-some different companies in Ohio that serve small different communities. We have major companies and we have a lot of intermediate companies and a lot of smaller companies.

I happen to sell gas to three different concerns, but in the case of Federal control, control by the Federal Power Commission, in some controversy, which would arise, there are a lot of us little one-strap boys who cannot come down here and hire counsel and ask for a hearing of our case, and therefore these things should certainly remain in Ohio so that we can go down to Columbus without losing too much effort and time and without too much expense, which is the almighty item, and present our case and let the commission there, which had supervision over that since 1867, determine the situation, and I do not believe that anybody is very severely robbed in Ohio from a utility standpoint. I do not believe anybody is very severely burdened. In fact, the big fight we had in Ohio—everybody wants to get on the gas lines because coal is too high in Ohio.

Senator REED. Relatively.

Now, I have had longer experience in the gas and oil company field area from the start there 50 years ago than, I think, anybody who has appeared before this committee at this time.

Mr. UPHAM. Yes, sir.

Well, you are certainly in a position to render a decision.

Senator REED. I had more experience in the regulation of rates than anybody who has appeared before this committee in this hearing.

Mr. UPHAM. Yes, sir.

Senator REED. I had something to do with the philosophy upon which the Natural Gas Act of 1938 was written. It was never intended or contemplated by the people who wrote the Natural Gas Act that there should be any attempt to take jurisdiction over production and gathering.

Mr. UPHAM. I am very happy to hear that.

Senator REED. In 1942, when we wrote the first amendment to the Natural Gas Act, I was a member of this committee. I happened to

be the senior Senator who was a member of this committee, except Senator Johnson of Colorado.

Mr. UPHAM. Yes, sir.

Senator REED. Senator Wheeler asked me at that time to be sure that no amendment made in 1942 touched the production and gathering feature, and that it remain where it always had been, and where it was always intended to be, and where it was intended to remain—in the States.

The States have the reclamation programs. The Federal Government does not have any such program. The States have a central conservation organization, and they hold regular meetings; they have plans for conserving both oil and gas, and they have machinery within those States where they allocate how much each well can produce, both oil and gas. The Federal Government has no machinery of that kind.

Mr. UPHAM. I think that is mighty fine where it belongs.

Senator REED. And so, with the people who practically dealt with this subject throughout all these years, we, none of us, have believed from the beginning you could have treated oil and gas as a public utility is treated and got the development that was necessary for the welfare of the country, and I do not think so now.

Mr. UPHAM. Then, can we not possibly get a law that will clear that matter up without any doubt, as far as we are concerned?

Senator REED. Well, it is in the record here. I opposed the Moore-Rizley bill because it had some things in it that should not have been in there. If I had supported that bill, it would have been reported favorably from this committee, instead of unfavorably, last year.

But then we did make an effort to get a bill that would meet the objection, and a bill known as the Priest bill was introduced in the House. Mr. Olds and the entire Commission approved it—said it was all right. That is what I am told; I had no personal knowledge of that approval.

Now, we have got this bill before the Senate and it is substantially the Priest bill.

Mr. UPHAM. That is what I have understood.

Senator REED. Everybody approved, but for some reason Mr. Olds changed his mind.

Mr. UPHAM. How do you account for those things? Why should a man in Government service—

Senator REED. I do not account for them because I know Mr. Olds.

Mr. UPHAM. Why should a man in Government service be on both sides of the street and in the middle—all over the lot? I think it is just too bad that we have such a circumstance. You do not know whether he is going to be on the doorknob or up on the chandelier or up on the front porch. It is a sad situation when we have to have that kind of business.

Senator JOHNSON. Do you have any questions, Senator Bricker?

Senator BRICKER. I do not think so, except that the gas rates in Ohio have, I think, been comparably lower than they have been in most places in the country throughout the years.

Mr. UPHAM. Well, I think they are pretty uniform. We agree with you that Ohio is in a very commendable position.

Senator BRICKER. That is because we had early development.

Mr. UPHAM. And we have always had a continuous development and a lot of support because it was recognized as a desirable fuel.

Senator BRICKER. And a lot of our economy has been built on it—not only domestic needs but also industrial needs.

Mr. UPHAM. Industrial; yes, sir. Senator, I happen to have here letters from right down in my home town.

Senator BRICKER. I think those ought to be put in the record.

Mr. UPHAM. I have a set of them here for the record. They come from manufacturers in my home town who, upon learning that this hearing was on and who knew I was coming here, asked me to present them for the record.

Senator BRICKER. Mr. Chairman, I ask that these letters be made a part of the record.

Senator JOHNSON. Without objection, that may be done.

(The documents referred to follow:)

THE COOPER-BESSEMER CORP.,
OFFICE OF THE PRESIDENT,
Mount Vernon, Ohio, September 23, 1949.

Mr. J. A. UPHAM,
President, Ohio Independent Oil and Gas Association,
Newark, Ohio.

DEAR MR. UPHAM: We understand that you are expecting to testify in Washington regarding industrial use of natural gas. As one of the largest builders of gas-compressing machinery, it occurs to us that you might be interested in our viewpoint.

Natural gas is the one ideal fuel. Nothing could possibly be done to it to improve its performance as such, and we have never been favorably impressed with the many proposals of expenditure of research money in attempts to convert natural gas into gasoline and other liquid fuels. The development of the modern gas-Diesel type of engine, as well as the newer types of spark-ignition engines, have produced the world's most efficient prime mover, all of which has been accomplished through the use of natural gas. For the economics of these gas engines we would refer you to a recent paper presented before the Society of Automotive Engineers by our Mr. Boyer, a copy of which is attached. There is every reason why natural gas should be developed more extensively for power-generation purposes.

It is indicative to note that in terms of power-generation potentialities we have much greater known reserves in natural gas than we have in known reserves of crude oil. Unfortunately, we cannot use natural gas on our railroads, which are now being rapidly Dieselized, but we can use this fuel in stationary applications where oil would otherwise be used.

We urge you to help present this picture in Washington that this ideal fuel may be more extensively applied industrially.

Sincerely,

GORDON LEFEBVRE.

PITTSBURGH PLATE GLASS CO.,
WORKS No. 11,
Mount Vernon, Ohio, September 23, 1949.

Subject: Fuel for glass melting.

JAMES A. UPHAM,
President, Ohio Independent Gas Association,
Mount Vernon, Ohio.

DEAR SIR: One of the prime factors in locating a glass-manufacturing plant has been the accessibility to low-cost natural gas.

To date we have found no other fuel as efficient or as flexible in manufacturing a high quality of glass day in and day out.

No plant in the company uses fuel for glass melting other than natural gas. The reasons: Lower costs, less investment in equipment and inventories, less destruction and repairs to furnaces and a continued high-quality product. As the selling price of window glass accurately reflects the cost of producing it, any

increase in production costs, whether in capital investment, maintenance and repairs, or fuel, would probably result in higher prices to the consumer.

To change to other fuels would be disastrous to the industry for years to come for we do not have the equipment or know-how to operate otherwise.

Sincerely,

JOHN A. WATT,
Suprintendent, Works No. 11.

THE LAMB GLASS CO.,
Mount Vernon, Ohio, September 23, 1949.

Mr. JAMES A. UPHAM,
President, Ohio Independent Gas and Oil Association,
Newark, Ohio.

DEAR MR. UPHAM: We are writing you to urge you to protest the confirmation of Mr. Leland Olds as a member of the Federal Power Commission. You will undoubtedly agree that Mr. Olds' reported views on the use of natural gas are not conducive to the future interests of this community.

For more than half a century Mount Vernon has been supported to a very great extent by various enterprises engaged in the production of glass. It is a quite natural location for glass manufacturing as all of the major raw materials, including sand, soda ash, limestone, and natural gas are available from suppliers located within the State of Ohio. There are no practical substitutes for these materials nor for natural gas in the production of glass containers. Naturally, Mr. Olds' objective of bringing the consumption of natural gas under the control of the Federal Power Commission and the possibility that its use might be denied to our company and others in the glass industry can only be regarded as direct threat to the economic welfare of our company, our community, and the glass-container industry.

Of course, the days of very cheap natural gas in Ohio are long gone. Today we are paying a good price for our gas and, I can assure you, it is being utilized with ever-increasing efficiency. Vast improvements in furnace design and combustion techniques have very materially increased the effectiveness with which gas is consumed in glass making and, as a result, the ratio of thousand cubic feet of gas per ton of glass produced has been constantly improved.

Therefore, we believe that neither Mr. Olds nor anyone else holding the opinion that the end use of natural gas should be subject to Federal control to the extent that its use could be denied to existing consumers should be placed in a position of authority which could possibly implement the accomplishment of such an end.

Yours very truly,

R. M. LAMB, Jr.

Senator BRICKER. Just one other question.

Mr. UPHAM. Yes, Senator.

Senator BRICKER. Long before we had any consideration by the Federal Power Commission of an interstate rate, the Ohio commission had valued all of the production facilities of the big distribution companies in other States, and had fixed a river rate or an interstate rate—

Mr. UPHAM. Yes; I read about that.

Senator BRICKER. Upon which we predicated our local rate, and that went to the Supreme Court of the United States and was sustained by the Supreme Court of the United States.

Mr. UPHAM. Yes, sir.

Senator BRICKER. That happened both in the Hope and in the United case.

Mr. UPHAM. Yes, sir. Those were very much contested cases, and I think they were finally concluded accurately, and from what I hear and know everybody is happier to live under them that way.

Senator BRICKER. Certainly it was to the benefit of the consumer.

Mr. UPHAM. Oh, very decidedly. I do not know any gas customer in Ohio that is in disagreement with respect to any of these utility conditions.

Senator JOHNSON. Without objection, I want to insert at this point in the record a wire from Fred Korth, president of the Young Democratic Clubs of Texas, opposing confirmation of Mr. Olds.

(The telegram referred to above follows:)

FORT WORTH, TEX., September 29, 1949.

Senator LYNDON B. JOHNSON,
Chairman, Subcommittee on Interstate and Foreign Commerce,
Senate Office Building:

I have read with interest the daily press releases covering the hearings held before your committee on the nomination of Leland P. Olds to be a Federal Power Commissioner and am familiar with some of the past record of Mr. Olds. I have come to the inevitable and inescapable conclusion that the favorable action of your committee would place in a high and powerful position in the Federal Government an individual whose philosophy of government is entirely contrary to those views and beliefs held generally by the American people and particularly the political principles of the Democratic Party. I therefore urge you and your committee a unanimous opposition to his confirmation.

Sincerely,

FRED KORTH,
President, Young Democratic Clubs of Texas.

Senator JOHNSON. The next witness is Mr. Guy Warren.

Senator McFARLAND. Mr. Chairman, before we start with the next witness, as the chairman knows, I am trying to assist in the legislation that is on the floor, and I cannot be here all the time. I cannot be here practically any of the time this afternoon.

I did want to make this observation, that it has come to me that probably the Congress will not be in session more than 2 weeks after this week. Now, that may be changed.

Senator REED. Is that official?

Senator McFARLAND. There is nothing official, but there has been more or less speculation to that effect, and I think that we should act accordingly.

Now, that makes it important that we finish these hearings and make our report so that the Senate will have an opportunity to pass upon this nomination before we adjourn and, therefore, Mr. Chairman—and I have talked to the chairman of the full committee about this, and it is agreeable with him—I would suggest, if it is agreeable with the committee, that, as I understand it, you expect to finish these witnesses this afternoon?

Senator JOHNSON. Except for this—we do not want to rush anybody. We started out by saying that we were going to take the whole week. We told anybody who wanted to make a statement to place it in the record or make a personal appearance. Congressman Lyle spoke yesterday morning. He was followed by Mr. Olds for some 2 hours. Mr. Olds occupied about 3 hours, I should say, as he had requested. The proponents—we have only one more witness to hear from that side, and about six from the opponents, and Mr. Olds, at the conclusion of his appearance yesterday said that he would like to read Congressman Lyle's testimony, and after reading it, he might want to come back and discuss it.

I do not want to keep him from doing that if he can give the committee any information that would be helpful to us, and if he does decide that he wants to take up these exhibits and discuss them, I am

sure that Congressman Lyle will want to follow him, so we may have at least two more witnesses.

The chairman has indicated that we might want to have two or three people subpoenaed for hearing at an executive session.

Now, whether that will be done I do not know. The rumor has gone around today that maybe the proponents would like to continue the hearings on into next week some time until they get some more articles written, and things like that.

Senator McFARLAND. Mr. Chairman, I happen to know that the administration wants this nomination reported.

Senator JOHNSON. I happen to know that; you called me in Texas, or had me called, for me to come back here and try to get this hearing started. Now, I have been as diligent as I could. I sat here from 9 o'clock yesterday morning until 6 o'clock last night, and I have done my best to try to expedite the hearing.

Senator McFARLAND. I am not blaming the chairman.

I know the administration wants this reported. The reason you were called was because of a request that was made by me that this nomination should be reported out on the floor of the Senate so that the Senate would have an opportunity to act on it.

Senator JOHNSON. I cannot give the Senator any assurance that it is going to be reported out on the floor of the Senate. All I know is that the members are going to have a chance in the subcommittee to vote on it if they want to.

Senator McFARLAND. You cannot give any assurance as to anything, as to what the other Senators will do. I know that. Neither can I, but I do feel that we should not later than next Saturday morning give Mr. Olds, if he wants that time—preferably in the morning, but not later than Saturday morning—we should give Mr. Olds an opportunity to reply.

Now, I am in favor of that. I am in favor of giving him all the time that he wants. I do not want to see anyone deprived of an opportunity to present his views here, but I am just saying that we are busy. We are coming near the close of the session, and personally I must admit that I am committed to do what I can to expedite these hearings and get this matter, this nomination, reported out one way or the other on the floor of the Senate regardless of how we may feel about the nomination, in order that the Senate of the United States will have a chance to pass on it.

Senator JOHNSON. Well, I hope the Senator will use his influence to get some of the witnesses to be brief, not ask for continuances. Some of these witnesses have been called 2 or 3 days. We still have a list of them, 6 or 8 of them, still to be heard this afternoon, and the Chair will be happy to follow the wishes of the committee.

I just want to be sure that the record shows that every man who wanted to say anything had his say, and to give him ample time to get in letters or columns or anything that is necessary for the enlightenment of the Senate.

Senator McFARLAND. I am willing to stay here all day Saturday or Saturday night in order to finish these hearings.

Senator JOHNSON. If that is the wish of the committee, that is perfectly satisfactory to the chairman.

Senator McFARLAND. What do you think about it, Senator Bricker and Senator Reed? I am just expressing my ideas here so that the witnesses can govern themselves accordingly.

Senator JOHNSON. I have some requests here from two men in Texas who would like to come next week, who said they would be here Tuesday.

We have heard thirty-odd witnesses, and I do not know that they would shed any new light on it, but if the committee wants to conduct another week's hearings, why I will be glad to do that.

Senator BRICKER. It might be that if those witnesses were willing to submit their statements and if they wanted to submit anything to you they could be placed in the record.

Senator JOHNSON. We have told everybody that if they wanted to get anything they should put it into the record.

Senator BRICKER. I think the issue is clear-cut, and I do not think they can add anything.

Senator JOHNSON. I wanted to have a night session yesterday, but the clerk called and said that they could not get enough witnesses.

Senator McFARLAND. I do not think we ought to decide here in open session. I just wanted to express my ideas, and I appreciate the fact that the chairman is doing most of the work.

Senator REED. That is what he is for. [Laughter.]

Senator McFARLAND. Now, I have got to go to the floor.

Senator JOHNSON. Gentlemen, this is Mr. Guy Warren, of Corpus Christi. You may proceed with your statement, Mr. Warren.

STATEMENT OF GUY I. WARREN, PRESIDENT, TEXAS INDEPENDENT PRODUCERS AND ROYALTY OWNERS ASSOCIATION

Mr. WARREN. Gentlemen, first, in the third line there is a typographical error. It says "2,000"; it should be "4,000."

In order to save time for the committee, if I might say a few words in connection with this, I could simply submit this statement for the record.

Senator REED. That is fine, Mr. Warren.

Mr. WARREN. It would save you some time.

Senator JOHNSON. Fine, Mr. Warren. You have been allotted 15 minutes, and you can consume as much of it as you desire.

Mr. WARREN. I just wanted to say something that is a diversion from the statement, and that is that as a gas producer, it would appear that the idea of Mr. Olds is not to get the gas business away from the big operator, but to take it away from the little operator, so that he must handle it because they cannot survive under the rule that Mr. Olds has promulgated, and the ultimate result is that it is not cheaper prices for gas to the consumer, but higher prices in the long run if the small producer has been put out of business.

Senator BRICKER. What do you think about the supply of gas available?

Mr. WARREN. I think that the reason there is a great supply of gas today is because the gas that we have now has, in the main, been discovered by small producers, incidentally, and large, as well, as far as that is concerned.

The wells have not been drilled for the development of gas fields, but for the development of oil fields, and incidentally we have found a large volume of gas that could not possibly be discovered and produced at this time for anything near the price that the producer is now getting for it.

Senator BRICKER. If this rule were to go into effect, what effect would it have on the amount of gas available to those States that have built up their economy upon the gas industry?

Mr. WARREN. Well, the independent producer could not maintain himself in the gas business at all. It would be impossible, and I think the result would be, at the present time, that he would try to keep from selling his gas in interstate commerce in order that he could get a living price for it.

Senator BRICKER. So that we, in those States, which are becoming more and more dependent upon the greater fields outside the State, would be left to the mercy of the big companies?

Mr. WARREN. That is right.

Senator BRICKER. With no prospect of the little fellows working at it to explore new fields?

Mr. WARREN. That is right. In my opinion, it does not make much difference to the big companies about this rule at all. It does not matter in the price of gas because it costs just a certain amount of money to produce gas, to find it and produce it; and I think the independent producer has had a record of being able to do that cheaper than, probably, anyone else, and the ultimate result is regardless, someone has got to find it and produce it, and if the independent cannot be in the competitive position of producing it, it will cost ultimately the consumer in the East and the States outside of where the gas is produced more money for the gas.

Senator JOHNSON. Without objection, Mr. Guy Warren's statement will be made a part of the record. Thank you, Mr. Warren. We appreciate your coming before us.

Mr. WARREN. Thank you very much, gentlemen.

(The prepared statement of Guy I. Warren, in full, is as follows:)

Mr. Chairman and gentlemen of the committee, my name is Guy I. Warren. My home is in Corpus Christi, Tex. I appear here as president of the Texas Independent Producers and Royalty Owners Association, composed of more than 4,000 individuals who are either independent producers of oil and gas, or owners of the land and royalty interest on which producing oil and gas wells are located and as an individual independent producer of oil and gas, to oppose confirmation of Mr. Leland Olds as a member of the Federal Power Commission. Our opposition to Mr. Olds' confirmation is based upon his ideas and theories of government as reflected by his statements, his writings, his testimony before congressional committees and by his administrative orders and actions.

We in the oil and gas business recognize the necessity of laws controlling the conduct of business and the individuals engaged in business. We believe in and firmly support all proper rules and regulations, both State and Federal, within the confines of the Constitution. This has been proven by the excellent cooperation that has developed between the oil-producing State regulatory bodies and the oil and gas producers. Conservation of oil and gas resources in practically all of the oil and gas producing States has become the watchword of both the regulatory officials and the industry.

The producers of oil and gas are engaged in producing raw products. They have always marketed their commodities in a competitive market. Sometimes it has been good, and sometimes it has been bad. Many people in the oil industry have been rewarded for their efforts in this highly hazardous enterprise. A great many more, however, have been disappointed and have suffered financial

losses. This, however, is the private competitive enterprise system, and the possible rewards have caused great numbers of our people to continue in the search for and the development of the oil and gas resources of our country. The result has been to develop not only the oil and gas resources that have made our great mass production system in this country possible, but it has put our country in the forefront of all the nations of the world. We have furnished the petroleum products for this country and its allies to fight two world wars in the defense of freedom and democracy.

Mr. Leland Olds now proposes to take from the States the authority to regulate the production of natural gas. He proposes to subject every producer of natural gas, who sells his gas to an interstate pipe line, to the status of a utility. He would reduce the income of every producer of natural gas to what he deems would be a reasonable return on the investment of the producing property. He would leave nothing for reinvestment and the hazardous business of continuing to exploit and drill wildcat wells. He would disregard all the losses that have been suffered by the producer who has finally developed a producing property. In cases where the property has paid out, he says that he would then make up his mind what the rate to that producer should be.

Gentlemen of the committee, this kind of regulation amounts to complete Federal dictatorship of business operations. No producer of natural gas could survive and continue to develop new reserves which are necessary to the future progress of this country.

The Olds theory of centralized regulation of the price at which the individual producer of gas may sell his product, how much he can sell, when he can sell it, to whom he can sell it, and for how long he may sell, leads directly to the same regulation of the oil industry. Sixty percent or more of the gas moving in interstate commerce is produced with oil. It is easy to see the end of Mr. Olds' proposal.

If Mr. Olds' theory of regulation is correct, then the principle must be applied to coal that is converted into electrical power. With equal force, his theories of regulation can be applied to the production and sale of all necessities—food, clothing, and housing. In fact, I think, gentlemen of the committee, Mr. Olds' statements and writings which have already been exhibited to this committee lead definitely to that end. These are the objectives of men like Mr. Olds. Such objectives are contrary to our American system. If men with these ideas are confirmed to high administrative positions, then we are opening the door to implanting these philosophies more firmly in America. We have seen these theories of government fail in practically every country in the world. We should not risk them in America. I therefore urge upon you to reject the nomination of Mr. Olds and that you recommend that he be not confirmed.

Senator JOHNSON. The next witness is Dr. George Benson. Is he present?

(No response.)

Senator JOHNSON. Mr. William N. Bonner. Is Mr. Bonner present?

STATEMENT OF WILLIAM N. BONNER, HOUSTON, TEX.

Mr. BONNER. Mr. Chairman and gentlemen, my name is William N. Bonner. My statement refers to an article that was filed with the Committee on Un-American Activities. There was some doubt as to whether that was now in the record. I thought it was in Congressman Lyle's testimony, and if not, I think, for clarification, it should now be made a part of the record.

Do you recall, Mr. Chairman, whether it is in the record?

Senator JOHNSON. I do not think so.

For the benefit of the committee, I will read the article into the record. [Reading:]

Information from the files of the Committee on Un-American Activities, United States House of Representatives; date, July 14, 1949; subject, Leland Olds.

A check of the files, records, and publications of the Committee on Un-American Activities has revealed the following information concerning Leland Olds:

The Federated Press Labor Letter, published by the Federated Press, in the issue of March 15, 1928, printed three articles by Leland Olds (pp. 1, 4, and 5). In connection with his byline, he is identified as being affiliated with the Federated Press.

During the years 1922-31, Leland Olds was industrial editor for the Federated Press and an economic consultant, according to Who's Who in America (vol. 24, p. 1777).

In Report 1311 of the Special Committee on Un-American Activities, dated March 29, 1944, the Federated Press was cited as a Communist-controlled organization financed by the American Fund for Public Service and the Robert Marshall Foundation.

The American Fund for Public Service (also known as the Garland Fund) was established in 1922 * * * it was a major source for the financing of Communist Party enterprises such as the Daily Worker and New Masses, official Communist publications, Federated Press, Russian Reconstruction Farms, and International Labor Defense. William Z. Foster, present chairman of the Communist Party, and Scott Nearing, a leading writer for the party, served on the board of directors of the fund. (Rept. 1311 by the Special Committee on Un-American Activities, March 29, 1944.)

The Robert Marshall Foundation, a fund of more than a million dollars, which originated with the rich man's son whose name it bears, has been one of the principal sources for the money with which to finance the Communist Party's fronts generally in recent years. (Rept. 1311 of the Special Committee on Un-American Activities, March 29, 1944.)

Leland Olds contributed to the March 1924 issue of the Labor Herald (p. 13), official organ of the Trade-Union Educational League.

Former Attorney General Francis Biddle cited the Trade-Union Educational League as "an affiliate of the Red International of Labor Unions, which was the trade-union bureau of the Comintern * * *. In 1929 the Trade-Union Educational League became the Trade-Union Unity League." (Attorney General Biddle, in re Harry Bridges, May 28, 1942, p. 10.)

In the report of the Special Committee on Un-American Activities, dated January 3, 1939, the Trade-Union Educational League was cited as a project put under the control of and made amenable * * * to the central executive committee of the Communist Party of America * * *. William Z. Foster was selected to lead this movement. In the spring of 1921 he went to Russia and the understanding was that he went there to get his instructions for the organization of the Trade-Union Educational League, gather facts about the Communist work in Soviet Russia, the functioning of Communist ideas and theories, and learn how the officials of the Communist International wanted these ideas and theories applied in America through the Trade-Union Educational League.

According to the Daily Worker of November 24, 1928 (p. 5), Leland Olds was a speaker at the workers' school in Chicago. The Communist Party maintains workers' schools scattered throughout populous centers in the United States.

A photograph of Leland Olds appeared in the west coast Communist newspaper People's Daily World, the issue of June 17, 1949 (p. 2). A defense of Mr. Olds appears in connection with this photograph.

It is noted that on September 12, 1944, the Honorable E. H. Moore, of Oklahoma, addressed the United States Senate concerning Leland Olds.

The Washington Times-Herald of July 8, 1944 (p. 2), reported that Leland Olds had denied charges that he was once a writer for the Daily Worker. He was reported by the Times-Herald as saying that during the 1920's he wrote for the Federated Press, which handled labor news, and that the Daily Worker subscribed to this service.

In this same article, Mr. Olds was reported to have denied favoring complete Government ownership of the utility industry.

Now, I will say that the testimony yesterday by Mr. Olds covered most of the references made in the information report.

Mr. Olds testified that he never belonged to the Communist Party, that he never had been employed by the Daily Worker, that he had never had any arrangement to write for them; that he wrote for a press service called the Federated Press, and had an arrangement with certain newspapers, very similar to the arrangement that the Associated Press has, and that they did not require that the writers of the articles share the views of the publication.

At your request we will make it a part of the record, and I do not think that report has been incorporated before, and I hope the clerk will make that report available to Mr. Olds, in case he wants to make any comment about it.

Proceed with your statement, Mr. Bonner.

Mr. BONNER. Gentlemen, I appear without any hesitation to oppose this confirmation. I think Commissioner Olds has shown the uncontradicted evidence which he has not denied, that he is a Communist and unfit, and under our law cannot hold any office of profit or trust.

Now, I don't mean he had a card.

My country used to be full of the Ku Klux, and I never heard one of them admit that he was a Ku Klux at all, and the rosters—whoever saw a Ku Klux roster or a Communist roster of their members? Those things are not passed around.

You know a Ku Klux by the sheet he wears, and the women and children he straps with a lash, and you know a Communist by the fact that he is disloyal to the Government, and holds up the Russian system as superior to ours, and wants to overthrow ours in any way, by force, if necessary, which under his own admissions appear in his writings which he has not retracted.

You have taken up a lot of time here. The idea of having one committee of this Congress checking on a man on the Federal Power Commission for his loyalty, why, it is the most outrageous thing I have ever heard of in my life. That man, under my conception of evidence, could be convicted of being a Communist on the evidence in this record.

Senator JOHNSON. Now, Mr. Bonner, there is no testimony before this committee that Mr. Olds was a member of the Communist Party.

Mr. BONNER. Not that he carried a card; no.

Senator JOHNSON. There is no one who has testified that he is a member of the Communist Party. There is no one who testified that he is disloyal to his Government. As a matter of fact, we had witnesses all day yesterday who talked about how loyal he had been.

Mr. BONNER. My idea of a Communist is that he does not have to belong to any party. A Communist is one who is disloyal to this country and who favors another system, and wants to overthrow ours, in favor of it. That is a Communist, in my concept. I may be wrong.

Senator BRICKER. On page 4, paragraph 3, subsection (3), you say [reading]:

served on the executive board of the communistic Federated Press with William Z. Foster, Carl Haessler, Earl Browder, and John W. Edelman.

Those names are familiar to all of us. What authentication have you for us with respect to that?

Mr. BONNER. Right here in the testimony before the Committee on Un-American Activities. He testified to it yesterday, Senator Bricker. He admitted it. He said so.

Senator BRICKER. That is what I say, it may be in the record.

Mr. BONNER. He said he was not very active. Maybe he was not active at all. He was a member of the board, and that is all. Gentlemen, I do not want to take any more of your time.

Senator BRICKER. Is this the press association in which he wrote, and where the writings were later published in the Daily Worker?

Senator JOHNSON. Senator Bricker, I think that the hearings will make it very clear—make very clear Mr. Olds' connection with the Federated Press.

Senator BRICKER. I will read the record of the hearings.

Senator JOHNSON. I think the evidence will show that Mr. Olds was employed as an industrial editor of the Federated Press over a period of several years; that he had perfect liberty, according to his own testimony, to write in any way he saw fit. They did not edit his writings, and the Federated Press, in turn, had several newspapers that were subscribers, maybe several hundred. I am not quite clear on that.

Generally speaking, the subscribers were labor papers. It was a labor service.

Among their subscribers evidently was the Daily Worker, which was one of them. The IWW paper was another one, Industrial Solidarity.

Yesterday there was 54 photostats from Labor Letter, from Industrial Solidarity, from the Daily Worker, that contained articles written under Mr. Olds' byline as industrial editor of the Federated Press.

Senator BRICKER. He did not deny any of this charge, then, on page 4?

Senator JOHNSON. I have not read page 4. He did not deny that he had written the articles. He did deny that he was employed by the Daily Worker or that he read his articles which appeared in the Daily Worker.

He testified, I think, that he was employed by the Federated Press. They, in turn, sent his articles out to whoever paid for them, whoever bought them, and the Garland Fund contributed, and as I remember, \$3,000, \$3,600, \$3,200 to Mr. Olds for his work during some of that period.

Senator BRICKER. Was there any question about whether or not he served on the executive board with Foster, Haessler, Browder, and Edelman?

Senator JOHNSON. I do not think there has been any testimony up to this point on that.

Senator BRICKER. Up to this point on that subject?

Senator JOHNSON. I think that in the publication of the Daily Worker, this fellow Carl Haessler, and Olds were listed as editors of the Federated Press; and I think that was brought out yesterday. But as to who else may have served with him on that board, it was brought out that he addressed a meeting, appeared on the platform; he and Browder were the principal speakers.

He did not remember having appeared on the platform with Browder although he said that could have been. He said during those years that he did not make it a policy to check on each organization which asked him to speak; that he selected his own subject.

Senator BRICKER. Yes; I saw that testimony.

Senator JOHNSON. But I do not think that it was testified as to who constituted this executive board.

Without objection, the statement submitted by Mr. William N. Bonner will be made a part of the record.

(The prepared statement of William N. Bonner follows:)

STATEMENT OF WILLIAM N. BONNER BEFORE THE SENATE INTERSTATE AND FOREIGN COMMERCE SUBCOMMITTEE ON THE CONFIRMATION OF LELAND OLDS AS A MEMBER OF THE FEDERAL POWER COMMISSION

I am William N. Bonner, a citizen of Houston, Tex. By profession a lawyer, I am a member of the Houston Bar Association, the Texas Bar Association, and the American Bar Association, and I am now an officer in each, having for the past year served as chairman of the mineral section of the last named.

By appointment of the Governor and by election I have held various executive and judicial offices in my State and city.

My family and self own various lands and mineral rights, including small producing interest and royalties, both oil and gas, located in some 12 fields in Arkansas, Louisiana, and Texas.

For years I have been a member of the country's four major oil and gas associations and a director in two of them. I have no connection with a utility or major pipe-line company.

It is without any hesitation whatever that I appear here to oppose the confirmation of Leland Olds to membership on the Federal Power Commission or any other office of honor or trust provided for by our Constitution and laws.

The well-documented statement of Congressman Lyle, of Texas, and that of Hon. O. C. Bailey, chairman of the Arkansas Oil and Gas Commission, contain all the data necessary to show Leland Olds a traitor to our country, a crackpot and a jackass wholly unfit to make rules or regulations or to sit in judgment on any matter pertaining to privately owned property acquired and operated under the American concept of private enterprise because he has and does now condemn that system, freely advocating nationalizing all such as has come under his jurisdiction directly or indirectly. To repeat in detail the facts set forth in the arguments I have referred to would be an unnecessary encumbrance of the record and I content myself with an adoption of them with the following additional applications of the alien philosophy which Leland Olds is shown to hold:

First we must keep in mind that the production and gathering of oil and gas, like that of mining coal is local or intrastate commerce and subject only to local regulation and taxation. All the authorities so hold and in *Carter v. Carter Coal Co.* (298 U. S. 238) the cases were reviewed from early times and it was stating: "Mining is not interstate commerce, but like manufacturing is a local business * * * the same rule applies to the production of oil and gas * * * such production is essentially a mining operation, and therefore is not a part of interstate commerce, even though the product obtained is intended to be and in fact is immediately shipped in such commerce." The cases then continue to say that one who produces and subsequently ships in interstate commerce "is engaged in two distinct and separate activities so far as he produces, his business is local. So far as he ships in interstate commerce, his business is interstate."

Every Senator who participated in the hearing on the Natural Gas Act understood and made clear their position by questions to the Commission attorney and proponents of the bill, that it would have no effect whatever upon the activity of producers and gatherers but only upon the big pipe lines then being projected from Texas to the east and those few already completed.

Leland Olds in order to allay the fear of the Congress and public, for a time accepted this construction until and only until he could get his forces organized and then, in true communistic style started his "boring from within."

He violated and ignored the provisions of the bill as understood by the Congress and public and finally caused litigation which by a divided Court upheld his changed position that the bill authorized his Federal Power Commission to regulate not only the pipe-line companies but the gathering activities of such companies and any other property owned by them, including a casing-head plant,

having the result of placing an over-all limited return on all their earnings from whatever source.

Chief Justice Stone said that the act properly construed "is a command to the Commission (FPC) not to regulate that (producing and gathering activities) which is excluded by the act." Justice Jackson, in dissenting, said that the holding was legal nonsense in that it could require three separate prices to three joint owners of a single well—the regulated company, an unregulated company, and a royalty owner.

This seems to have given Commissioner Olds a new idea and he then set about to regulate and control all royalty owners and producers who sell to an interstate line holding in effect that the mere sale of gas to such line made the producer a utility subject to his jurisdiction and control.

To appease an alarmed public and Congress, at the next session Commissioner Olds openly advocated an amendment to the Natural Gas Act correcting all this and restoring the original intent of Congress in keeping with the true concept of interstate commerce (this known as the Priest bill), but when an amendment or substitute bill (S. 1498) came on for consideration he, in characteristic Soviet style, opposed this and took the outright position that the FPC could and should regulate all producing, gathering, drilling, and transportation facilities by fixing the price and rate of return to the operator. This as he knows has caused endless confusion among small producers and operators, and many such have refused to sell their gas, even casing-head gas, to an interstate line for fear of subjecting themselves and properties to Federal (FPC) control, the very thing that Texas has feared and fought for all time.

Few of our people really understand the gravity of the situation and many operators seem slow to catch on.

There certainly must be something wrong with a man when the two Senators from his home State, various governors and utility commissions, many endowed schools and universities, regional chambers of commerce, and scores of independent oil producers from eight States came all the way to Washington to oppose his confirmation and further service as an official. The facts justify this. As the photostats introduced by Congressman Lyle so clearly showed, Leland Olds—

(1) Was industrial editor of the Federated Press, a communistic sheet whose articles were published each week by the Daily Worker.

(2) Went to Russia to study their system of labor management and European cooperatives.

(3) Served on the executive board of the communistic Federated Press with William Z. Foster, Carl Haessler, Earl Browder, and John W. Edelman.

(4) In 1938 joined, was chairman, and made the keynote speech to the American Labor Party National Convention in New York, October 3. He does not deny speaking from the same platform with Earl Browder.

(5) Has attacked both major political parties as "decadent," the church, the American family, our system of private enterprise, our reverence of the Fourth of July, and has openly held up as preferable to ours the Soviet system of unionism and statism, saying that the big Russian estates are now cut up and used as vacation spots for workmen.

For a year he preached for one denomination, which he has since deserted.

Every public utterance which this punk has uttered, every final position which he has taken, shows beyond cavil that he would, if permitted, substitute "security" and "statism" for freedom and opportunity. He has shown a calloused disregard for anything American.

This political infection born and bred in the old world is spreading like a plague, and no nation exists that has not felt its ravages.

This is no "red herring" but it is our tragic experience to have officials high in our Government to introduce this alien malady into the blood stream of America.

It is my considered opinion that Leland Olds in this high office to which he seeks confirmation, is in better position to serve the ends of his idealistic Russia than any other place in our Government, except perhaps the State Department.

The records show that Olds' communistic activities long ago attracted the attention of another branch of the Congress, the Committee on Un-American Activities, who has seen fit to compile a two-page, single space check-file on his activities.

Some may wonder, as I do, how Olds has been confirmed heretofore for this position. There is only one answer and that lies in the fact that the matters here touched upon (but fully set out in the record) had not then come to be

known, plus the fact that 5 years ago (when he was confirmed) we were in the midst of war and Russia was our ally.

From the Congressional Record of September 12, page 7689, I want to quote the following excerpts from a statement made by Hon. Reuben W. Peterson, chairman of the Public Service Commission of Wisconsin. He stated:

"I have had occasion to discuss Mr. Olds with many commissioners from all over the United States and those conversations have led me to believe that a vast number of men are convinced that Mr. Olds' objective as Chairman of the Federal Power Commission is to have the Commission completely engulf and supersede the present State regulatory bodies. As a matter of fact, I have Mr. Olds' own statement which seems to bear me out in that presumption."

"It is my firm belief that the Federal Power Commission under the leadership of Mr. Olds is attempting to get jurisdiction over all the waters of this State, he having in mind that dams are built on these waters and electricity is generated at those dams, and if he has jurisdiction over the electricity that is generated at those dams, it is conceivable that he will attempt to exercise jurisdiction over all of the electric utilities over whose lines any of this particular electricity flows." And the following from Hon. A. B. Hill, former chairman and now commissioner of the Department of Public Utilities of the State of Arkansas:

"I am convinced * * * that the Honorable Leland Olds is not a proper person to serve on the Federal Power Commission. * * * Whatever he may be personally, I am convinced that his background, training, and environment before going on the Federal Power Commission were such as would disqualify him, or any other person for that matter, as a Commissioner of that great and responsible Federal agency * * *. He is still an outspoken advocate of collectivism."

Is it not an insult to American patriotism and the American taxpayer as well to have one important congressional committee, during this atomic age, keeping a daily check on the disloyal and alien activities of a member of the Federal Power Commission? If Olds is confirmed, then, to be consistent, Gerhart Eisler should be brought back to this country, his indictment for treason dismissed, and a senatorial apology given him.

Wake up, America. Your house is on fire. It may be later than you think.

The CHAIRMAN. The next witness will be Mr. Russell Brown.

STATEMENT OF RUSSELL B. BROWN, GENERAL COUNSEL, INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA

Mr. BROWN. Mr. Chairman and gentlemen of the committee, I have a prepared statement which I will be glad to read, in part at least, shortly.

I may say, first, that the matter of my testimony is with respect to matters that have developed during the time in which Mr. Olds has been on the Federal Power Commission.

The people for whom I speak, the members of our association, are people who generally have had no business before the Federal Power Commission.

The testimony which I present will be based on material we have taken from the record of the Power Commission. We are not appearing here in objection to the activities of the Power Commission, for which I have heard some very favorable evidence; that, we know nothing about, but the point of our testimony will be when Mr. Olds is trying to change the conduct of the Power Commission.

The membership of our association comes from every oil-producing State. Every oil and gas producing area in the United States is represented in the membership of our association. The membership of the association is directly affected, and to a wide geographical extent, by any matter pertaining to the production or gathering of gas.

The independent element of the oil and gas industry does most, in the neighborhood of 70 or 80 percent, of the discovery or finding of new reserves of oil and gas. This is a most important function in our industry. The nature of the average independent's operation is such that he sells his products at the point of production on the site of the property he operates. With the exception of small gathering lines he has no transportation facilities. This type of operation has always been free from regulation by the Federal Power Commission.

Senator JOHNSON. Mr. Brown, will you object if we take a recess for about 10 minutes?

Mr. BROWN. No, sir.

(Short recess.)

Senator JOHNSON. The committee will come to order.

Will you continue with your testimony, Mr. Brown?

Mr. BROWN. Mr. Chairman, our attention first was focused on the line of demarcation between State and Federal authority over production in 1937 and 1938 when the Natural Gas Act was being considered by Congress. At that time we had assurances from governmental officials and Members of Congress and also by the clear language of the law that was passed, that our operation was outside Federal jurisdiction. In 1940 the Columbia Fuel Co. case renewed this issue. At that time our association took an active part, being represented by counsel and participating in the proceeding. In the decision of that case we were again assured that our operation was outside Federal Power Commission authority. Then later during the war years the Federal Power Commission initiated the natural-gas investigation under docket G-580. Their agenda came to the attention of the Petroleum Industry War Council, on which many of our members served. The council was alarmed. It invited members of the Federal Power Commission to appear before its meeting and again positive assurance was given by the Commissioners that they did not have authority over our operations. Most recently, in 1947, the Commission adopted an official administrative rule, Order No. 139, reassuring us on this point. During the investigation in docket G-580 and on various occasions during a several years period that the investigation continued, this assurance was repeated by members and officials of the Federal Power Commission.

Upon this record of assurance our people have built their business and geared their operations. Mr. Leland Olds would make these assurances meaningless.

Our association is opposed to the confirmation of Mr. Leland Olds as a member of the Federal Power Commission. We believe that his confirmation would be against the best interest of the producers of gas and also of oil; against the best interests of the consumers of gas located in the large consuming areas remote from the gas fields in the Southwest; and perhaps of greatest importance we believe that his confirmation would be inconsistent with good government as prescribed by the guiding principles of our Constitution and our experiences as a Nation during more than 150 years of unique success.

The issue involved in the confirmation of Mr. Olds has been made very definite and clear. In the hearings held before both the Senate and House committees during the past year on the proposed amendments to the Natural Gas Act, Mr. Olds made it clear that under his

philosophy the Federal Government should have centralized jurisdiction over the local activity of production and gathering of gas; that this local activity should be regulated on a public-utility basis; that contractual right such as "escape clause" provisions in gas sale contracts should be made meaningless; that producers who heretofore have sold gas into interstate commerce unknowingly have dedicated their property to a purpose from which they cannot now retract. In short, Mr. Olds has no respect for the long-recognized traditions as to property rights and contractual rights which have molded our form of life.

This philosophy is alarming in two respects. First, it shows a lack of appreciation of the understanding of the distinction between State and Federal authority, which is so basic to our form of government and our economic system. Second, it shows a mental attitude and purpose to violate a basic concept in regard to a matter that certainly should be left to the Congress. The issue presented by Mr. Olds was very aptly stated recently by Speaker Rayburn, who said, during debate on the floor of the House on the Harris bill [reading]:

Boiled down, the issue here and the essence of the whole thing is whether or not the Congress of the United States is going to write the law or whether a commission by regulation is going to do it.

It is our belief that the philosophy now entertained by Mr. Olds has become a conviction so deeply seated that he feels justified in using any means to accomplish the objective of his philosophy.

In the pursuit of his philosophy he has little regard for legislative intent, administrative integrity, or the fidelity of his own expressed position on which industry may have relied.

The viciousness of this deep-seated philosophy and the means to which Mr. Olds will resort is sharply revealed in the entrapment in which many gas producers find themselves if Mr. Olds is to have his way. In the Federal Power Commission regulation, order No. 139, Mr. Olds gave his word as follows [reading]:

The Commission gives its assurance to independent producers and gatherers of natural gas that they can sell at arm's length and deliver such gas to interstate pipe lines and can enter into contracts for such sale without apprehension that in so doing they may become subject to assertions of jurisdiction by the Commission under the Natural Gas Act.

Nevertheless, producers were cautious and included in their sales contracts "escape clauses" providing for cancellation in the event the Federal Power Commission attempted to assume jurisdiction. Mr. Olds now take the position that these "escape clause" provisions are meaningless. He here assumes a judicial function. We think that his record clearly shows that Mr. Olds' official word and course of action is not dependable.

It is our belief that government is more properly representative through legislative development of the laws and rules for the conduct of business which have stability and permanence and are sufficiently dependable and reliable as to encourage industry and the people generally to the fullest development of their abilities.

The record of Mr. Olds' life shows that no matter what legislative direction Congress may give to the Federal Power Commission, when administered by Leland Olds it would always be slanted toward and

eventually would become the ideology of Mr. Olds in the form of administrative directives. Under such treatment it is our belief that industry, customs, practices, contracts, and property rights would be destroyed.

The accomplishments of the domestic oil and gas industry, operating under our traditional system, and coupled with the incentive that is inherent therein, is an outstanding world example of the advantages that our form of government has offered. The great oil- and gas-producing areas throughout the world—for example, in South America and the Middle East—are largely offsprings of the industry of the United States. The accomplishments of the domestic gas industry are a most impressive record. The increasing gas reserve position demonstrates this most emphatically. In 1920 we had 17,000,000,000,000 cubic feet of proven reserves; today this has increased to 174,000,000,000,000, a tenfold expansion. With this expansion the consumers of gas have enjoyed a wider use at decreasing rates.

In that connection, Mr. Chairman, there has been a lot said about what the Power Commission has done, and apparently all the virtues have been attributed to Mr. Olds.

There has been a lot of good as a result of the activity of the Power Commission, but I have always assumed that that was action of the full Commission, its staff, and its many experts on that. I have never heretofore looked on that as the activity of one man, but rather as the activities of the full Commission.

Senator JOHNSON. Well, generally speaking, I think Mr. Olds admitted yesterday that his colleagues worked with him—at least he worked with them, that it was actually the whole Commission.

Mr. BROWN. Well, I have assumed that, and I have thought that some were thinking it was only attributable to one man.

Senator JOHNSON. When you have a good commission, the commissioners say, "We did it." If we have a good session of Congress, we will say the Eighty-first session of Congress is a mighty fine Congress, whether or not we did it ourselves.

Mr. BROWN. I think it is justifiable. I find no fault with it. I am just making an observation.

Looking at this record of performance would certainly suggest that we not permit a group of a few men, such as a majority of three on the Federal Power Commission, to be placed in a position where they, on their own whims, could change completely the atmosphere in which the gas industry has operated so long and so successfully. If change is needed in such a fundamental concept it should be approached cautiously, and we believe that such a matter that affects so great a segment of our economy is solely the function of the Congress.

No man who has shown the willingness to usurp such a basic function of the Congress or a willingness to tamper, on his own accord, with a traditional keystone to our form of government, and way of life should, in our opinion, be placed in a position wherein he might have the opportunity to effectuate his purpose.

For these reasons we urge this committee and the Senate to refuse the confirmation of Mr. Leland Olds.

I thank you.

Senator JOHNSON. Thank you very much, Mr. Brown. I appreciate your giving us your views.

I have a letter from Mr. H. J. Strong, one of the witnesses the first day, which is as follows [reading]:

DEAR MR. JARRETT: Time did not allow me to finish what I had to say to the committee hearing the matter of Mr. Leland Olds to the Federal Power Commission.

Enclosed please find a letter to the committee that I was to read, which states the position of Mr. A. A. Couch, president of the Iowa Federation of Labor.

It will be appreciated if you can have this information incorporated in the hearing records.

Thanking you and the committee for the kindness shown me, I am,

Sincerely yours,

H. J. STRONG.

We will incorporate the letter from Mr. Couch to Mr. Strong, and the letter from Mr. Couch to the chairman of the subcommittee. We will not accept Mr. Strong's conclusion that he did not have time to present the letter, because he had time. He just did not present it. (The letters referred to are as follows:)

IOWA STATE FEDERATION OF LABOR,
Des Moines, September 26, 1949.

Mr. HARRY STRONG,
Washington, D. C.

DEAR MR. STRONG: I have just learned that the Subcommittee on Interstate Commerce will hold hearings on the reappointment of Leland Olds to the Federal Power Commission.

Time will not permit me to appear personally. Enclosing herewith letter to the committee, in the hopes that you will have an opportunity to read this letter to the committee, so that it may be a part of the record.

Sincerely yours,

A. A. COUCH, President.

Subject: Confirmation, appointment Leland Olds, Federal Power Commission.
SEPTEMBER 26, 1949.

Senator LYNDON JOHNSON,
Chairman, Subcommittee on Interstate Commerce,
Washington, D. C.

GENTLEME: Our State Federation of Labor, as has the parent organization, the American Federation of Labor, has for many years supported all efforts in the development of our natural resources and in the holding of them for the benefit of the entire citizenry.

We have carefully watched the work of many Federal agencies, and the Commissioners who administer under these agencies, and in our judgment Leland Olds has made a record warranting his reappointment to this important Federal office.

Respectfully yours,

A. A. COUCH, President.

Senator JOHNSON. Is Dr. George Benson present?

Doctor, are you ready with your statement?

Mr. BENSON. Yes, sir.

Senator JOHNSON. We called you previously, Doctor, but I believe you were not here. We had you listed. It appears now that we have had over 12 hours of these hearings, and we will be very glad to have you testify.

Do you have a prepared statement?

Mr. BENSON. Yes, sir.

Senator JOHNSON. Will you go ahead and read it?

STATEMENT OF GEORGE S. BENSON, PRESIDENT, HARDING COLLEGE, SEARCY, ARK.

Mr. BENSON. Mr. Chairman and members of the subcommittee, I am George S. Benson, president of Harding College, Searcy, Ark.

I am appearing as a private citizen, interested in the future of the world's greatest present nation, interested in the preservation of the great American principles which have made America great, interested in the opportunities that shall exist for the boys and girls now in Harding College, for the boys and girls of the entire United States, and interested in the freedom-loving people around the world whose eyes are turned toward us.

There are two great competing ideologies in the world today. The contrast between them is gradually becoming clearer and clearer. The distinctive tendencies of the people who support either of these ideologies is also becoming better and better understood.

According to one of these ideologies, the state means everything. All interests of all individuals, except the small dictating class, are made completely subservient to the interests and whims of the so-called state. Russia is the chief representative of that ideology.

America is the chief representative of the opposing ideology, in which government is the servant of the people, and according to which the individual is supreme in the exercise of his innate, God-given freedom.

Under 20 different flags I have studied and observed the results of these two ideologies. More than that, I have studied them back through 4,000 years of recorded human history.

As a result of this study, one great fact has come to stand out as clearly to me as the brightness of the clear noonday sun, and which I'll sum up in the following compound sentence: Freedom of individual opportunity and prosperity go hand in hand; regimentation and poverty go hand in hand.

Greece and Rome experienced their greatest progress during the time of their great individual freedom. The little British Isles, following the dark ages, ushered in by the fall of Rome, became the foremost nation of Europe only because they provided much greater individual freedom than did Spain and France and other much larger continental countries. America, providing still greater individual freedom, surpassed the prosperity of the British Empire.

Our own American hemisphere which has been settled chiefly by people of European origin during the past 400 years offers a current object lesson. The contrasting degrees of prosperity prevailing in South America, Central America, Mexico, the United States, and Canada is in direct proportion to the degree of individual freedom prevailing in these respective countries.

Less than 10 percent of the people who have walked the face of this earth have experienced any considerable degree of freedom. Only 20 percent of the people of the world, even in our enlightened day, know an individual freedom even relatively comparable to our own. Yet that 20 percent produces the vast majority of the world's manufactured goods and represents by far the leading culture and civilization of our age.

It is definitely the freedom for each individual to dream his own dream that has given this country its Henry Fords, its Thomas A. Edisons, its du Ponts and its Alfred P. Sloans, whose contributions have been worth billions of dollars to our economy.

It is definitely our profit system, with freedom for nondreamers to compete with the dreamers that has given America a man-hour rate of production two times as high as prevails in the best countries of Europe, and five times as high as in Russia.

It is definitely the competitive system plus the freedom to accumulate capital for investment in better and better plants equipped with better and better tools which enables American employees to earn in wages two times as much purchasing power as the employees of England, Sweden, or Switzerland; and five times as much as the employees of Russia, where the government permits no private capitalism.

It is these very conditions which give this nation a national income equal to the total national income of the next highest six nations combined; and which allows America, with one-fifteenth of the world's population to support more young people in high school and college than does all the rest of the world; and which permits Americans to drive four times as many automobiles as all the rest of the human race.

In spite of the blazing record of achievement of good for all groups of people under freedom of individual opportunity, there has arisen in England, and now in America, a considerable group of people who apparently have no knowledge of the real secret of production and who, in the name of the common good, propose to destroy this entire foundation of freedom, by asking that the State, either through ownership as in England, or through detailed regulation and control, as is now being attempted in America, or through a combination of these means, take over the responsibility of production and distribution.

Such a change, of course, cannot be accomplished in any great nation on a day's notice. On the contrary, it takes time to mould public opinion and prepare a foundation for the final change. England went through that stage of preparation between the two World Wars, and then adopted the policy of government ownership and operation of British industries immediately upon the close of the Second World War.

America has already gone far in the preparatory stage. This has been accomplished through the work of foreign agents who, directed from abroad, have deceived many public-spirited Americans into believing that private enterprise, the profit system, and competition are contrary to the welfare of the employees, of whom we now have 60,000,000.

The only alternative is statism. So far has this trend advanced that, unless steps be taken to halt it, we are now just one more national crisis from the welfare state, which if ushered in, would kill the very inspiration, initiative, enthusiasm, and spirit of achievement which has made America the world's outstanding Nation; and which would accordingly reduce all of our people to a state of mediocrity; with a national income and a wage level not more than half as high as the present.

Gentlemen, that explains why I am here today. If we keep our system of private capitalism and keep our people believing in it and working together, our standard of living can well go on up 100 percent above the present. But if we turn to statism we will go backward to 50 percent of the present, or worse.

Mr. Leland Olds, whose reappointment to the Federal Power Commission you are now considering, has a record which in my opinion definitely places him on the side of those who would destroy the very foundation of our way of life—who would destroy every one of the fundamental factors in our economic system, which has blessed our children, our employees, and our general public as no segment of the human race was ever before blessed.

I shall avoid repetition by referring you to the testimony of the Honorable John E. Lyle, Member of Congress, who testified yesterday, and who presented a vast amount of documentary evidence proving beyond reasonable doubt that Mr. Leland Olds is not only on the left, but is far to the left. His ridicule of the church as in "decay" and as the "handmaiden of the capitalist system," his ridicule of Congress as the tool of "an immensely powerful ruling class," his denunciation of private enterprise in all of its aspects, his denunciation of the "profit system," his urging the development of "political power sufficient to put over nationalization" of American industry, his praising the Russian system and preaching class war in America indicate very clearly that his sympathies are with that ideology, every important tenet of which is diametrically opposed to every important tenet of our American way of life.

Senator JOHNSON. I want to clear you up in stating that Mr. Lyle did not testify to some of the things you have there. Particularly do I want to make reference to his ridicule of Congress as the tool of "an immensely powerful ruling class."

He did not submit any writings along that line. There was some indication that some people in the Government were administrative clerks for a powerful ruling class. That might be extended to Congress in the light of some of the present-day criticism, but it was not so specified in the articles.

Mr. BENSON. I read rather carefully his testimony. I considered that political government had to include Congress as a part of it.

Senator JOHNSON. Well, I guess you do if you were to generalize and go that far.

Mr. BENSON. Did you have any other questions at that point?

Senator JOHNSON. No; go ahead.

Mr. BENSON. Well, to confirm Mr. Leland Olds on the Federal Power Commission would be another step jeopardizing the future of America and threatening opportunity for our children.

Furthermore, we are now in a cold war and many people think we cannot avoid an ultimate hot war with Russia and her supporters. To say the least we are in a critical period.

Should we then confirm in strategic national positions, men whose loyalties we have reason to doubt, and men whom we know are supporters of statism? When there are plenty of men, equally as capable, whose loyalties are not doubted, the answer is too clear to require argument.

The Federal Power Commission, among other powers, has jurisdiction over the generation and distribution of electric power, over licensing and building hydroelectric dams, transportation of gas, and no doubt would have much influence with location and policies of atomic energy production. We should, therefore, in this critical period, tolerate no doubt with regard to the loyalties of all members of the Federal Power Commission. The record of Mr. Leland Olds creates grave doubt in my mind, and affords reason for doubt in the mind of every man who knows that record.

It may be observed that the record of Mr. Olds is in the past. Well, men do not make records in the future tense. We would do well to heed two terse phrases on the Pennsylvania Avenue side of the building of Archives, which read:

Study the Past.
Past is Prologue.

The past record of Mr. Leland Olds offers our best method of evaluating his future conduct.

Should any man chance to be too much under the influence of the Communist Party, then his present statements, promises, and pledges are totally worthless. Many have been ordered to lie, if doing so would serve better the objectives of that fanatical order.

But should there be no danger of war, we still do not want statism in America. It is known that Mr. Leland Olds now advocates increased powers for the Federal Power Commission—all of which lead us closer and closer to the day when statism can become a reality.

Already too many men of doubtful loyalty to our American way of life have been confirmed in important office.

As a private American citizen deeply interested in our future welfare, and seriously concerned over present trends, I beg that your committee, and the Senate of the United States firmly resolve to confirm not one more man to important office who is known to favor the elimination of freedom of individual opportunity and the creation of statism in America.

I close with a quotation from that great patriot, Dwight D. Eisenhower, under date of June 6, 1949:

I firmly believe that the army of persons who urge greater and greater centralization of authority and greater and greater dependence upon the Federal Treasury are really more dangerous to our form of Government than any external threat that can possibly be arrayed against us.

Senator JOHNSON. Thank you very much, Dr. Benson.

Any questions, Senator Bricker?

Senator BRICKER. No, except to say that it is a very fine statement.

Senator JOHNSON. Thank you very much. Doctor, we appreciate your stating your views for the consideration of the Senate.

Mr. BENSON. Thank you.

Senator JOHNSON. The next witness is Mr. William A. Roberts. Is Mr. Roberts present?

Mr. ROBERTS. Yes, sir.

Senator JOHNSON. How much time do you desire?

Mr. ROBERTS. About 7 minutes, 8 minutes.

Senator JOHNSON. I think we have about 15 allotted to you, so you may take as much as you need.

STATEMENT OF WILLIAM A. ROBERTS

Mr. ROBERTS. My name is William A. Roberts. I am a senior partner in the law firm of Roberts & McInnis, with offices in the Mayflower Office Building at DeSales Street and Connecticut Avenue NW., Washington, D. C.

Throughout my adult life, I have been engaged in connection with regulatory matters affecting public utilities. Until September 1930, I was a senior attorney examiner with the Interstate Commerce Commission interested in the valuation accounts and rates of railroad and motor carriers.

Subsequently, I was counsel for the Public Utilities Commission of the District of Columbia, and people's counsel of the District of Columbia for public utilities matters by appointment of the Honorable Franklin D. Roosevelt.

In 1931 and 1932, during the prior administration, the Hoover Administration, I served as acting corporation counsel, and special counsel for utility matters in the District of Columbia; and in the year 1932, I was President of the Federal Bar Association.

Senator JOHNSON. That is the Bar Association made up of attorneys—

Mr. ROBERTS. In the Government service, yes.

Senator JOHNSON. Yes.

Mr. ROBERTS. Commencing with 1936, our firm has been employed in the representation of individual utilities, both small and large, and in the representation of States and numerous municipalities, largely in matters affecting rates and charges of utilities. After service with the Army Air Forces, I returned in 1945, to increased activity in this field.

Senator JOHNSON. Your firm handled many cases, then, before the Federal Power Commission?

Mr. ROBERTS. No; we have not had a case before the Federal Power Commission in the last 4 years. We had no activity before that Commission.

Senator JOHNSON. Where did you represent those companies?

Mr. ROBERTS. In States, in general rate cases for motor carriers and for gas, and for electric utilities and telephone cases.

I might say that a considerable portion of our practice, or my particular practice in the firm in the last few years, has been in the representation of municipalities and consumer interests against the applications of utilities.

Senator JOHNSON. So, your practice before the Power Commission in the last 4 years has been rather limited?

Mr. ROBERTS. I have none because I have had no occasion for representation.

Senator JOHNSON. You had no practice before them?

Mr. ROBERTS. That is right.

Senator JOHNSON. You have no cases pending before them now?

Mr. ROBERTS. None at all.

My purpose in enumerating these matters, is to establish qualification for comment on the services of Leland Olds to the American people. I have known him, and known of his work for 17 years. I consider that his contribution to the development of the original cost

system of regulation of the rates and services of utilities, both electric and gas, has been of major importance.

It is easy to state that in this country the indispensable heavy industries are permitted free initiative under regulation, but it is much more difficult to establish and maintain effective regulation of these enormous accumulations of power and capital. An educated man, with the best of intentions, is a child in the intricacies of utility finance. The subject can be acquired only by absorption. Unfortunately, men of marked ability and personal integrity remain but a short time in the Federal service, or in the service of the utility boards of the several States and municipalities. The salaries are low, the opposition vindictive and persistent. It results, therefore, that such offices are frequently, and by no means exclusively, filled by men whose natural mediocrity or inexperience is their only bar to the well-paying positions afforded by private enterprise.

In the case of a capable and energetic incumbent, every fault is magnified, every virtue is belittled. Most of the subject matter of regulation makes poor copy for that part of the press which would take the time to inform the public on the basic issues.

Senator BRICKER. I do not think you can sustain that statement in my State.

Mr. ROBERTS. Ohio?

Senator BRICKER. Yes.

Mr. ROBERTS. I would say that it was very difficult in Ohio in the Cincinnati cases or in any of the other cases, in my opinion, Senator, to find much copy in matters with respect to accounting and rates.

Senator BRICKER. I mean the first one, I mean the statement with respect to mediocrities and inexperience.

Mr. ROBERTS. Ohio is an exceptionally well-staffed State. Regulation has been there for many years, and they are competent, but they still have men there who are not particularly energetic or capable.

Senator BRICKER. That is true.

I think, by and large, that particular body has been staffed with pretty able and capable people.

Mr. ROBERTS. They have also had some increases in compensation.

Senator BRICKER. Oh, yes; they are pretty well paid.

Mr. ROBERTS. And they have had pretty capable and aggressive law firms, which have done a good deal to educate them.

Senator BRICKER. There has been pretty good representation in the cities

Mr. ROBERTS. Yes, sir; that is true in Ohio.

Senator BRICKER. But the press, of course, limits its comments largely to the local cases. I mean the press in the city involved, but we did get very good coverage. I did not mean to break in, Mr. Roberts.

Mr. ROBERTS. That is all right.

Senator BRICKER. I did not want Ohio to be generalized in that way, without calling attention to the fact that I do think regulation has worked in my State, anyway.

Mr. ROBERTS. Leland Olds has a happy faculty of expression, an abundance of energy, which enables him to present to interested legislators, and to the public, the crucial issues of regulatory problems.

The development of the use of natural gas in large and small communities remote from its source has been astonishing, and, in fact, at times appalling. Many cities are now completely dependent upon pipe lines which are regulated and controlled by the Federal Power Commission. The immediate regulatory authorities at point of consumption find their inquiry into the cost of transmission and procurement frustrated by the objections of the utilities as to their jurisdiction, and defeated by their own limitations in money and in information.

Unless the Federal Power Commission is manned by individuals who have a genuine concern for the conservation of our natural resources, and a great interest in the fairness of the transactions under which natural gas is supplied to the consuming municipalities and industries, there is a grave danger that the rates which the public pays for this desirable fuel will be oppressive, and in even greater danger of discriminatory and wasteful supply.

Senator JOHNSON. In your judgment, is the Federal Power Commission well manned at the present time?

Mr. ROBERTS. I think not as well as it should be, but well manned. It is one of the better Commissions.

Human nature demands immediate compensation, and has slight interest in the benefits of the remote future. There are therefore many who feel irked by the limitations upon their freedom of enterprise which have been drafted and enforced by Mr. Olds.

Senator JOHNSON. Along with his colleagues.

Mr. ROBERTS. Drafted largely in many instances by Mr. Olds, and enforced under his energy, and sometimes, to my knowledge, through his persistence, and through his determination. His colleagues, of course, voted, as they always do, in any such agency of that kind.

Senator JOHNSON. We assume they had to have a majority vote.

Mr. ROBERTS. Yes, sir; that is true.

This does not relieve Congress of its responsibility, in a representative republican form of government, to see that faithful and competent public servants are protected and continued in places of greatest usefulness. In my opinion, it would be extremely unfortunate if the Federal Power Commission is deprived of Leland Olds' experience, capacity, and integrity, and the first to feel the injury resulting from his replacement will be the consumers in the cities using natural gas and the small producers of natural gas, who will be left without his informed protection against pipe-line and major gas-owning interests, which then would find it easier to obtain freedom from necessary regulation.

Senator BRICKER. Do you subscribe to the theory that a member of one of these boards or these agencies, acting as a board, ought to be able to either apply or to refuse to apply regulations, such as 139?

If it was intended by the law, ought this Commission to have the power not to enforce that provision; if it were not intended by the law, ought this Commission to have the power to put it into effect?

Mr. ROBERTS. The Congress should have control of the matter. It is purely legislative, and the Commission should do what the Congress says.

Senator BRICKER. And in this case he has either by his vote refused to do that, which was held by the Congress to be the intent, or is now contemplating to do that, which the Congress denied him the power to do.

Mr. ROBERTS. I think the matter has been before Congress and Congress has certainly both the authority and the ability to act on that specifically, so that Mr. Olds alone, or even with his colleagues, could not avoid that.

Senator BRICKER. We have many instances where these regulatory boards have issued orders without what I believe and many of the Members of the Congress believe is the proper authority, and the basic law, and in one instance we know about, in absolute defiance of two votes of the Congress of the United States on the subject matter, passing a rule which was later sustained by the Supreme Court of the United States, a policy-making rule. Would you subscribe to that, or do you think the Congress ought to clarify the law and make it more explicit, more detailed in its application, limiting the power or detailing the power that is granted to these regulatory bodies?

Mr. ROBERTS. I think that Mr. Olds or any other informed member of one of the administrative bodies has a right to express his own views born in his own experience and necessities.

Senator BRICKER. I do not mean personal views.

Mr. ROBERTS. Yes.

Senator BRICKER. I mean official action.

Mr. ROBERTS. And when it comes to the question of official action, I think he has no right to issue a regulation for which there is not legislative sanction or for which there is a legislative prohibition. I do not think there is any question on the subject.

Senator BRICKER. And if it were the intent of Congress that these gathering companies and prospecting companies, drilling companies, should be subject to regulation, should the gas companies under the law, then the Commission has failed in its duty up to the present time. If Congress did not intend them to be such, then the Commission, if it issues the order which, as I understand it from the testimony, Mr. Olds favors, and likely will secure the passage of, then they are violating the authority or going beyond the authority which the Congress has given to them.

Mr. ROBERTS. I think you are entirely right, Senator, but I also think, under the guidance of ingenious counsel, a great many different intents of Congress can be discovered, and in many instances Congress has legislated at one time, but facts and conditions change, and then it is the duty of the administrator and of the executives to try to take such administrative action as they can and consistent with their general powers.

Senator BRICKER. The only place that I differ with you there is that the action ought to be taken by the Congress if it goes into the realm of policy making.

Mr. ROBERTS. Senator, there is no question about that. As you know perfectly well, there are a great many bodies of law in which the Congress, depending on its belief in the integrity of administrative agencies and their personnel, has given the widest possible jurisdiction to that administrative agency, within which oppressive regulatory measures can be taken.

Senator JOHNSON. Do you think that is true of the Natural Gas Act insofar as it applies to producing and gathering? Insofar as producing and gathering are concerned?

Mr. ROBERTS. I think the Natural Gas Act does not allow for a misconstruction of the intent of Congress.

Senator JOHNSON. Are you familiar with the brief filed in the Supreme Court in the Interstate case by the Federal Power Commission?

Mr. ROBERTS. I have read part of the brief. I could not say that I am familiar with it, Senator. That is really not my field. The field of production of gas is a matter of little consequence to me; I am primarily concerned with the transmission and distribution of gas by private utilities.

Senator JOHNSON. I thought perhaps you had read that brief when you were talking about ingenious counsel.

Mr. ROBERTS. Yes, sir; I have seen ingenious counsel operate in another fashion. For instance, it is happening this very day before the Federal Communications Commission, where I was present.

Many constructions of the control of television in that particular instance are advanced which are at complete variance with each other, and yet they all purport to be within the legislative fiat of Congress. Everybody seems to think that there is specific legislative action which warrants the particular thing he stands for.

Before the Interstate Commerce Commission I have seen the widest withholding of a full hearing, ostensibly within the intent of Congress.

I have seen discrimination determined in two diametrically different ways by that Commission within the intent of Congress. What is the intent of Congress?

Senator BRICKER. Of course, it was the intent of the La Follette-Monroney Act that the intent of Congress might be determined from the reports of committees; and whether that will be successful or not, I do not know, but I think the fundamental difference that many of us hold is that we feel that there ought to be a direct grant of power; that that power ought to be limited, as far as the determination of policy is concerned.

Now, it may be difficult at times to draw the line between what is policy and what is administrative detail, and yet I think the Congress ought to attempt in all efforts to do so, and to delimit the authority of these boards to range the field, and then if there is a change of circumstances, such as you mentioned a moment ago, certainly the Congress is available at all times to look at the facts as they are; to change the law, to grant more authority, or to delimit the authority in any way that it sees fit.

In other words, I think that the Congress of the United States, elected by the people, ought to be the policy-making power of the Federal Government, and that there ought not to be any policy authority given to these administrative boards so that they can either punish or reward those who are subject to their regulatory authority.

Now, that is a fundamental issue in our whole American jurisprudence at the present time, and I think basically is under this whole Olds situation.

He does not agree with that philosophy at all. He wants unlimited power. He wants to change the rules, if he can, in the middle of the game. He wants to reward one and punish another, all under the guise of helping somebody somewhere, generally spoken of as the public interest, if he agrees with it; and if they do not agree with it, it is the selfish and private interests there.

Mr. ROBERTS. Well, Senator, I can agree with the general philosophy without doubt when you set it down. But when it comes—the application of that philosophy comes—to Leland Olds, I am in profound disagreement.

My purpose in testifying, however, was more limited. I have watched the things that Leland Olds has done, with respect to accounting, something that a great many utility executives are familiar with, and they find a pair of handcuffs and a restraint on them.

I have seen State commissions that could not even require the filing of accounts.

I am not talking about Ohio; Ohio does. I will name a few more that do, but a great many of the States that are getting natural gas for the first time know nothing about the regulation of natural gas, and they can be sold any bill of goods they want to sell them.

Senator BRICKER. I suppose we are out in the forefront in this whole regulatory field because we had it earlier.

Mr. ROBERTS. And because you had regulation earlier, too, and the very large utilities early, too.

Senator JOHNSON. Are you familiar with the history of the Power Commission's regulation of the natural-gas transportation and the natural-gas producers and gatherers?

Mr. ROBERTS. To some extent; yes; to some extent; not particularly from the production point of view; that is, regulation of production is a new thing to me, and one in which I have not a great deal of interest, as I said before.

Senator JOHNSON. In the act passed in 1938 has there been any regulation of producers under that act?

Mr. ROBERTS. I do not know of any, except by indirection. I think there is regulation by other commercial business enterprises, which have succeeded in impressing their powers on both boards and other bodies.

Senator JOHNSON. Do you think they would have power to regulate production?

Mr. ROBERTS. I do not think so.

Senator JOHNSON. You think they should have?

Mr. ROBERTS. I am not so sure that I would want to testify on legislation at this time because I do not think I am well enough informed.

I would just say this, that Congress can certainly take care of the legislative body matter as a separate matter, and they can deal with the matter of capacity and honesty of the Government employee, or Government official, from another point of view.

Senator JOHNSON. I quite agree with you. What we want to see is how that official has dealt with the legislation we passed.

Mr. ROBERTS. I think that is entirely appropriate.

Senator JOHNSON. Since you are not entirely familiar with that, I might give you a little review.

When that act was passed in 1938, the producers and gatherers understood that they were exempt, they were not included, they were not subject to regulation by the Commission.

Mr. ROBERTS. They struggled for many months to be sure they were not.

Senator JOHNSON. They did not struggle for many months. They came up before the committee and asked to be permitted to testify, and the chairman asked the general counsel of the Federal Power

Commission if this act covered company A, which was a producer and gatherer, and whether it covered company B, who transported gas for sale and resale. The counsel answered very definitely and clearly. He said that if company A was a producer and a gatherer the proposed bill does not touch it. If the company is a transporter it covers everything that company does.

Now, they did not struggle for many months. They picked up and went home because they were exempt.

When the bill came on the floor of the House, the man handling that bill gave the Members of the House assurance that production and gathering was exempt; that a producing company would perform no function except producing that gas and gathering that gas and selling that gas, and if it did not transport gas in interstate commerce, it was not covered.

The act passed the House unanimously. It came to the Senate. The question was raised in the Senate by Senator Connally, of Texas, and he said we have a number of gas producers. How does it affect them?

Senator Wheeler said that it did not affect them at all. Objection was raised, the bill went over, and it came up the second time. Senator Wheeler assured him there was no intent to cover production and gathering or to cover anything except transportation of gas for sale or resale. The reason the utility commissions had for coming in was expressed as [reading]:

We cannot control that situation. These pipe lines are being built and go across the States. We are confined in our own State; we have got to have the Federal Government step in and act so that we can have some control over this transportation of gas for sale and resale.

So the bill passed unanimously the House and the Senate. It became law.

Subsequently the question was raised with respect to the extent of the authority to regulate producers and gatherers. There were the Columbia Fuel case and the Billings case, and the Interstate case. Mr. Olds participated in those cases, and ultimately the Interstate case. In the brief filed by the Commission itself in the Interstate case, just as counsel has testified to the committee when the act was being considered, Commission counsel assured the court that it was not their belief that they had authority to regulate the production and the gathering and the original sale of that producer, and that was contained in the brief of the Power Commission.

The Interstate case was not a case directly in point. It was not a question of regulating a producer and gatherer alone, and that decision led to some confusion, and members of the Commission thought it said this, and some thought it said that, and as a result, the Commission, realizing the confused state of affairs, issued order No. 139, which they said [reading]:

You are assured that you can go on and go on and make contracts if you deal at arm's length. You are a producer and gatherer. We do not have jurisdiction.

So men are making contracts. They are making them today. That order is down there on the Commission's books this moment.

Now, the testimony before this committee is that a man who has participated in those decisions, a man who had interpreted that act day after day after day, year after year after year, for 10 years, decided

some time in the fall of 1947 that he could take jurisdiction. That he did have authority. That although he had not been exercising that authority during this period of time, that unless the Congress acted, and he hoped it would not act—did not recommend any action—that he would take jurisdiction.

Now, the question is, as I see it, simply this: Are you going to have Commission-made law or are you going to have Congress-made law? We have the law made, we have the administrative history of that law for 10 years, and we have decision after decision by that Commission and by the personnel now on that Commission; and then we got a change of mind, and so a change of mind in one man gives you a changed situation and consequently a changed law.

Perhaps you like that kind of instability; maybe you admire it, maybe it is inconsequential, but some 10 or 12 witnesses here who think that, if you change your mind to meet an existing situation, to meet a political expediency, that means instead of law-making power being vested where we thought it was, in the Congress, that we are having Commission-made law because that is the actual effect of it.

The man comes in, he makes a contract, he says, "I am making an arm's length sale," and he says to the Commission, "Tell me if I make an arm's length sale do I come under order No. 139?" They say, "Yes."

So he goes out and makes his arrangements, he performs on that contract. Then without his knowledge or without his consent, several weeks later a letter shows up, written to somebody else, saying that if he does that, order No. 139 does not actually mean anything, and he can be brought under jurisdiction.

Now, is that the kind of administration you want?

Mr. ROBERTS. Senator, I did not quite understand the facts exactly in the manner in which you expressed them, and I still assert that I do not believe in the—

Senator JOHNSON. How do you understand them?

Mr. ROBERTS. I understood that there were some differences. It was not quite as clear cut as you have stated.

Senator JOHNSON. Please put into the record your understanding on that, if I have misstated that in any place.

Mr. ROBERTS. I feel, without pretending to be an expert with respect to the litigation, and without having been a party of it, and without having been a student of it, that there was some belief that there was a change in conditions, as applied to the particular instance.

Senator JOHNSON. But never a change in the law. The law has been the same since 1938.

Mr. ROBERTS. Furthermore, I would say that all the time during the history when he has been there, there have been a great many times when he has been persistent and direct, and has followed his announced position throughout the time, and I would say the particular instance was very much in the open and very much before Congress, and upon which Congress, as I understand it, has not legislated; that it is possible that he might have had a conviction that he could work otherwise, and that certainly does not support the statements, absurd statements, that have been made that he is a Communist, or the absurd statements that he has been leading to statism, and I will say that since 1930 it certainly does not support the view that the gas utilities or the electric utilities have been worsened in position by reason of his activity.

They have certainly not been worsened.

Senator JOHNSON. Are you familiar with Mr. Olds' writings?

Mr. ROBERTS. In the early period? You mean the parts read into the record of those papers?

I know he has written an awful lot. He did a great deal of it that was good, but I never heard of any writing that had to do with matters of that kind; I have never heard him talk that way; and I have always heard him talk about the technique of regulation, and the problems of regulation, particularly from the point of view of the people who are constantly in contact with very capable counsel and management of utility companies. That would be the subject of our common interests, and that is the thing which I have heard him talk about, and I think he has done a wonderful job in that direction.

Senator JOHNSON. Thank you, Mr. Roberts.

Senator BRICKER. Just one question. Have you read either in the press or in the record of these hearings the statements which Mr. Olds admitted that he made, and the writings which he admitted the authorship of?

Mr. ROBERTS. I read the short quotes in the daily press way back there a good many years ago; yes. I read them.

Senator BRICKER. Do you support them in any way?

Mr. ROBERTS. To answer you directly, no; I would not be in agreement with them, but my view would be vastly different today from what it would have been in 1928. I think that things have happened with respect to political philosophy in governments that have changed a very great deal since that time.

Senator BRICKER. Do you know of any changed conditions which would justify a complete reversal of order No. 139?

Mr. ROBERTS. I do not.

Senator BRICKER. Do you think if there had been no changed conditions that there is any justification in the law for the Commission's reversing its position in regard to that order?

Mr. ROBERTS. On the premises given, no.

Senator BRICKER. You mention in here as in the public interest that Mr. Olds has been very active in helping establish the original cost theory.

Mr. ROBERTS. Yes, sir.

Senator BRICKER. Of utility rate base.

Mr. ROBERTS. Yes, sir.

Senator BRICKER. You think that is in the public interest, generally?

Mr. ROBERTS. I think it definitely is. I think most of the utility people tell me that they are—they tell me that every day in the States I go into.

Senator BRICKER. That is because it costs a lot of—

Mr. ROBERTS. Speaking of changes in mind, if there has ever been such vacillation by changing in minds that has occurred in the minds of the utility counsel with respect to the cost of reproduction theory, and the original cost, all the way from Pierce Butler, up and down, I do not know how a greater vacillation could occur.

Senator BRICKER. It is also subject to regulation and also subject to legislative authority.

Mr. ROBERTS. Yes, sir.

Senator BRICKER. And there is no uniformity of rule, I suppose, among the States of the Union, and even the Interstate Commerce Commission has pretty much the authority in ranging the field, in fixing fair value.

Mr. ROBERTS. Yes, sir.

Senator BRICKER. And many commissions are not limited to any prescribed valuation or rate base.

Senator JOHNSON. Thank you, Mr. Roberts.

Mr. ROBERTS. Thank you, sir.

Senator JOHNSON. Our next witness is Mr. Hayden W. Head.

STATEMENT OF HAYDEN W. HEAD, REPRESENTING SOUTHERN MINERALS CORP., AUSTIN AND CORPUS CHRISTI, TEX.

Mr. HEAD. Mr. Chairman, I would like to call your attention to a typographical error that occurs in the first word in the third line on the first page of my statement. The name of my client is Southern Minerals Corp. It is misspelled, and it is stated as "M-i-l"; it should be "M-i-n."

Gentlemen of the committee, my name is Hayden W. Head. I am a lawyer, and have offices in Austin and Corpus Christi, Tex.

I represent Southern Minerals Corp., which is an independent producer of oil and gas, operating primarily in south Texas, but to some extent in west Texas. Southern Minerals Corp. is engaged in the business of finding, developing, producing, and marketing crude oil and gas. It is not engaged in refining or the marketing of refined products.

It is in no sense a major company, but is a true independent producer. I am familiar with the controversy that has arisen within the Federal Power Commission and, as a result, within Congress over the proposed passage of legislation to make clear the exemption of arm's-length sales of natural gas by independent producers and gatherers from the jurisdiction of the Federal Power Commission, having been accorded the privilege and honor of appearing before this honorable committee when it conducted hearings on S. 1498, the Kerr bill, and of appearing before the Subcommittee on Federal Power and Petroleum of the House Interstate and Foreign Commerce Committee when it was conducting hearings during the month of April on H. R. 79 and H. R. 1758, the Lyle and Harris bills, which had the identical purpose of the Kerr bill.

As a result of this background, I have become familiar with the manner in which Mr. Leland Olds has discharged his duties as a member of the Federal Power Commission. I have also become familiar with his philosophy of government by administrative control and regulation beyond and above the law, and I am here to express my opposition to his efforts to receive your approval.

Let me make it quite clear that my company is not subject to the jurisdiction of the Federal Power Commission by any standard, regardless of the passage of the Kerr, Harris, or Lyle bills. My company does not sell any gas whatever in interstate commerce and will not do so unless it is by law assured that it can do so safely. Otherwise, it will await Texas markets while suffering the loss of its gas through drainage, for no market in any other State affords a sound

basis for gas sales when the penalty for sales to the markets of other States is classification as a public utility

I will not burden the committee with repetition of my company's situation nor with a repetition of the reasons why we cannot afford, simply as a matter of dollars and cents, to sell gas in interstate commerce unless the Natural Gas Act is amended, for the committee is well aware of all this as a result of previous hearings.

Whether we, the people of the United States of America, are governed by law or by administrative edict, there must exist an element of stability upon which our daily lives can be built. Under either concept of government, whether by constitutional law or bureaucratic regulation, a predicate of stability is essential or we sail an uncharted sea.

By the same standard, instability cannot be the core of a man appointed to fill a high office which administers either law or regulation. As a matter of fact, the more law that is made by bureaucratic rather than legislative processes, the greater becomes the need for stability and consistency in men who issue the edicts which supplant constitutional processes.

I accuse Leland Olds of inherent instability. He is a master of dodging from pillar to post, of supreme vacillation, of shifting position when he deems it selfishly expedient, of uttering whatever words he deems best suited for any given occasion without regard to previous utterances, and without regard to truth.

No stronger proof could exist than the records of the hearing before you at which he has appeared. Effortlessly he has leaped about before your very eyes in a long-continued display of mental gymnastics that is astounding, to say the least. Seldom denying, ever explaining, endlessly, tirelessly, his words roll on and on in all directions, with yesterday's solemn assurance to be discarded today and with tomorrow's yet unknown. Not one of you, nor do I, know what is in Mr. Olds' mind at this moment, for he has not spoken for some hours.

But, strangely enough, there runs through the man's life a thread of consistency, at times so tenuous that it is almost invisible, but nevertheless always there. Do you realize, gentlemen of the committee, that Leland Olds, cloaked in the mantle of respectability, of high public office, both State and Federal, has continued without appreciable intermission the pursuit of those objectives which he advocated 20 years ago in the columns of the Daily Worker and Industrial Solidarity, the official organ of the Industrial Workers of the World. He has done it slowly, yes; but insidiously, delicately, step by step, but relentlessly and persistently. And he has accomplished much. The entire history of his administration in the Federal Power Commission can well be characterized as a bite-by-bite process, with Federal bureaucratic control of the rights of independent gas producers being the morsel presently impaled on the tines of his fork. How far away is the last juicy bite, the destruction of the "myth" of private property, soon to "follow the divine right of kings into discard"?

And I quote Mr. Olds.

On yesterday there was introduced into the record a column of this labor-press service, comparable to the Associated Press, according to Mr. Olds, called the Federated Press, which he says, "Yes; I edited industrially. I never wrote for the Daily Worker; I never wrote for this IWW magazine directly. I only wrote for the Fed-

erated Press," upon whose board of directors sat men prominent, most prominent, in the communistic line-up of the United States of America over the last 20 years.

Mr. Olds says, "I only wrote for the Federated Press." What difference does it make if Mr. Olds wrote for the Federated Press or if he wrote for the Daily Worker if Mr. Olds says that the "myth" of private property must soon "follow the divine right of kings into discard"?

Mr. Olds is a highly intellectual man, all the more dangerous as a result of his intellect. He is a much greater threat to the American way of life than he would be if his brain were less agile. And that he is an "efficient administrator," as his friends have told you, I do not doubt.

For instance, I do not doubt, as Mr. Roberts told you, that Mr. Olds is a superb accountant; that he is a master of accounting. He has a great intellect.

But the loss of American freedom is too great a price to pay for efficient bureaucracy. I doubt that Mr. Olds is irreplaceable, as one of his proponents stated yesterday, and with someone of ability who respects the fundamental concepts of our democratic government, our political system, and our elected officials who make it up.

I have a rather good idea, and I believe that somewhere in these United States there exists a man who believes in the American way of life, the things for which this country stands, who can be appointed to fill the position on the Federal Power Commission which Mr. Olds has occupied over a period of years, indoctrinating it with the tenets of, shall we say, communistic, or, shall we say identical with communistic thoughts, that is evident in his writings of the twenties; and, bear in mind, please, gentlemen, that since the year 1929, when the Garland Fund failed—I take this from the previous testimony—I believe it will bear me out—when the Garland Fund failed by reason of its dissipation through communistic activity, and it no longer had the means to support Mr. Olds' column in the Federated Press, since 1929, I think there was a lapse in there while he was not actually in Government service of some 2 years; but beginning in 1931, and from that time on down to this date, there has been without, as I have said, appreciable intermission, occupancy of high office, State or Federal, by Mr. Olds.

Why should Mr. Olds continue to write for the Federated Press, for the Daily Worker, for Industrial Solidarity, when he can write for the Federal Power Commission and accomplish much more?

Mr. Olds is boring from within; Mr. Olds is a termite; Mr. Olds is gnawing away the very foundations upon which this Government exists.

It may be that I do not understand such things. I am entirely inexperienced in the Washington viewpoint, and possibly the time has come when open praise of the Russian system is a thing to be dealt with lightly, to be glossed over, to go unnoticed.

Senator BRICKER. You know, the Senate confirmed last week a man, do you not, for the Federal Trade Commission, who had talked about the death rattles of the American private-profit system?

Mr. HEAD. Yes, sir.

Senator BRICKER. And also said it would be better to repudiate the debt than to repay it in order to save American freedom?

Mr. HEAD. Yes, sir; that I do.

Senator BRICKER. That confirmation I have not been able to follow either.

Mr. HEAD. Yes, sir.

I am familiar with the situation, Senator.

It went unmentioned by Mr. Olds' proponents yesterday and the day before. I think the only two references that have been made to this mass of data, documentary evidence, 54 exhibits that were brought over here by Congressman Lyle, the only two references that have been made were in Miss Alpern's testimony when she said that this was the same thing that was presented at previous committee hearings, and it is my recollection of Senator Johnson of Colorado's statement yesterday that he stated that certainly for the most part that evidence had never been presented before the committee previously at any hearings on Mr. Olds' confirmation, and just now, Mr. Roberts has stated that he just does not believe that Mr. Olds is a Communist, and I think it remarkable that every one of these witnesses who has appeared in Mr. Olds' behalf here, since the time that data was introduced, has completely ignored it, has paid not the slightest bit of attention to it.

Now, that may be the viewpoint in Washington; that may very well be. I do not know. I am entirely inexperienced in the Washington viewpoint. It may be that such things are proper here; that people pay no attention to them.

In a Washington paper this morning there appears an editorial lauding Mr. Olds, and attacking the man who yesterday appeared before you to submit the record of the life of the appointee you are considering.

The Washington Post is the paper, to be exact. It is possible, I suppose, that the elements in this country which support the philosophy which Mr. Olds represents are stronger than I had realized, for my part of the United States is still predominantly rural and may not yet have achieved the indifference to danger that comes through constant exposure. But, if that be true, I shudder for the fate of my country.

Gentlemen of the committee, when I wrote this statement this morning, I had not intended to go any further than that into the matter of this editorial that appeared in the Washington Post this morning which, as I understand, is what is called one of your more advanced papers.

I am not familiar with the Washington Post, except that I do know that in the Post there appear the writings of a man by the name of Childs, a syndicated writer who, from the beginning of the legislation concerning the Natural Gas Act, has continued to launch attacks on that legislation, which are based entirely on misinformation, and which seem strangely reminiscent of the words of Mr. Olds that we have heard here from time to time so endlessly.

In that connection, I would like to state here, Senators and Mr. Chairman, that there has been the greatest organized campaign of propaganda, based on false, misleading facts, since the inception of this proposed legislation in the form of the Kerr bill, the Lyle bill, and the Harris bill, that I have ever witnessed.

Mr. Childs has been one of those who has continued the attack.

A man by the name of Mellett, I believe, and another man by the name of Stokes have been in the forefront of the attack. I get this

only by reading the papers myself, and I am not often in a position to have the benefit of Mr. Stokes' column, but Mr. Childs' column happened to appear in the Corpus Christi paper, where I lived for a number of years, and I bring that up, only to show as substantiation of this charge that I have made, that those columns are based on misstatements and misleading facts.

It is my recollection that about 10 days ago Mr. Childs—I believe this was Mr. Childs' column, and I read it in the Corpus Christi paper—one day appeared with this heading, with this lead line, "Leland Olds has stubbornly refused to change his mind about the effect of the Interstate case, and as a result the large natural-gas producers are after him."

Gentlemen, we would not have undergone the tortures that we have undergone in viewing our financial future under Mr. Olds' domination if Mr. Olds had not changed his mind. How true I wish Mr. Childs' statements were. It is to the contrary, the converse; and, having been somewhat familiar with this situation myself since its beginning, I say this: That, if the columnists were not so busy writing that they had not time to read the record, their columns would not be so filled with misstatements.

Senator JOHNSON. Mr. Head, where we can, we will make those columns that you refer to available in the hearings in order that their viewpoints can be considered by all the Members of the Senate.

We placed some of the news articles and some of the stories in just as if they personally appeared, because we hope that when we finally conclude this hearing, which the clerk tells me has now consumed 13 hours and 25 minutes, of actual hearing time, that each of the 96 Senators will have the viewpoint of every person who has expressed it orally, in writing, that has come to the attention of this committee.

I think the Senate can pass upon that material and can evaluate it, judge it according to their own intelligence and their own consciences.

Mr. HEAD. This morning the apex of misrepresentation occurred in this editorial in the Washington Post, and I cannot let it go by without further comment, because this matter seems to have attracted such widespread attention, as Mr. Olds holds himself out as the champion of the consumer.

Senator JOHNSON, I believed, introduced this in evidence this morning in the record. It is from the Washington Post of today. It is headed, "Lobby Target."

I read only the last paragraph here:

It is clear that there is a disposition, at least among the utility lobbyists, to have men on the Commission whose loyalty is to private interests.

Now, to the best of my knowledge—and I have sat through every hour of these hearings—the only person here before you who has stated that he represented the utilities was Mr. Roberts, who just appeared, and he appeared in behalf of Mr. Olds.

I have not heard, and I have not been aware of the activity of any utility lobbyists who have—

Senator BRICKER. I think Mr. Roberts' testimony was to the effect that he represented the cities in opposition to the utilities largely, did he not?

Mr. HEAD. Possibly so, but it was my impression—

Senator BRICKER. That was the impression I got.

Mr. HEAD. It was my understanding that he also represented utility companies.

Senator BRICKER. He said "utility" practice. Maybe he does represent utilities, I do not know.

Mr. HEAD. At any rate, I do not know anyone who has been——

Senator JOHNSON (reading):

Our firm has been employed in the representation of individual utilities, both small and large, and in the representation of States and numerous municipalities, largely in matters affecting rates and charges of utilities.

Mr. HEAD. And he certainly appeared as a proponent of Mr. Olds' accounting ability, let that be said.

Senator JOHNSON. That is a direct quotation from Mr. Roberts.

Mr. HEAD. To continue [reading]:

This disposition was evident in the opposition to Mr. Buchanan's confirmation as a Commissioner, as well as in the opposition to Mr. Olds. It was evident in Representative Lyle's despicable and preposterous attempt to smear Mr. Olds as a "Red" because he worked and wrote for labor unions 20 years ago.

The Senate can best demonstrate its own——

Senator JOHNSON. I want to point out there that anything Congressman Lyle said about anything that Mr. Olds had done, any reference that he was writing for labor unions——

Mr. HEAD. No.

Senator JOHNSON. He spoke of his writings in considerable detail, but he did not say—he criticized his writings and did not criticize because they were written for labor unions.

The article concludes [reading]:

The Senate can best demonstrate its own devotion to the public interest by confirming Mr. Olds at once.

I also submit that the Senate can best be the judge of who has been despicable in this, Mr. Lyle, who came over here yesterday and laid before this committee 54 photostatic copies of pages of the Daily Worker, Industrial Solidarity, and the Federated Press, and simply read from them, statements under the byline of Leland Olds.

Mr. Lyle did not come over here and say, "I believe that Mr. Olds feels this way about things. I think that Mr. Olds believes certain things. I believe and feel that Mr. Olds is a fellow traveler of some sort."

Mr. Lyle came over, and simply laid before this committee 54 photostatic copies of the Daily Worker, Industrial Solidarity, and the Federated Press, and said, "Gentlemen, I would like to read what Mr. Olds has written."

He read, among other things, Senator Bricker—and although I know you will read the record with the greatest care——

Senator BRICKER. I have not been able to read all of that because I just came back this morning.

Mr. HEAD. I would like to point out some of the things that Mr. Lyle read to the committee yesterday.

Senator BRICKER. I will read the whole record; you need not do that, because I will read the record.

Mr. HEAD. All right, sir.

In brief, Mr. Olds praised Russia; he used these words. He says [reading]:

In Russia this would not have happened, for in Russia the workers are the privileged class.

Senator BRICKER. I read that.

Mr. HEAD. And I have already quoted that.

Senator JOHNSON. I hope the witness will not put that in, will not quote Mr. Olds from memory. If he has anything that he wants to quote Mr. Olds on, I would be glad for him to do it.

Senator BRICKER. I have read all those articles.

Senator JOHNSON. Yes.

Mr. HEAD. Very well, sir. The record speaks very well for itself and, certainly, I was not trying to enlarge upon the words of Mr. Olds in the Daily Worker and in Solidarity forever. Those words need no enlargement. Frankly, I cannot enlarge on those words.

Be that as it may, Mr. Lyle simply, by virtue of his presentation of the documentary evidence, 54 pieces of it before the committee, the words of Leland Olds, not the words of John Lyle, are characterized in the culmination of this propaganda campaign, waged by Mr. Olds' machine this morning, as being despicable for having so done, and Mr. Olds loyal.

Now, as I say, I live in a rural area. I am not familiar with the manner in which things are viewed here, but I cannot believe that the people of this country will condone the man and praise the man who lauds Russia, and condemn the man as despicable who comes over here and lays before you simply the words of the man who has praised Russia. I cannot believe that. If so, this country is in much worse condition than I believe it is in.

Gentlemen of the committee, I have taken, I know, more time than I had originally requested.

Let me express my very deep appreciation for your permitting me to appear here, and for granting me the additional 15 minutes, which I had requested prior to this afternoon.

As I stated, I had not intended to go into this propaganda campaign that has been waged so baselessly and so falsely, further than I did in my prepared statement, but I have been outraged by the implications that have been cast. I have felt that no greater pack of lies has ever existed than that.

Now, finally, gentlemen, I only say this: Mr. Olds had a great many witnesses who came here in his support. He has his roommate at college, Mr. Ordway Tead, a highly respected man, as I understand it, who came here and testified that he had roomed with Mr. Olds in school, and that Mr. Olds was no more a Socialist, he said, than the members of the committee.

That was prior to the time that there was laid into evidence these 54 writings which gave every indication that Mr. Olds held every tenet of the communistic belief.

So, in conclusion, I say this: That Leland Olds is a fraud, he is a fraud on his friends who appeared here in his behalf; he is a fraud on the consuming public whom he fills with misleading statements.

He is a fraud on the press that he fills with misleading statements, and he is a fraud on the people of the United States of America. Thank you very much, sir.

Senator JOHNSON. Thank you, Mr. Head.

Senator BRICKER. It is a good, strong, positive statement, certainly.

Mr. HEAD. Yes, sir; I meant every word of it.

Mr. BENSON. With your permission, Mr. Chairman, I would like to quote two sentences from Mr. Lyle's testimony for the record.

Senator JOHNSON. You want it to go into the record?

Mr. BENSON. You were of the opinion that I was a little liberal in my interpretation of his referring to Congress as a group of clerks handling details for an immensely powerful ruling class.

Senator JOHNSON. The Chair will give you permission to correct them.

Mr. BENSON. On page 2 of Mr. Lyle's testimony he states, and I quote:

Gentlemen, he has seen fit to attack the men who serve as elected representatives in our Government—men such as you. He has characterized you as mere administrative clerks handling administrative details for an immensely powerful ruling class.

Senator JOHNSON. Thank you, doctor.

I probably made a mistake, and the Chair apologizes for it. What I intended to say was that, as I remembered the document that was presented, it made no reference to Congress, as such.

It might have been covered by the general term, but whatever it is, the document is in the record, and it will be made available to Mr. Olds, and if Mr. Olds chooses the committee will be glad to have him discuss each specific statement made, articles written, presentation made by Congressman Lyle, and Congressman Lyle will be given an opportunity to come back and present any other data he may care to present for the benefit of the full committee and the benefit of the Senate.

This concludes the witnesses that we have.

I want to put into the record some additional material that has come in. I would like to insert at this point in the record a letter directed to the chairman of the full committee by the executive manager of the National Rural Electric Cooperative Association, Mr. Clyde T. Ellis. The letter reads as follows:

Inasmuch as I must be out of town for several days attending our annual regional meetings of this association, I trust you will permit me to file for the record in behalf of Leland Olds the attached statement.

Sincerely,

CLYDE T. ELLIS, *Executive Manager*.

(The statement of Clyde T. Ellis follows:)

STATEMENT OF CLYDE T. ELLIS, EXECUTIVE MANAGER, NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION IN BEHALF OF LELAND OLDS

Mr. Chairman and gentlemen of the committee, I am Clyde T. Ellis, executive manager of the National Rural Electric Cooperative Association. This association is the national service organization of the rural electric systems of the country. Membership is voluntary. The association represents 829 of the rural electric cooperatives and power districts and the more than 2,000,000 farm families which comprise them.

I have served in my present capacity since 1943 except for 2 years served in the Navy. Prior to that, I served as a Member of Congress for 4 years. I have known Leland Olds for something over 10 years. I have admired his fight for the development and conservation of the water power resources of this country. I have been amazed at the accuracy of his predictions of the power requirements of the country.

The rural electric cooperatives of the United States have constant contact with the Federal Power Commission, either directly or indirectly. We have always found Mr. Olds to be diligent in his search for the facts, judicial in his consideration of the problems, and fair with all parties.

It is my opinion that our people generally believe that Leland Olds is eminently qualified to serve on the Federal Power Commission and I am pleased to recommend to your committee and the Senate that he again be confirmed.

Senator JOHNSON. I would like, Mr. Olds, if you care to discuss this in more detail and at length have the subcommittee meet again for the purpose of hearing you. You have not used all of the time that you have. It might be of interest to you. We have consumed approximately 14 hours, for your information, approximately 13 hours and 25 minutes, about 7 hours by the witnesses and almost that amount of time by the Senators.

Mr. OLDS. I would like to present a letter that I wrote to you, as chairman, requesting that I have this opportunity of amplifying my request of yesterday, and I understand that you have accorded me that privilege.

Senator JOHNSON. You do not need to write a letter. Just tell me what you want, unless you want the letter to serve some purpose.

You were told yesterday, when you left, that you would be accorded an opportunity—

Mr. OLDS. That is right.

Senator JOHNSON (continuing). To come back. I thought that was quite clear.

Mr. OLDS. I was not sure the way you left it, but I want it clear—

Senator JOHNSON. I think the record is clear.

Mr. OLDS. If it is clear, then I am in error. I wanted particularly to ask that in view of the fact that I have not yet had an opportunity to see those photostats and really go over them, that I have an opportunity until next Wednesday to prepare whatever I think—

Senator JOHNSON. I do not think you ought to be setting any committee dates. You have been very anxious to have a hearing.

Mr. OLDS. I know that.

Senator JOHNSON. And you heard Mr. Lyle's testimony. His statement is available, and I assume you have the articles.

Mr. OLDS. No.

Senator JOHNSON. You do not have the articles available?

Mr. OLDS. I do not know whether I have or not. A good part of my records were burned up in 1929 when a house of mine burned down.

Senator JOHNSON. I do not want you to get us into this situation now: You have been anxious that some action be taken before the Senate adjourns.

Mr. OLDS. For about 3 months; yes, sir.

Senator JOHNSON. That is right. Now, you are getting action.

Mr. OLDS. Yes, sir.

Senator JOHNSON. You have selected a date when the full committee meets. Now, we have got to have our report ready for that full committee to meet if we expect to take it up that week.

If you care to appear—the clerk was instructed yesterday to make available to you those photostats. It may be that you will have to look them over in the office of the reporters, where they are, or you will have to arrange for some members of your staff to do it.

I assume you have a copy of Mr. Lyle's statement?

Mr. OLDS. I have a copy simply of the text of the statement, but what I wanted to do was to see the full articles that he has put in.

Senator JOHNSON. The photostats are there, available to you as of now. They will be available to you tomorrow. I will consult the full committee about the time when the subcommittee can be called back again. I know some members are leaving town. It may be that we would like to have you Saturday, I am not sure. The clerk will

notify you. Those articles will be made available to you, and you can go and copy them or look at them or study them, any way you want to, today or tomorrow. They occupied some 30 or 40 minutes of Mr. Lyle's testimony, and maybe we will meet Saturday or maybe Monday.

Mr. OLDS. Well, I just set forth in that letter—I was not attempting to fix the time when the committee would hear me—but I think in order to adequately consider all the work that I was doing during that period, that it would take me that amount of time. I was trying to indicate that to the committee.

Senator JOHNSON. How much time would you want from the committee?

Mr. OLDS. You mean in actual hearings?

Senator JOHNSON. Yes.

Mr. OLDS. I should not think that it would take more than an hour or an hour and a half. I think that is about the time that Mr. Lyle took, something of that order, was it not?

Senator JOHNSON. Well, suppose the clerk sees to it that the reporters make it possible for you to review the photostats submitted by Mr. Lyle, and to get Mr. Olds a copy of the statements that Mr. Lyle read from, and a copy of the printed record will be available tonight, will it not?

Mr. JARRETT. Early in the morning, Senator.

Senator JOHNSON. We will not have a meeting tomorrow. We will close the testimony until some other time, unless there is somebody else who wishes to be heard. Does anybody else desire to be heard, on either side? The clerk will notify Mr. Olds, after we consult with the other members of the committee, when we will hear him again on, as I understand it, Mr. Lyle's statement.

Mr. OLDS. And I think I should have an opportunity to comment on whatever evidence has been put in today. I assume that will be in the record, whatever comment I feel is necessary?

Senator JOHNSON. I assume so.

Mr. OLDS. Thank you.

Senator JOHNSON. Notify Congressman Lyle, that Mr. Olds has requested an additional hour and a half, and tell him he will be accorded the same opportunity to reply.

The committee is recessed until the call of the Chair.

(Whereupon, at 5 o'clock p. m., an adjournment was taken subject to the call of the Chair.)

REAPPOINTMENT OF LELAND OLDS TO FEDERAL POWER COMMISSION

MONDAY, OCTOBER 3, 1949

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE
ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m., in the caucus room, Senate Office Building, Senator Lyndon B. Johnson, chairman of the subcommittee, presiding.

Present: Senators Johnson of Texas (presiding), Edwin C. Johnson of Colorado (chairman of the full committee), McFarland, O'Connor, and Capehart.

Senator JOHNSON. The committee will come to order.

At this point I want to insert in the record three telegrams received over the week end. The telegrams are very brief. I will read them. They are addressed to the chairman of the committee.

LOVINGSTON, VA.

Urge your support of confirmation of Leland Olds to Federal Power Commission. He has been fair to REA cooperatives.

ROBERT WHITEHEAD,

Attorney for Virginia REA Co-ops.

Another one from Durham, N. C., addressed to the chairman of the committee:

Urgently request that Senate confirm appointment of Mr. Leland Olds to Federal Power Commission and that this telegram be made part of record.

J. E. SMITH,

Virginia REA Association.

Another one addressed to the chairman of the committee from Southside Electric Co-op:

Southside Electric Cooperative serving 10,500 farm families urges your deep consideration for the reappointment of Commissioner Leland Olds to the Federal Power Commission. We request that this telegram be read into the records.

Respectfully,

C. S. HOOPER, Jr.,

Manager, Southside Electric Co-op.

Another one from Jeff A. Robertson, chairman, State Corporation Commission of Kansas:

As chairman of the State Corporation commission having jurisdiction over among other things the production of oil and gas, it is my desire to supplement Governor Carlson's protest of September 26 and urge that Commissioner Olds be not confirmed as a member of the Federal Power Commission. His vacillating pronouncements concerning the jurisdiction of the Federal Power Commission over the production and gathering of natural gas have caused this commission and

the operators in Kansas considerable difficulty and concern. Just recently it was necessary for this commission to resist usurpation of jurisdiction by the Federal Power Commission through the Supreme Court of the United States. Had Olds' views prevailed the gas supply of 65,000 Kansas consumers would have been jeopardized. This attempted usurpation was not, in my opinion, a result of misinterpretation of the law but a pursuit of theories inimical to the best interests of Kansas and the Nation.

JEFF A. ROBERTSON,
Chairman, State Corporation Commission of Kansas.

Here is a resolution from the American Association of Oilwell Drilling Contractors, signed by Mr. Brad Mills. The letter and resolution go in the record at this point.

DEAR SENATOR JOHNSON: Enclosed is a copy of a resolution recently passed by this association relative to the appointment of Leland Olds to the Federal Power Commission, which is self-explanatory. This resolution was sent to you a week or two ago, but for some reason I understand it did not reach your office. We thank you for your consideration of this matter.

Yours very truly,

BRAD MILLS,
Executive Vice President.

RESOLUTION

Whereas the reserves for both petroleum and gas in the United States are dependent on a high rate of drilling activity; and

Whereas the contract-drilling industry with its thousands of employees is dependent on the continued search by oil and gas operators for more oil and more gas; and

Whereas the impetus for this search can only come from the possible profits which are the mark of an economy that rewards enterprise, success, and achievement in production; and

Whereas this economy is being threatened by the intrusion of a socialistic philosophy of government through the Federal Power Commission's attempt to regulate the business of the independent producer of natural gas; and

Whereas one of the chief advocates of this bureaucratic power which seeks control over both the oil and gas industry through an extension of interstate commerce powers is Commissioner Leland Olds; and

Whereas Leland Olds, in many instances too numerous to record here, has demonstrated that he firmly believes in a pattern of government that would nationalize the energy resources of this country; and

Whereas the development and exploration programs of many oil and gas operators are endangered by the prospect of widened powers of the Federal Power Commission; and

Whereas more than three-fourths of the contract well drillers also have production of oil and gas and are likewise threatened; and

Whereas the reappointment of Commissioner Leland Olds is now before the United States Senate awaiting confirmation; and

Whereas the Eighty-first Congress has before it legislation in S. 1498 which would clearly confine the jurisdiction of the Federal Power Commission to the transmission and interstate sales of natural gas and would specifically exempt the independent producer: Be it

Resolved, That the American Association of Oil Well Drilling Contractors in official session this 21st day of September 1949, at Dallas, Tex., hereby go on record as opposing the confirmation of Commissioner Leland Olds; and be it further

Resolved, That Congress be petitioned to enact legislation which would remove any doubt from the minds of oil and gas operators that they will be free to discover and develop the petroleum resources of this country within the laws and regulations of State conservation authorities.

AMERICAN ASSOCIATION OF OIL WELL DRILLING CONTRACTORS,
Dallas, Tex.

A letter from Mr. Joe C. Humphrey, president of the Texas State Teachers Association, goes into the record at this point.

DEAR LYNDON: Evidence submitted to me indicates that Leland Olds' appointment should not be confirmed.

Sincerely,

JOE C. HUMPHREY,
President, Texas State Teachers Association.

Mr. Olds, you have a prepared statement and the committee will be glad to hear it.

SUPPLEMENTAL STATEMENT OF LELAND OLDS

Mr. OLDS. I am here to answer charges made against me before this committee by Representative John E. Lyle. While I do not believe those charges constitute the real issue upon which the Senate will pass in acting upon confirmation of my appointment by the President, Mr. Lyle's charges impugn my character and question my loyalty. I therefore requested and have been accorded this opportunity to answer his charges before this subcommittee.

At the outset I want to state simply and categorically that I am not a Communist. I never was a Communist. I am and always have been loyal to my country. I am and always have been a profound believer in democracy. In my opinion the very theory of Russian communism represents a negation of democracy. I believe and I have always believed in the American democratic form of government and in its extension to include wider participation of the people in the institutions vitally affecting their lives. I think my words and deeds prove this belief.

I have always been American in my allegiance and I have always sought a program of reform within the framework of the American Constitution and as a natural evolution of the American tradition. I have again and again expressed the belief that social change comes differently in each country in accord with its own past and not in accord with some theoretical pattern. The only program which I feel can be applied generally throughout the world is a moral program and is found in the teachings of Jesus.

I did write radically during the period publicized by Mr. Lyle. I did so because I believed radical writing was needed in the "golden twenties" to shock the American people, and particularly labor, out of the social and political lethargy resulting from the get-rich-quick fever of speculation which covered a sick capitalism with a glow of health. I felt that unless the American people were aroused to do something about it, the American way of life would be in real jeopardy.

Senator JOHNSON. Mr. Olds, do you repudiate those writings?

Mr. OLDS. No, sir; I do not.

Senator JOHNSON. Do you reiterate them; do you reassert them?

Mr. OLDS. I am going to discuss those writings in terms of Mr. Lyle's presentation and tell you exactly what those writings mean.

Senator JOHNSON. We are going to be able to judge what they mean. We will be glad to have your viewpoint upon what they mean, but the question I want to ask you: Do you still feel as you did when you wrote those letters?

Mr. OLDS. No. I have indicated that the change in the circumstances in this country and the change in my thinking that has gone

along with it, would lead me to write some of those articles in a somewhat different way today.

Senator JOHNSON. But there has been a change in your thinking since those articles were written?

Mr. OLDS. There has been a change in my thinking.

Senator JOHNSON. Then you do repudiate certain things you said then?

Mr. OLDS. I do not repudiate them as said at that time in terms of my relationship to that period in which I was writing.

Senator JOHNSON. So far as present-day conditions are concerned you do not advocate today what you did then?

Mr. OLDS. Mr. Chairman, I have indicated that I was not advocating in that. I was describing historical trends. I was indicating how things were moving. I was trying to call the attention of the American people and particularly labor to the circumstances under which their welfare would have to be protected.

Senator JOHNSON. The point I want to make is: You do not think conditions are such that a shock is required today as it was then?

Mr. OLDS. That is correct. You have stated it exactly correctly. Thank you very much.

Senator JOHNSON. While you do not repudiate those writings, you do not feel it necessary to reiterate them today?

Mr. OLDS. That is correct. But it was not until the crash suddenly cured the speculative fever that the American people started to act. I have participated in that action and I feel that the American people can be proud of and grateful for the progress that has been made toward responsible conduct of an immensely powerful economic order.

At no time during my long participation in the efforts of the American people to create an American system more responsive to the needs of the American people in this age, can a single one of my actions or utterances be properly interpreted as an effort to foster or promote any foreign ideology into this country. On the contrary, I have directed my efforts to the strengthening of the American system.

Mr. Lyle has attempted to build up a chain of evidence largely based upon quotations of single sentences, inferences, and innuendoes. This chain is no stronger than its weakest link. And that weakest link proves to be very weak indeed.

Mr. Lyle's fundamental statement that I publicized a school for Communists, urging the "comrades" to attend, just is not true. The article, entitled "N. Y. Workers School Offers Good Course," upon which he claims to base that statement was given first place in the order of exhibits to provide the necessary rosy color to tinge all the rest of the articles which he quoted and presented as exhibits.

I did not write that article and had nothing to do with it. Moreover, a check of the Federated Press send-outs for a 6-week period, including the date of the article which Mr. Lyle offered, shows that no such article was sent out. The piece is obviously an announcement by the school itself. It does not carry my name. The single byline (Federated Press industrial editor) is incorrect. Similar errors explain the fact that several of the articles cited carry my name as byline without the Federated Press credit line.

Senator JOHNSON. At that point, in order that the record may be clear: Whatever is incorrect, it is not Mr. Lyle's statement that is in-

correct. The article in question does carry the byline of the Federated Press industrial editor and you testified the other day that in the period of 1922 to the period of 1929 that you were the industrial editor throughout the period, you were the industrial editor, that there were no other industrial editors. That is correct, is it not?

Mr. OLDS. That is absolutely correct.

Senator JOHNSON. But the fact that the byline is attributed to the industrial editor is an error, evidently, of the newspapers?

Mr. OLDS. That is correct and I do not in any way attribute any attempt to misrepresent to Mr. Lyle, and so indicate subsequently in my testimony.

Senator JOHNSON. I understand.

Mr. OLDS. I wrote for the Federated Press because I wanted to reach the widest possible labor audience. Its service was taken by such labor publications as the Locomotive Engineers' Journal, the Railway Clerk, the Machinist, the Minnesota Union Advocate (official organ Minnesota State Federation of Labor and St. Paul Trades and Labor Assembly), the Colorado Labor Advocate (official organ Colorado State Federation of Labor and Denver Trades and Labor Assembly), the Tacoma Labor Advocate (official organ Tacoma Trades and Labor Assembly) and Advance (official organ of the Amalgamated Clothing Workers) as well as by the Daily Worker and Industrial Solidarity, which alone are referred to by Mr. Lyle as using the service.

I want to emphasize that because I feel that undue emphasis has been placed on the fact that my articles are carried in the Daily Worker and Solidarity. Actually they were widely carried in other papers throughout the country.

Senator McFARLAND. Mr. Olds, do you know whether there was a correction published to that article?

Mr. OLDS. I have no recollection of the article itself. I did not read the Daily Worker. I have never read the Daily Worker consistently. Sometimes people have brought me an edition, but I assure you that this article was a surprise to me when I first saw it.

Another important link in Mr. Lyle's charges can hardly be depended upon to support his thesis. It is the full text of an article entitled "May Day Dreams" which he offers as refuting my 1944 statement that I did not think I was advocating anything in my articles. A reading of the article will show that I was simply indulging in speculation as to the unfolding history of the world in relation to American labor, pointing out that the age of social liberty was coming inevitably and that American labor had as yet no goal or program. But note particularly that I repudiated the "sustained propaganda based on theories developed to meet European conditions." That was a specific repudiation of communism as being adapted to America.

With this general comment I turn very briefly to the 26 points in which Mr. Lyle purports to summarize the contents of the articles which he contends "provide a clear and definite pattern of Leland Olds' alien economic and political philosophy."

Point 1. I have already stated that the charge that I urged "comrades" to enroll in Communist training courses is just not true.

Point 2. The charge that I claimed that educational institutions are subservient to the money princes who govern industry was based on a factual article and embodies a viewpoint widely held in that

day. This viewpoint was elaborately documented by the Federal Trade Commission disclosures of invasion of the schools and colleges by the electric power industry. As brought out in this hearing by the president of Hardin-Simmons University, Abilene, Tex.:

The university * * * could not have survived save for gifts which these industries [oil and gas] made possible.

Senator JOHNSON. Do you hold to that viewpoint today that the educational institutions of the country are subservient to money princes? You said that you held to it at that time.

Mr. OLDS. I hold that certainly the influence of endowments and requests for endowments have an influence today.

Senator JOHNSON. That is not answering my questions. I am quoting your words "educational institutions are subservient to the money princes who govern industry." Do you think that is true today as you thought it true then?

Mr. OLDS. I do not think I would use that language today.

Senator JOHNSON. Then you repudiate that part of it and you would modify the language?

Mr. OLDS. I would modify the language. I do not repudiate the idea, but writing today I would state the thing differently.

Senator O'CONNOR. On that point, may I ask just how the witness would express himself today on that particular subject, all-important as it is?

Mr. OLDS. I would say today that there is a great deal more of freedom of thought in the universities than there was in the 1920 period. I would say, however, that unquestionably, to a greater or less extent, depending on the school, depending on the board of trustees, the type of trustees it had, depending on the extent to which its requirements in the way of finances were year-to-year matters or it had the freedom due to the fact that it had already large endowments, that there was still influence on certain universities to a greater or less extent as a result of their dependence on gifts and contributions to their endowments. That is what I would say.

Senator McFARLAND. You were distinguishing, I presume, Mr. Olds, even back in those days, between State universities and private universities?

Mr. OLDS. Yes. I think that in general the State universities—and I think it was apparent back in those days—have enjoyed more freedom from that kind of influence. I think that again depends somewhat on the States. I could not specifically indicate where the lines lay. I know that, for instance, the University of Wisconsin was always a university that had great capacity to tolerate and really encourage liberal thinking. I think that stems from the days when that great Senator, Robert M. La Follette, was a profound influence in that State.

There are other State universities where I think there has been a wide capacity to tolerate the kind of thinking that is necessary to keep the intellectual life of the country alive, so I would agree with you that there has not been that same relationship that develops where there is a need for endowments which can come in large measure only from men of great wealth.

Senator McFARLAND. I presume that you would make exception even to the private schools some of which had people back before the

First World War who were teaching there and had a little of what we call now at least, socialistic inclinations.

Mr. OLDS. Yes; there certainly is, although I used to talk with Thorstein Veblen and he said that he had very definite problems even in the universities in which he had been a teacher, and that was one of the reasons why he couched his books in such a very elaborate symbolic language.

Senator McFARLAND. The reason I do this is that I did not think you would want to give the impression that that thought predominated in all of the schools, but as I understood it, it was just influential in some of the schools.

Mr. OLDS. I would concur with just what you have said and I think that in the contact I have had with schools there was unquestionably a great deal of freedom on the part of teachers at Columbia University when I was there. I would not want to make too great a generalization on it.

Senator McFARLAND. And we do have to give some of these school people credit for—I am not trying to justify their position—being firm enough to stand up for their position regardless of the consequences.

Mr. OLDS. Thank you very much for contributing that thought, Mr. Senator.

Senator CAPEHART. Mr. Chairman, may I ask a question?

Senator JOHNSON. Senator Capehart.

Senator CAPEHART. Mr. Olds, what sort of influence were the so-called endowments exerting on the schools?

Mr. OLDS. I think they were exerting an influence which tended to keep down the exploration of the various kinds of thinking that were going on in the world where that thinking tended to be considered what we today call leftist.

Senator CAPEHART. Could you give us a few examples of the kind of thinking that you have in mind that you say they were keeping down?

Mr. OLDS. I do not know whether I could give you an example of that without some careful thinking. I think there were grave questions as to whether a professor who believed in public ownership of utilities could have as much freedom to discuss public ownership of utilities and to take a part in those activities as he would have had if there had been complete freedom in the academic world.

Senator CAPEHART. Can you give us a single example of where an endowment was ever made to a single university or college in which the gentleman making the endowment attached any strings whatsoever as to what should or should not be taught?

Mr. OLDS. I could not give you that example. I do not know whether there have been such instances or not, but that is not what I am pointing out. I am pointing out that colleges expect, as the requirements of their endowments go up, to have to go—and it is not always easy—to some people and try to secure funds for colleges.

Senator CAPEHART. Do you believe that colleges should accept endowments?

Mr. OLDS. Yes, sir, of course. So long as we have private institutions. I was educated myself in a college that was supported by endowments.

Senator CAPEHART. Then what is wrong with it? You believe that they should accept endowments. Now what is wrong with it?

Mr. OLDS. I think that we may come—and we may be coming—to an age in which even though they are dependent on endowments there will be such great liberalism on the part of the people who have the capacity to endow universities that they will not in any way indicate the need for a limitation.

Senator CAPEHART. You just said a moment ago that you did not know of a single instance of a single college of a single gift where there were any strings whatsoever attached to it, as to what they could or could not teach. Now you say that maybe there was.

Mr. OLDS. That is not the way it happens, Senator.

Senator CAPEHART. Tell us how it happens.

Mr. OLDS. It happens in trustees' meetings. It happens where the trustees are considering expansion programs and the question comes up whether or not certain teachings going on in the school may discourage gifts on the part of people whom the college is dependent on for the possible expansion of endowments.

Senator CAPEHART. How would you control that? You say you are in favor of endowments. How would you control that?

Mr. OLDS. I do not know.

Senator CAPEHART. Are there good endowments and bad endowments?

Mr. OLDS. I would not think in those terms, no.

Senator JOHNSON. Mr. Olds, do you not think it is fair to say that, at the time when you wrote that article and other articles along the same line, you did have reference to specific endowments and to specific gifts and, in your judgment, to specific illustrations that showed what you term as—

money princes who govern industry, endow education and generally distribute royal gifts to the glory of God and the admiration of the populace.

For instance, in an article headed "Gifts of Owning Class Only an Investment in Continuing Dictatorship of Capitalists" which appeared in one of the documents presented by Mr. Lyle, in the Daily Worker on page 3, July 16, you had this to say:

Colleges with big blocks of railway securities include Leland Stanford of California with \$13,907,000; Harvard with \$13,681,000; Yale with \$12,536,000; Johns Hopkins with \$10,156,904; Columbia with \$8,967,000, and Massachusetts Institute of Technology with \$5,750,000.

Needless to say the dependence of universities on these securities for their incomes influences their view of the economic problem. Pennsylvania which fired Scott Nearing owns over \$5,000,000 of railway securities.

That was the situation that you referred to?

Mr. OLDS. That is correct. It is just that today I am over 20 years away from my studies at that time and I cannot give present illustrations of that.

Senator JOHNSON. Was the illustration of the University of Pennsylvania, which fired Scott Nearing, also being endowed a specific example of what you referred to?

Mr. OLDS. At that time it was, yes.

Senator McFARLAND. Mr. Olds, inasmuch as the chairman has brought up Stanford University, I happen to have been one of those who attended Stanford University right after the last World War, and I am not questioning your sincerity, in regard to mentioning

that university. Maybe they did have best wishes for the stocks or bonds which they owned of the Southern Pacific Co. I would say that their thinking was certainly free thinking. I happen to have worked out a master's in political science there, and I did not see any signs of any influence myself by reason of that.

It was endowed, of course, by Stanford in honor of a son and his holdings were largely of the Southern Pacific Railroad Co. Of course, you would not find it in the law department. I got my law degree from there too. I just wanted to come to the defense of Stanford University. I cannot speak for the rest of them.

I do not know what it might be now—and I had attended other State schools before going there—but certainly then I would consider, and I have often said, that Stanford at that time was one of the most democratic schools that I have ever attended.

Mr. OLDS. I am glad you feel that way. I think it will have to be recognized that at one time as it was brought out by Senator Johnson of California, that the Southern Pacific influence was pretty much through all of the life and institutions of that State at the time. I do not know what it is now. I think there are lots of fields in which you can have great freedom without running into conflict with specific interests, but there may be a limited field where a university holds large blocks of railroad stock, where it might not be very tolerant of a man on the faculty who felt that railroad nationalization, as Joseph B. Eastman did at that time, was a sound solution of railroad problems.

Senator McFARLAND. Of course, Hiram Johnson was a Berkeley man, and there was always quite a bit of rivalry between Stanford and Berkeley, particularly in football, but the days that Hiram Johnson was talking about were before my day there. I have read the old articles in my research, and where Hiram Johnson, when he was elected governor, got on the platform and stated if he was elected governor he was going to put the Southern Pacific out of politics. It was not in regard to the schools, but he was just going to put them out of politics. That was one of his campaign slogans when he was elected governor for the first time.

Senator CAPEHART. Mr. Olds, what would you substitute for the privately endowed university and college? How would you finance them other than through contributions?

Mr. OLDS. Personally, I am rather in favor of the expansion of the State University and the State college type of education. I think our States have brought into being very great institutions of learning. However, I think this: that increasingly it is possible to have men of wealth who can endow colleges and at the same time who have such a belief in the evolution of democracy in this country, with new things coming into being as a part of that evolution, that trustees will not feel, as they have definitely felt in the past, a question mark, and college presidents a sense of fear that the presence on the faculty of a man that is outspokenly for public ownership, for instance, will in some way jeopardize their obtaining funds.

Senator CAPEHART. I thought you testified the other day that you were opposed to public ownership of railroads and utilities.

Mr. OLDS. No, I did not testify that I was opposed to public ownership. I tried to define to you exactly my feeling and I will do it again, if you like, on the question of public ownership.

Senator CAPEHART. It is not necessary.

Mr. OLDS. I have got in the record there just what I think about public ownership of utilities. It is a composite thing. It rests largely on the question of local autonomy.

Senator CAPEHART. If you were running Wabash University, for example—and they are privately owned and endowed—and you were president of it just how would you go about accepting endowments? How would you do it? How would you finance that fine institution?

Mr. OLDS. I think if I were in that position I would definitely feel that unless there were strings attached to an endowment, where an endowment was available, it should be accepted by the university.

However, I think I would try to be fearless enough—although I think it might be difficult for college presidents to be so—so that in the current running of the institution I would try to be tolerant of all ranges of opinion in the faculty, even though there might arise some question on the part of people who could give money as to whether they wanted to give endowments to that kind of institution.

Senator CAPEHART. Do we understand that you do feel that a professor should be able to teach anything he cares to and say anything he cares to?

Mr. OLDS. I think there are certain limitations.

Senator CAPEHART. Do you think a professor should be permitted, for example, to teach communism?

Mr. OLDS. No, I categorically say I do not.

Senator CAPEHART. Do you think he should teach socialism?

Mr. OLDS. I think he could teach a course in socialism very validly, and I think the facts about communism certainly ought to be put before all people who come out of our educational institutions so they will know what kind of force they are dealing with in the world.

Senator CAPEHART. Do you feel that all successful businessmen and all successful institutions are bad?

Mr. OLDS. No, sir, not at all.

Senator CAPEHART. I rather gathered that when I listened to you discuss this endowment matter.

Mr. OLDS. I do not feel so. I feel, particularly today, that there has been such tremendous progress in the business institutions and such progress is going on today as compared with the situation in the 1920's, that there is great hope of the working out between capital and labor of a sound working arrangement which will maintain the stability of our economic system.

I think what has been going on in the automobile industry—I think there was magnificent progress made in the negotiations about a year ago between the automobile workers' union and the General Motors Corp. in their consideration of wages, not only on the basis of cost of living, but also on the basis of participation in the increasing productivity of industry.

I think there is real progress made in the recently concluded negotiations between the automobile workers' union and Henry Ford, in which the principle of social security has been accepted as a part of the responsibility of industry.

I could go on and cite many instances where tremendous changes have come as compared with the situation that I was dealing with in 1920.

Senator CAPEHART. Do you feel that Henry Ford has made a great contribution to this world and to the progress of the United States?

Mr. OLDS. I certainly do.

Senator CAPEHART. Do you feel Henry Ford has been wrong in the past in his attitude?

Mr. OLDS. I think at times he was wrong. You will remember at one time he took a bitterly antiunion position, which resulted in conflicts at the very gates of his factory, because he did not want units to organize there. I think Henry Ford himself and the Henry Ford Corp. as an institution has gone through a tremendously important evolution.

Senator CAPEHART. Getting back to the college situation: I have the feeling—maybe I am wrong—but I have the feeling sitting here listening to you, that you have the idea that any endowment is going to carry with it the right to control the university.

Mr. OLDS. I do not think so.

Senator CAPEHART. Do you not feel that way about it?

Mr. OLDS. No, sir; I do not. I thought I had said that two or three times.

Senator CAPEHART. What was your complaint years ago, then, and what is your complaint today, because you said you did not know of a single instance where a single endowment to a single college or university ever carried any strings to it.

Then, if that is a true statement, and if you believe that, then what was your concern years ago, and what is your concern today?

Mr. OLDS. I think I have explained it once, but I will be glad to do it again.

Senator CAPEHART. You did not explain to my satisfaction. I cannot help but have the feeling, as I sit here and listen to you, that you are opposed to the capitalistic system. That is, you have your doubts about it. That is not true?

Mr. OLDS. No, sir. I saw, as a good many people saw, in the 1920's, that the conduct of the system was clearly indicating that it was riding for a fall.

Senator CAPEHART. I notice all through here that you talk about the 1920's. Do you think the situation is any better today?

Mr. OLDS. Very much. I said so in my original presentation.

Senator CAPEHART. You think there are fewer monopolies and less big business?

Mr. OLDS. I think the problem of big business and the problem of monopoly is still present, but I think we are on the road to solution.

If you want to know what I think about it, I think that the great corporation is one of the essential institutions of the whole American polity. There was a book written by a college professor on General Motors which I think is a very important contribution to our thinking. I think, because it is a part of the American polity, that it involves elements of social responsibility in its conduct that are very close to the responsibilities that a governmental institution has and I think General Motors is progressing toward a recognition of that responsibility. In fact, I think it was certainly with the help and encouragement of General Motors that that book was written.

Senator CAPEHART. One other question: How do you account for the fact that our people—our workers and our people in this country—have so much freedom and so much higher a standard of living than they do any other place in the world, including those countries that

have indulged in socialism and semisocialism and communism? How do you account for that fact? How do you expect to build a better society if we continue to go socialistic and continue to inject government into business as they are doing in this country, and as they have done in other countries? That is the point that always confuses me when I listen to you and such as yourself discuss this problem. You cannot point to another spot on the face of the world where the people have the freedom and the high standard of living as they have in the United States.

Senator JOHNSON. Could the chairman interpose here and just say this: Mr. Olds does not have anything to do, in the job we are considering him for, with endowing universities. Whatever his views may have been they are clearly set out in his statement this morning and his article back there and in his specific illustrations. As I gather, he was not opposed to endowments. As a matter of fact, at the time he was writing he was a recipient of an endowment. The Garland Fund was financing his writings, and he does not have anything to do with Ford or General Motors in this new job he is taking.

What I would like for the committee to do is to receive his explanation, because we have to get along with these hearings, and we will probably have another witness. And then at the conclusion of his testimony if any of the members want to ask him questions, they can do so; but he is not going to endow any universities in the Federal Power Commission and he is not going to have anything to do with how Ford or General Motors operate.

What he said in full, the complete text of the article, is there, and I notice that Mr. Olds makes a reference to headlines, misleading headlines.

The Chair did not observe that anybody has given particular attention to headlines—the only purpose of reciting the headline was to identify the article—and he wants to caution the members of the committee who have the record before them that in consideration of these statements and explanations he hopes that each member will give due attention to the complete article without taking any sentence or any paragraph and read it and then evaluate it for himself.

After all, one thing we all know is that neither the Congressman nor I nor Mr. Olds is going to be responsible for casting the vote, and the evaluation that is made, and each Member of the Senate will have the articles before him and will be able to evaluate them in accordance with his own intelligence and his own conscience.

Proceed with your statement.

Mr. OLDS. Point 3, that I hailed the decay of the church, definitely misrepresents the article upon which it is based, conveying an impression exactly the reverse of the point which I was making.

Senator O'CONOR. Will it violate your rules if a question is asked?

Senator JOHNSON. We do not have any rules. The Senator's judgment on the matter is as good as mine.

Senator O'CONOR. It does pertain to this precise point. Undoubtedly reference was had to an article by you headed "Bishop wants more than pie in the sky."

Mr. OLDS. That is correct.

Senator O'CONOR. You are, of course, familiar with that and you recall the text of it. I note in that article that this statement is made—

that is, two or three statements to which I should like to point with specific reference; first:

That a prominent bishop of the Methodist Episcopal Church turned from speculation on pie in the sky to speculation in land and industrial securities is just another proof of the decay of the church as a religious institution and its transformation into a handmaiden of the capitalist system.

Did that represent your views then?

Mr. OLDS. That represented my views then.

Senator O'CONOR. And does it now?

Mr. OLDS. No, because I think that the Catholic Church began its thinking on the relationship between religion and the social problem very early. It began, as I recall it, with the great encyclical of Leo XIII in about 1892 or 1893 on the conditions of labor, and that tradition has run down through the years.

I think that the churches, if you have followed them, particularly since the war, have been awakened, as they never were awake before, to the fact that Christianity means something in terms of social conduct, in terms of the conduct of the world in which people live, and I think that if you go into the statements that have been made since the war by the World Church Conference at Amsterdam, by the great Lambeth Conference of the Episcopal Churches, you will find that all the churches are awakening to a new sense of that social responsibility.

So today I would put my emphasis on that fact, as I did, I think, in my original statement before this committee.

Senator O'CONOR. You seem to find fault with the critic who interpreted that particular article. Were you at that time of the belief that there was decay of the church as a religious institution and were you of the belief that it was being transformed into a handmaiden of the capitalistic system?

Senator JOHNSON. In other words, were you just criticizing the bishop, or did you extend your criticism to the church?

Mr. OLDS. I was not simply criticizing the bishop; I was pointing to the increasing secularization of the church, and I was pointing also to the fact—and I was going to discuss this later but I will be glad to discuss it now—that the Christian religion, the vital religion—I have forgotten just how I said it—was related to the Sermon on the Mount or the teachings of Jesus.

What I was really doing with that article was trying to show that this secularization of the church has been going on apace because it had forgotten those very things which the prophets emphasized: the importance of justice and mercy.

Senator O'CONOR. My point is whether or not you were basing your allegation and your charge upon the private financial activities of one individual principally?

Mr. OLDS. I think the article indicates that I was, yes.

Senator O'CONOR. Here I read another portion from it:

The church now gets its support largely from those who profit by capitalist ethics.

Do you think that was a fair statement at that time?

Mr. OLDS. I think there were many little churches that that would not apply to, but I think the churches in which you had clergymen who were leading spokesmen frequently had a relationship

Senator O'CONOR. Do you think the ordinary reader would get the impression that you were talking about little churches when you

were talking about them receiving support from those who profit by capitalist ethics?

Mr. OLDS. I think that impression might come, but I would like to say this: What I was talking about was in terms of a historical process. I think that perhaps a good deal of the misunderstanding, the misinterpretation, of what I was trying to say during the 1920's is due to the fact that it has been related to a materialistic theory, whereas, in fact, I was approaching this thing in terms of an interpretation of the evolution of history related to thinking that grew out of the studying of Ferraro's *Greatness and Decline of Rome*, Gibbons' great book on the *Decline and Fall of the Roman Empire*, philosophers who recognized that, as civilizations waxed prosperous and old, there was a tendency toward the forgetting of these values of justice and mercy.

You will find the same thing emphasized in the Book of Revelation; you will find the same thing emphasized in the book of every prophet. I was pointing to that to challenge people to do something about it.

Senator O'CONNOR. I got the impression from reading this that at that time you entertained the opinion that the church had reached a very low ebb because you state very definitely that this is another proof of the decay of the church as a religious institution.

If this was another one, apparently in your mind there had been many previous, all coming to the point that you thought it was at a pretty low state of affairs.

Is that, or is it not, correct?

Mr. OLDS. I thought that during the 1920's the whole life of the people, which included the church, had gone so far in the worship of Mammon, in the following of materialistic conceptions, the speculation, the tremendous desire for quick profits, wasn't simply on the part of the wealthy or on the part of the big financiers; it went right down to the office boys and the people on the elevators, and even to this bishop. I was just trying to point out that there was that tremendous secularization that occurred that was poisoning all of American life at that time.

Senator O'CONNOR. Do you feel that there has been a marked change?

Mr. OLDS. I think there has been a very definite change. I have tremendous hope today as a result of the changes that have come. I think that the final shock to American belief in materialism as the main thing in life came when in the first place the stock market crash hit, and they suddenly found following that stock market crash that what they had believed to be a golden glow touching all life had actually had in it the seeds of destruction.

Senator O'CONNOR. You may proceed.

Mr. OLDS. Point 4, that I advocated the elimination of private property and the nationalization of certain industries, gives a false impression of the four articles in question, exaggerates their implications and definitely misrepresents my discussion of the coal industry.

Point 5, that I sneered at the 4th of July, misrepresents the whole purpose of the article which was written to protect rather than besmirch the 4th of July as a world symbol of liberty, and fails to recognize the vast changes since it was written that are correcting the kind of economic imperialism against which I was warning.

Point 6, that I said the United States Government is the servant of business, refers to a situation which was widely held to exist during

the 1920's but which is today well on the road to correction as a result of the increasing participation of organized labor and organized farmers in politics.

Senator JOHNSON. Do you think it will ever reach the point where the officials will only perform administrative details for the powerful ruling class?

Mr. OLDS. I think that is an extreme statement to call the people's attention to a thing that was fairly generalized.

Senator JOHNSON. You made that statement?

Mr. OLDS. Yes, sir.

Senator JOHNSON. You would not make it today?

Mr. OLDS. No, sir.

Senator JOHNSON. You would not even make it during that period?

Mr. OLDS. I would not make it in the same way. There was an extremely important influence that I was describing there.

Senator JOHNSON. Following this point 4: I did not want to make any comments, but I do want to read two sentences that were put in the record before, following your explanation, for the benefit of the committee members: In the Federated Press letter of April 26, you had this to say:

Federal crisis in the coal industry raised the problem of control although wages appeared to be the issue. The opposition of United Mine Workers to competitive wages can only be made effective through—

and I point out in view of your other statement and the one this morning that has been misrepresented; you do not say reform—

the elimination of competitive private capitalism. The miners have two alternatives: to develop, along with the rest of organized labor, political power, sufficient to put over nationalization.

Nationalization is one alternative as you see it?

Mr. OLDS. Yes.

Senator JOHNSON (reading):

Or to seek control by the workers themselves under a worker government.

In the light of your statement that a false impression was given, I am not going to make any statement of impressions. I just want those statements to go in the record at that point.

Will you proceed with your statement, please?

Senator CAPEHART. Mr. Chairman, may I ask a question?

Senator JOHNSON. Yes.

Senator CAPEHART. Were you chairman of the New York County American Labor Party in 1938?

Mr. OLDS. Rockland County; yes, I was.

Senator CAPEHART. Rockland County?

Mr. OLDS. That is correct.

Senator CAPEHART. And you were the temporary chairman and made the keynote speech to the American Labor Party at its national convention?

Mr. OLDS. That is correct.

Senator CAPEHART. And did you say this:

The Labor Party was born because the President—
meaning Mr. Roosevelt—

could not count upon the members of his own party to support his efforts. Millions of men and women knew that neither the Republicans nor Democrats could

be depended upon to enable Franklin D. Roosevelt to lead the Nation into the promised land of security, equality, love, and peace.

Do you remember that?

Mr. OLDS. I certainly do.

Senator CAPEHART. Do you feel that we have been led into "peace and security and love"?

Mr. OLDS. I think we are on the way to a realization of that. Of course, the realization of those things is a long road. You do not realize them in 1 year, or 10 years. It is a long road to the achievement of harmony, but I think we are moving in that direction. I think we are meeting social responsibilities, and I might point out that I was dealing with a situation, particularly in New York State, in which the political machines, like Tammany, were definitely going back and showing no enthusiasm for continuation of the program of Franklin D. Roosevelt.

Senator CAPEHART. You went on to say:

The Labor Party, in response to the political awakening that is shaking the foundations of the old political machines which while giving lip service in their platforms to the needs of the people were in reality willing tools to the financial power that ruled America that made its democracy a sham.

Do you remember saying that?

Mr. OLDS. Yes. That was the condition as far as the political machines were concerned. I could cite instances of that.

Senator CAPEHART. Do you still feel today that the Democratic Party is not following the President of the United States?

Mr. OLDS. I would not say in general, no. I think the Democratic Party is following the leadership of President Truman. I think there are elements of the Democratic Party that are not showing that same proclivity.

Senator JOHNSON. You would not make that same statement today?

Mr. OLDS. The situation there, when I was making that statement, dealt with a specific situation involving the particular time and the particular machines that I was dealing with.

Senator JOHNSON. That was made in 1938?

Mr. OLDS. That is right, and that was a New York labor party; it was not a country-wide labor party.

Senator CAPEHART. Would you say today that the President of the United States could not depend upon members of his own party to support his program?

Mr. OLDS. No, sir. I think he is getting good support from many members of his party. I think he himself may feel that certain members of his party are not always supporting him.

Senator JOHNSON. Go ahead, Mr. Olds.

Senator McFARLAND. I wonder why the Senator from Indiana is so interested in the Democratic Party this morning?

Senator CAPEHART. I am just trying to assist you Democrats, and I am very much interested in this appointment.

Senator McFARLAND. I am glad you are trying to assist democracy, Senator.

Senator JOHNSON. Go ahead, Mr. Olds.

Mr. OLDS. Points 7, 8, 9, and 10, that I denounced private enterprise and exulted in the decay of capitalism, are exaggerated references to my dealing with the laissez-faire capitalism of the decade in which I

was writing. In general—and I want to emphasize this point—the articles in question represented an effort to appraise tendencies in a rapidly changing world which has led in this country to the more responsible capitalism of today and in England to a combination of capitalism and nationalization of certain basic industries. I did not urge the downfall of any system. In one article, I did say that the solution of a world-wide problem would require "a change in the capitalist order" and since I wrote that such change has been going on apace in this country.

Points 11, 12, and 13, that I predicted the passing of the old order and hailed the fatal illness of the profit system, seem based on a failure on Mr. Lyle's part to understand the processes through which capitalism is being made to meet social responsibility, representing an important forward step as compared with the laissez-faire capitalism of the 1920's, which was seriously ill.

I would like to indicate there that many people at that time watching the processes through which capitalism of the 1920's was going felt that in many parts of the world it was not only seriously ill, but fatally ill.

I am afraid Mr. Lyle tends to think the only alternative to laissez-faire capitalism is communism, which obviously is not true. Moreover, in drawing his inferences from certain articles he fails to note that I was commenting on quoted statements—in one instance from the Wall Street Journal, and subsequently in my statement I will refer to that quotation.

Point 14, that I recommended nationalization or worker control of industry, is an absolutely unwarranted generalization of an article dealing with the intolerable situation in the coal industry during the 1920's, a situation of which Congress itself has since taken cognizance.

Senator JOHNSON. You do not recommend nationalization?

Mr. OLDS. I did not recommend general nationalization of all industries?

Senator JOHNSON. Did you recommend nationalization of any industry?

Mr. OLDS. I think I posed it as an alternative in the coal industry, but I think my most important statement on the coal industry was a statement that it should be controlled.

I do not know how many of you are familiar with the situation that existed in the coal industry in the 1920's.

Senator JOHNSON. We just read into the record your statement. Do you stand by that statement, or do you repudiate it: that there are two alternatives: either to nationalize or to take over the Government with the workers?

Mr. OLDS. I would say there is a further alternative today, and that is the introduction of some appropriate control. I think it is going to depend a great deal on the coal industry itself whether or not nationalization is going to prove to be the only alternative. It did so prove in England.

Senator JOHNSON. In your judgment you had two alternatives then 20 years ago; you have three as of today?

Mr. OLDS. I would say so. I think that labor has had a much greater opportunity to perfect its relationship to industry than it had in the 1920's.

Senator JOHNSON. I think it is important, where we are quoting from writings 20 years ago, if conditions have changed and your viewpoint has changed and your writings would be changed, that you point that out and that you either repudiate or reiterate your position then so it will be clear to the committee.

There may have been a lot of statements made by people in the 1920's that would not be made today.

Go ahead.

Mr. OLDS. Point 15, that I looked forward to a planned economic order, appears to represent a similar generalization although in the time available I have not been able to find the precise quotations and place them in their proper setting. Mr. Lyle frequently sets up my words as if they indicated advocacy where I was attempting solely to report on what appeared to be the long-term trend.

Point 16, that I expressed contempt for the major political parties, is based on an article in which I was dealing with the great influence of big business in government during the 1920's, a situation which I hope has materially changed since then. Even the Wall Street Journal referred to the two major political parties as "Tweedle-dum and Tweedle-dee" and it looked then as if a new party must be born to have any real issues.

Senator CAPEHART. I believe we discussed it the other day, but are you still a member of the American Labor Party?

Mr. OLDS. No, sir.

Senator CAPEHART. You are no longer a member?

Mr. OLDS. No. I am no longer a registered member of the American Labor Party.

Senator JOHNSON. He resigned from it and has made clear his entire political affiliation from the time he started voting.

Incidentally, Mr. Olds, if you will remind your people that through the hearing there were several references made to material that would be included—

Mr. OLDS. Yes, sir. I will look back, but I have not had time to go over that record.

Senator CAPEHART. Why did you resign from the party?

Mr. OLDS. Senator, from 1932 on I have been a Democrat; I have been supporting a democratic president.

Senator CAPEHART. In 1938 you were—

Mr. OLDS. I have been supporting democratic governors; I have been working for them. In 1938 there was a tactical situation in New York where it was important that particularly the labor vote, centering on the leadership of two great labor leaders, David Dubinsky of the International Ladies Garment Workers and Sidney Hillman of the Amalgamated Clothing Workers, be mobilized to do the work that you know very well is necessary to win political campaigns: the doorbell ringing, the getting out of the vote.

Senator CAPEHART. As a Democrat, you left the Democratic Party and went to the American Labor Party?

Mr. OLDS. As a part of that general campaign, and it was before the American Labor Party divided so that one wing of it which is today considered communistically controlled came into existence.

Senator CAPEHART. The American Labor Party still exists?

Mr. OLDS. That is my understanding. I have no connection with it at all.

Senator CAPEHART. If it was good for you in 1938, why isn't it good for you today?

Mr. OLDS. Because the situation has materially changed.

Senator CAPEHART. What situation? From your standpoint or from their standpoint?

Mr. OLDS. In the first place, I am not personally too active in politics in New York.

Senator CAPEHART. Do you still believe in the principles of the American Labor Party?

Mr. OLDS. I do not, not in the principles of the present American Labor Party.

Senator CAPEHART. But you did believe in it as it existed in 1938?

Mr. OLDS. I believe it was making an important contribution to straightening out a serious political situation involving Tammany and some of the political machines, particularly in New York City. That is all I was interested in.

Senator CAPEHART. You believed in it then, but you do not believe in it today?

Mr. OLDS. I supported it at that time, and a great group of men working with President Roosevelt and Governor Lehman supported Mayor LaGuardia in New York because he was doing a very important job in bringing about good government in that city, and he was elected on the fusion ticket, so you have to judge my association with the labor party entirely in terms of that particular situation in New York State.

Senator CAPEHART. Then you are opposed to the American Labor Party today?

Mr. OLDS. Yes, I am opposed to the American Labor Party today. I do not give it much thought. I do not think it is very important today.

Senator CAPEHART. If you believed in it in 1938 and became a part of it and were county chairman of Rockland County—you are a sincere, honest, conscientious gentleman—what has happened to it since that time to have caused you to say that you no longer agree with it?

Mr. OLDS. In the first place, I think the great liberal organization in this country today is the Democratic Party.

Senator CAPEHART. You are not answering my question. What happened to the American Labor Party that caused you to leave it?

Mr. OLDS. I was going to make that as my second point.

Senator JOHNSON. Do you think that it was true under President Roosevelt?

Mr. OLDS. I think generally throughout the country that was true.

Senator JOHNSON. What was true?

Mr. OLDS. That the Democratic Party represented the great liberal party.

Senator JOHNSON. Why did you find it necessary to join another party?

Mr. OLDS. I thought I just explained it rather carefully: that it was a part of the attempt to mobilize votes in New York City to support the general program of President Roosevelt where you had city political machines. I think I have referred to them.

Senator CAPEHART. In other words, you joined that party and were county chairman and it was organized in order to appeal to the pressure groups and minority groups in order to win an election?

Mr. OLDS. Not simply pressure groups.

Senator CAPEHART. Answer my question: that you became a part of it and organized in order to win an election, and you did not believe in it at all except for the end result of winning an election?

Mr. OLDS. If you will go back, you will find out, Senator, that at that time the program of the American Labor Party was identical with the program of the Democratic Party as it followed the leadership of Franklin D. Roosevelt, so that as far as believing in the thing, I was simply believing in the democratic program represented by the leadership of Roosevelt.

Senator CAPEHART. If it was good then, why is it not good today? It has not changed its principles; it has not changed its organization.

Mr. OLDS. I just do not know whether it has or not. As I understand it, what is known as the American Labor Party today is a split-off from a combination, and is a split-off which is dominated by Communists. I certainly would not go along with it, and I would not be a party to it, and I have not paid any attention to what programs they have written since then.

Senator JOHNSON. You may proceed.

Mr. OLDS. Points 17, 18, and 20 refer to articles which appraised trends in the development of adjustments between political government and economic organization then going on in the world. I was then, as always, trying to start wage earners thinking about these world trends in order to protect their own interests. The growth of voluntary economic organizations, such as labor unions, farmers associations, consumer agencies, and so forth, to match the great business organizations, and their increasing participation in basic political and economic decisions, show that labor and other economic groups have been thinking about these trends.

Points 19, 21, and 24, claiming that I extolled the virtues of the Russian system, certainly do not accurately reflect the articles upon which I assume their inferences were based. At times I compared specific aspects of the Russian experiment, such as workers' vacations with pay, with the lack of such advantages in American industry. I can recall no instance in which I praised the Russian system as the coming world order. I can cite quotations which reveal my thinking was quite the contrary.

Points 22 and 23 refer to my interest in a single world federation of trade unions. I did favor such a world federation because I felt it important that labor throughout the world have a clearinghouse for discussion of matters of interest to labor and for cooperative action when necessary to prevent international capital from pitting the standards of living of one people against another.

I might point out at this point that large organizations of American labor are still interested in establishing relations with the labor movements of all the world, even including Russia, in order that there may be such exchange of information as labor can bring about by such contacts.

Senator CAPEHART. Do you believe that is a good thing?

Mr. OLDS. I think that any contacts between peoples are a good thing. I think that our influence in trying to end what is going on in Russia, trying to bring about a situation in which the police state can be exterminated, may be definitely fostered by exchange of views between people, and I think the best point at which that can happen is

between labor organizations, because theoretically, although not practically, not in fact, Russia is set up as a labor government.

But I think that we have men in our labor movement—farseeing men—who have no sympathy whatsoever with communism in any of its forms, who will be in a position and can be in a position when contacts can be established, to definitely bring about ultimately that kind of thinking in Russia which will eliminate this kind of—

Senator CAPEHART. Did you say that you consider the Soviet Government today a labor government?

Mr. OLDS. No; I did not. I said it theoretically calls itself one. I referred to—and I am going to do so again today—it as a police state today; it is a dictatorship.

Senator CAPEHART. You do not feel that it is a labor government?

Mr. OLDS. No, sir; I do not.

Senator CAPEHART. Yet you feel that our labor leaders and labor people should have contact with labor in Russia?

Mr. OLDS. I think that exchange that can go on between different groups of people can have a very pronounced effect in ending that thing which we think is a menace in Russia today.

Senator CAPEHART. Do you feel that our people could unsell them on the communistic system if they could get to them?

Mr. OLDS. I think the obstacle today to the getting together of American labor and Russian labor is coming from Russia because Russia is afraid of having her people come in contact with them.

Senator CAPEHART. In other words, we have nothing to gain but the Russian people have something to gain—is that your theory?

Mr. OLDS. I think that is so.

Points 25 and 26, that I preached class war and echoed the Communist doctrine, are nothing more than an effort to draw unwarranted conclusions from a wide range of attempts to report intelligently on what was happening in the economic world during the 1920's. Among other things, I pointed out the class struggle then going on in England. Mr. Lyle's theory seems to be that anyone who speaks of a class struggle is a Communist. This is pretty hard on Winston Churchill who, as I pointed out in one of my articles referred to, likewise recognized this struggle in an address to 10,000 Conservatives.

Senator JOHNSON. I am sure Mr. Churchill will appreciate your sympathy, but he is not up for confirmation right now, and if he were, we might have some of the same opposition and some of the same proponents testifying. He might be equally as controversial.

Mr. OLDS. It thus appears that:

(1) Mr. Lyle's selection of those articles and his manner of presentation is a serious misrepresentation of my work during the 1920's when viewed in the light of the conditions then prevailing.

(2) Much of his effect has been accomplished by the use of headlines—I refer particularly in that case to the use of the headline "Gravediggers," which I am going to comment on subsequently—for which I was not responsible and by stretching the significance of sentences taken out of context from a few of my 1,800 articles.

Senator JOHNSON. I am sure that the committee will not give any attention whatever to the headlines, that they will disregard the headlines, because simple justice requires us to recognize that you did not write the headlines to your articles.

Mr. OLDS. Thank you very much, Mr. Chairman.

(3) His presentation is apparently based on a lack of complete understanding of the matters discussed, the fact that he did not experience the 1920's, and the further fact that he is not familiar with the ferment of thinking in the labor movement during those years.

I stand on my initial statement here as an accurate picture of my writings for the Federated Press and call attention to the fact that the last 20 years have seen many of the social reforms, which I was trying to spur the workers to seek, accomplished or being approached down the long road of social progress.

Before turning to a more detailed reply, based on analysis of individual articles cited by Mr. Lyle, I want to point out that on the eve of 1950, after the tremendous progress in the field of organized labor, farm prosperity, social security, control of speculation, utility regulation, and natural resource development, it is difficult for us to remember the social, political, and economic situations as they were in the middle twenties—25 years ago—in the United States or in the rest of the world. The period was one marked by great change. Many social institutions throughout the world were in flux and everyone was looking for solutions of pressing social problems.

The twenties in the United States was a period of low wages and unusual owner-managerial dominance. Employers were out to rule without the interference of organized labor. During this period, 14 of the largest employers in the country met every few weeks to establish, adjust, and standardize wages through the country.

The lion's share of the resulting increased profits had gone almost exclusively to the owners, with total wages representing a steadily diminishing purchasing power. In fact, this proved to be among the outstanding causes of the depression. The normal buying power of the workers had been actually reduced in the face of an upsurge in production.

After the shock caused by large inventories carried at excessive prices had been absorbed in the early 1920's, there began a period of speculative but quite unreal prosperity, culminating in the stock-market boom of the late twenties and the crash in the fall of 1929, leading to the great depression.

I cannot describe the financial situation better than by quoting an address of Gov. Clyde M. Reed, of Kansas, to the national convention of Railroad and Utilities Commissioners on August 29, 1929.

Senator JOHNSON. Mr. Olds, I want to observe that Senator Reed, to whom you refer here, is necessarily away. I am sure that he will have an opportunity to read your statement and appreciate the complimentary references you make to him. I am sorry he cannot be present.

Mr. OLDS. I am very sorry he cannot be present.

Senator McFARLAND. The same point was gone into in the other hearings recently. He did have a chance to comment on them in the other hearings.

Mr. OLDS. He commented on an extract from his speech dealing with what had happened to regulations during the 1920's. Governor Reed, of Kansas, now Senator Reed, was a very far-sighted gentleman and he understood what was going on.

Senator JOHNSON. Did you say "was" or "is"?

Mr. OLDS. I am sure he is still.

Senator JOHNSON. Proceed.

Mr. OLDS. He said his address might be entitled, "The Return of (Financial) Feudalism." That "financial" is inserted in parentheses, you will notice. He said:

The growth of financial feudalism is a contemporary manifestation, but is here, and is causing increasing concern among thoughtful people.

He said further:

Not only public-utility companies, but banks, oil companies, chain stores, aviation organizations, bakeries, flour mills, and any and every sort of business is merging and remerging, and with each wave comes a flood of stocks of various sorts, offered to and quickly taken by the public.

Governor Reed pointed out the sham of "customer ownership" in very much the same terms as will be found in one of my articles introduced by Representative Lyle. He referred to it as "a fetching and catching phrase," and continues—

but the poor customer does not realize that in most cases he has not any ownership, to speak of, and absolutely no chance for the slightest influence in management or control.

Governor Reed summed up his entire discussion of this tendency in the following words:

Carried to its logical conclusion, the country would end up with each line of business in the hands of a few corporations, control of which would be in the hands of a very few men—"feudal barons" of finance to whom all of us would pay tribute.

He agreed with Governor Roosevelt of New York that there was a—real danger to the country in these tremendous consolidations and concentrations of capital.

Senator JOHNSON. Mr. Olds, I am sure that this committee and many Members of the Senate agree with a great deal of the things that you have said in these very articles and certainly agree with some of the things that Governor Reed said here. You do not mean to imply, however, that Governor Reed would adopt such statements as this, which appeared at about that same time under your pen:

But the rumble of class war is rising. The manipulation of democratic institutions by this wealthy autocracy forces labor to seek other than constitutional processes.

Mr. OLDS. I cannot say what Governor Reed would have said if he had been facing and dealing with precisely the same fact that I was dealing with. I was describing a situation in England at the time when the employer class was introducing legislation which would practically have hamstrung labor.

It has a certain similarity to something that went on which was called the Taft-Hartley Act in this country. There was an actual clash developing. I would like to have you read that article and have you read what both the representative of the Trade-Union Congress and Mr. Churchill, speaking to 10,000 Conservatives, had to say about it. It was certainly a rumble of class war if there ever was one.

Senator CAPEHART. What did you say about the Taft-Hartley bill? Are you opposed to it?

Mr. OLDS. I certainly am. If that is material to consideration of my qualifications, I will maintain it.

Senator CAPEHART. You brought it in, I did not.

Mr. OLDS. I know it. I was just describing a situation in England and likening it to elements in the situation here.

Senator JOHNSON. I doubt that it is material. There have been so many things said in these hearings that I think you must have observed by now that neither the committee nor the witnesses have had any desire to restrict anybody to things that are material.

Mr. OLDS. Thank you very much, Mr. Chairman.

Senator CAPEHART. Mr. Chairman, I hold in my hand—you just touched on it, on Wednesday, May 11, 1927, you say—

the manipulation of democratic institutions by this wealthy autocracy forces labor to seek other than constitutional processes.

What do you mean by "other than constitutional processes"?

Mr. OLDS. I was referring to a situation in England. I was facing a situation in which the British labor movement at times, if the legislation was adopted, would be forced into a position where it would have to strike in spite of the legislation that was on the books.

Senator CAPEHART. What you meant was that they would just simply defy the constitution and the laws and take the law unto themselves?

Mr. OLDS. That is what I was saying at that time about the situation in England.

Senator CAPEHART. Do you believe that is ever justified under any circumstances?

Mr. OLDS. In general, no. I remember certain things that Abraham Lincoln said which might be referred to.

Senator CAPEHART. Why do you not answer the question?

Mr. OLDS. I did answer the question. I think in general, no.

Senator CAPEHART. Why do you put in the term "in general"? Are there cases in which—

Mr. OLDS. As a historian, I do not want to repudiate the American Revolution.

Senator CAPEHART. That had to do with an outside country, did it not?

Mr. OLDS. It was a part of a part of the old English Empire.

Senator CAPEHART. Do you think there are times when a small group of people are justified in violating the law and absolutely striking against the Constitution?

Mr. OLDS. No; I do not basically think so. I would never advocate going against the Constitution, definitely. But you asked me a question which I had to recognize had something to do with the way in which this country came into being and, being interested in history, I had to—

Senator CAPEHART. You say here definitely that the—

manipulation of democratic institutions by this wealthy autocracy forces labor to seek other than constitutional processes.

Mr. OLDS. I was trying to describe. I may have used unfortunate language there at that time, but I was trying to describe a situation that was prevailing in England at that time.

Senator CAPEHART. And now you admit that generally speaking, you are opposed to it, but that you feel there might be instances in which it would be justified.

Mr. OLDS. I was thinking at the time of what Abraham Lincoln said—

Senator CAPEHART. I am talking about today.

Mr. OLDS. Today I would never advocate anything that involved defying or breaking the Constitution or violence. I think violence itself is a—

Senator JOHNSON. You would not repudiate this statement about political labor parties coming into power?

Mr. OLDS. In terms of today; yes.

Senator JOHNSON [reading]:

Lenin knew what would take the place of political partyism when he made his bid for power in Russia with the slogan All Power to the Soviets.

That change is coming in America. Upon labor's advance preparation will depend its share in the new apportionment of authority.

You do not believe that today and you do not advocate it?

Mr. OLDS. I did not mean by that then and I would not mean today that American labor or the American people were going to follow anything like the outlines of the Russian Revolution under the leadership of Lenin.

My description was to point out the fact that there were certain trends in the world today, trends in the adjustment between the economic life of people and the political life of people, and that those trends were recognized by these men in various parts of the world.

Now the situation, as I am going to point out subsequently, in this country is totally different, but the change that is coming in the world is going on by slow process throughout the world. It is a change through which we are going to, in this country, make the necessary adjustments between political democracy and great corporations such that those great corporations will become socially responsible agents in the conduct of the life of the people.

Senator JOHNSON. With that statement, all of us can agree, but you made this statement, did you not?

Mr. OLDS. I did not mean anything—

Senator JOHNSON. I am not asking you what you meant. I am asking you what you said.

Mr. OLDS. I made that statement, yes.

Senator JOHNSON. You repudiate it today?

Mr. OLDS. I repudiate it in the sense in which it is understood by you gentlemen.

Senator JOHNSON. I am not saying what the understanding is. I am asking, do you repudiate or do you reiterate it?

Mr. OLDS. I would repudiate it.

Senator JOHNSON. I think you will clear this record up if you will just meet these questions and say, "This was something I said 20 years ago in view of the situation then. I do not feel that way now. I told you in the preface how I do feel. I tell you in my conclusion that I wrote that, I will repudiate it, or I will reiterate it."

Mr. OLDS. What I was trying to describe is still going on, but I think I would repudiate today the way I said it then. I would say it in different terms today if that is what you mean. It was during a period which eminent citizens were describing in such language that my articles for the Federated Press were written.

Furthermore, as Governor Reed's address indicates, the period was one of widespread inquiry into solutions of sound and economic problems—I think that word has been misplaced—I think it should be into economic solutions of problems by people of all shades of

political outlook. A review of the periodicals of even the conservative trade unions would reveal this interest. The railroad unions were thinking about the possibilities of nationalization of the railways and the Plumb plan for employee ownership had gained widespread attention. Several of the unions had ventured into banking and investment.

A man of the financial stature of Frank A. Vanderlip, then president of the National City Bank of New York, in reporting on what happened to Europe, had asserted that England had built its empire by a red-ink overdraft on the physique of its people. It appeared important that the United States, entering the period of its great economic power, should not make similar mistakes.

At this time many distinguished Americans went to Russia to observe what was happening there. These included delegations from American business, organized labor, educational groups, and others. Many American books were published dealing with such aspects of the new Russia as education, medicine, sports, the theater, recreation, and the status of labor. They had wide circulation. Hundreds of American engineers and specialists went to Russia to contribute their knowledge to the building of hydroelectric projects and other elements of the plans for industrialization. Henry Ford contributed his know-how to the establishment of Russia's automotive industry.

Senator CAPEHART. Do you think that we or they made a mistake in doing this?

Mr. OLDS. No, sir. I do not think that the policy of trying to help a neighbor ever—

Senator CAPEHART. Let me put the question this way: Do you think we failed, then, in our educational effort?

Mr. OLDS. I think that we failed to appraise the situation as it was developing there, as I am going to say in a minute.

Senator JOHNSON. As a matter of fact, it is often in American history that we have been a little too optimistic, is it not, but that does not necessarily mean that we should not continue to hope.

Mr. OLDS. That is right. The period in which I was writing the articles cited was a period in which many conservative Americans looked on the changes in Russia as constituting a great social experiment to be studied, not with a view to copying the revolution, but with a view to seeing what it might demonstrate as to specific improvements in our own enterprise system. It was before the true outlines of the police state appeared.

It was during this period that I was writing for the Federated Press, which had come into existence to meet a need in filling a gap in the field of journalism of that day. This gap was clearly revealed shortly after World War I by a study of the newspaper space given to the several classes of news. This survey showed beyond quibble that the percentage of labor news carried in the leading newspapers of the country was all but negligible. My effort was to make the facts of the economic world significant to the workers in terms of the flow of history.

Against this background I want to comment briefly on Representative Lyle's interpretation of some of the articles selected from my 1,800 separate writings. In addition, I wish to add that I am in no way responsible for any of the headlines used on my articles, whether

by the Daily Worker or by any other publication, including the Federated Press itself.

Senator JOHNSON. I want to make this clear. I have never had the impression that anyone has charged you with being an employee or a writer attached to the Daily Worker. The Chair has called to the attention of the committee members and to the witnesses time and again that the question that this committee has to consider is not your right to say what you said in the 1920's. The question is, "Did you say it?" and if so, "How do you feel about the same thing today?"

As I understand it, and as I have attempted to make clear in the early days of the hearing, the Federated Press was a press service that could be bought by any paper desiring such a service. It happens that many papers did avail themselves of that service, and those articles appeared. I am sure that there could be brought in a photostat—maybe not the Wall Street Journal—but of something similar to it where one of your articles also appeared under a byline, particularly if the particular conservative newspaper had purchased that service.

So the committee members are under no illusions that these writings that appeared in the Daily Worker were exclusive to the Daily Worker nor Industrial Solidarity either, because most of the photostats placed in the record do not come from the Daily Worker or Industrial Solidarity, but many of them come from the letter itself.

Mr. OLDS. I think I emphasized the point.

Senator JOHNSON. I have attempted to emphasize it.

Mr. OLDS. I appreciate very much that you are attempting to emphasize it. I have brought in this point that I have written for the Daily Worker as if I were a writer on their staff.

Senator JOHNSON. The committee is under no such illusion that you were employed by the Daily Worker. The question the committee is considering is, "What did you say? Did you say it?" If so, "Do you repeat it today?" If so, "Are you putting it in your decisions on the Power Commission, or do you expect to?" and if so, "What should the Senate do about it?" Maybe they ought to approve it. Maybe they ought to reject it, but the question I want to touch on as I go along here is: "Did you say these things? Are they fraud or misrepresentation?" If you said them, say so. If you believe them, say so. You have a right to say that and thank God in this country a man can still exercise some free speech.

Then let us evaluate them and judge for ourselves whether or not they have been misrepresented. We cannot do that until we know that you did it.

Senator MCFARLAND. Mr. Chairman, I was just going to suggest that probably the best way would be for us to as nearly as we can, let Mr. Olds finish his statement in chief and then we would go back and bring up anything that we wanted in the nature that the chairman has suggested. After all, our whole committee is only 13 out of 96, and it is going to be what the whole Senate says about Mr. Olds' confirmation rather than what the individual members of this committee may think about it, and I believe that he ought to get in the record in any way that he wants to, his explanation, and then probably come back to the questions.

Senator JOHNSON. Mr. Olds will have every opportunity, as you know he has had, to get his full explanation in the record.

Senator MCFARLAND. Yes, I know. I am not criticizing that.

Senator JOHNSON. The chairman wants to point out though that the committee has not charged him, and so far as I know no other witness has charged him, with being an employee of the Daily Worker. And we do not want the country to get that impression that he has been so charged.

There have been numerous articles presented from the Daily Worker, Industrial Solidarity, Labor Letter and so forth, and two or three isolated articles, and someone may get that impression, and I, along with Mr. Olds, want to make that very clear.

Senator MCFARLAND. You did not mean to infer, did you, that you had been charged in these hearings as writing exclusively for the Daily Worker?

Mr. OLDS. No, sir. I feel, though, that I have to meet at this time a good deal of the stuff that has been going out elsewhere in the country, that has been said about me, just to make it perfectly clear that I was not associated with the Daily Worker, that I have not been associated with Communist organizations.

Senator JOHNSON. Go ahead, Mr. Olds.

Mr. OLDS. I would like to say, Mr. Chairman, just to clear up one point that you raised: I have not been through every one of these articles. I worked as fast as I could over the week end, the whole of Saturday and Sunday, up until late, but so far as I have covered them, except for the first one that I mentioned, that one that advertises the workers' school, I am perfectly willing to acknowledge that I wrote the articles.

Senator JOHNSON. Thank you. I think that is pretty clear in the record from the other day.

Mr. OLDS. Yes. I am not raising any question on that at all. It is perfectly true and its truth is all that I am interested in.

Senator JOHNSON. If you will be equally as clear as you go on to point out any changes in viewpoint that may have taken place—as Senator Tobey told us, "Wise men frequently change their minds"—the committee would be grateful.

Mr. OLDS. As I said, a great deal of what I said I would probably phrase differently today. I am going to discuss what the significance, as I understood it then, of these articles is, and what I was trying to do, and I think that will give the committee what it needs in the way of an understanding of my work.

It is a well-known fact that headlines are written by the editors of the publications printing the articles and not by the authors.

The first article which he cites is from the Daily Worker of July 8, 1924, captioned "N. Y. Workers School Offers Good Courses." I have already stated that I did not write that article and had nothing to do with it.

Senator JOHNSON. I might put in that it appears by Federated Press industrial editor.

Mr. OLDS. Did I not say that in my original discussion?

Senator JOHNSON. You quoted the heading and they attribute the article to the Federated Press industrial editor.

Mr. OLDS. That is correct. I have had a check made and know that it did not go out as such an article. I do not accuse Mr. Lyle of mis-

interpretation in this case but I do contend that he was misled by an obviously misplaced credit line.

The article from the Federated Press Labor Letter of July 20, 1929, is cited by Mr. Lyle as showing me "hailing" the decay of the church as a religious institution. Actually, the article deals with the unfortunate speculative activities of the notorious Bishop Cannon which occasioned comments from as wide a range of voices as the Wall Street Journal and Will Rogers. Just this year a book was written about them. I was, in fact, deploring rather than "hailing" the apparent secularization of the church, calling attention in my article to the statement by the founder of the Christian movement that it is impossible to serve both God and mammon. The article raises the question whether there is harmony between Christian morality, toward which workers instinctively turn, and the capitalist morality of the exploiter. As indicated in my initial statement to this committee, all branches of the Christian church are today raising that question.

The article published in the Daily Worker of August 13, 1925, is cited by Mr. Lyle as indicating that I recommended nationalization of the railroads. I do not deny that I then favored nationalization of the railroads, along with the late Commissioner Joseph B. Eastman of the Interstate Commerce Commission. But a glance at the article itself shows that the inference is a misinterpretation of what I wrote. The article sets forth statistics from the various industries revealing decline of employment, points out the significance of data showing a slump in railroad purchases in terms of the general level of employment, and suggested, as quoted by Mr. Lyle, that this was—

an outstanding argument for public control of an industry which exercises such far-reaching influence.

That hardly contributes to the support of Mr. Lyle's general thesis.

Senator JOHNSON. The statement is made that you advocated nationalization of the railroads, nationalization of the utility industry, and nationalization of the coal mines.

You touch on the nationalization of the railroads and I think for the first time clearly meet it head-on and say, "Sure, I recommended and I approved it and urged it, as the late Commissioner Eastman did." Now, does that apply to the utilities and coal mines the same way? Did you recommend their nationalization? Did you favor it? If so, do you still retain that viewpoint?

Mr. OLDS. I think I am going to discuss it later on. I want to be sure my words are accurate. I will note that down and try to meet the thing as nearly as I can.

Senator CAPEHART. It seems to me you would not have to think about that thing one second. You could either say yes or no.

Mr. OLDS. The question was whether in my articles I stated that I favored nationalization?

Senator CAPEHART. And whether you do today. That was the question of the chairman.

Mr. OLDS. I have indicated clearly.

Senator CAPEHART. The answer to the chairman could be a yes or no without any equivocation.

Senator JOHNSON. It could be and I think the articles give the Senator the clear answer. I want the record to show, however, that Mr. Olds was given an opportunity to say yes or no. The chairman would

like to be able to say to the full committee and to any Member of the Senate, "Yes, this man said, one, two, three in 1928, but this man's position in 1948 is entirely different and here is his viewpoint and here is what he said to the committee about it." I want him to have that opportunity. If he wants to avail himself of it, fine.

Mr. OLDS. I will be glad to avail myself of it. I am not trying to evade in any way. I think in my discussions I was discussing these industries you referred to in a variety of ways. I was suggesting alternatives in dealing with them. Whether I said in my articles that I favored nationalization of the utilities, I frankly am not certain.

Senator JOHNSON. Whether you said it or not, did you favor it?

Mr. OLDS. My recollection is that I was not thinking in terms of nationalization, that I did think that the spread of public ownership at that time would be a sound way of dealing with that type of an industry.

Senator McFARLAND. I hope that we can get that article.

Senator JOHNSON. Maybe this afternoon we will want to take the articles Mr. Olds has touched upon, if the rest of the committee thinks it desirable, and take his statements that he purports to answer this morning: Statement No. 1 with answer No. 1 right after it; statement No. 2 and his answer No. 2 right after it.

Senator McFARLAND. I hope we may have that article, because I was of the definite impression that Mr. Olds did so state in the article, and if I was wrong, I would like for it to be cleared up.

Senator JOHNSON. The quotations will be placed in the record and we will label them "1" and right after it we will put the answer 1, and go right on through. The committee will decide that this afternoon.

Senator CAPEHART. Do you believe in public ownership of the utilities, railroads, and mines today?

Mr. OLDS. No, sir; I do not. I did state, however, what I did believe as to the electric utilities and I stated it fairly fully. I do not know whether you would like to have me restate it or not. It is very fully stated in the record.

Senator JOHNSON. Proceed.

Mr. OLDS. The article from the Federated Press Labor Letter of April 6, 1927, is cited by Mr. Lyle to emphasize my assertion that "the problem of attacking capitalist control will have to be met." The article is a sound analysis of the problem faced by the United Mine Workers during the 1920's due to the antiunion attitude of large producing interests and the refusal of such interests to enter into a national agreement protecting all mine workers against the threat that low-wage nonunion mines would undersell higher-wage union mines. The anarchistic state of the coal industry during the period was well known and the coal miners were paying the price. The article discusses various alternatives by which the miners might hope to extricate themselves from the competitive wage situation. Congress recognized the plight of the industry and its employees several years ago when it enacted the Bituminous Coal Act.

Senator JOHNSON. But it followed neither of the two alternatives you suggested, nationalization or workers' government taking over, and as I understood it, you would not limit yourself to those two alternatives this morning. You would add a third with which most thinking people would probably be in pretty general agreement.

Mr. OLDS. That is correct.

Senator JOHNSON. Go ahead.

Mr. OLDS. What I am trying to point out in these is that in general I was describing situations and trying to see set up alternatives as I say them in terms of the 1920's rather than advocating anything. It was always my object to try to lay before people what the situation was.

Senator JOHNSON. I do not want to debate that with you. I have a feeling that some of the statements you made could be statements of an advocate, but if you do not agree with that, that is another great privilege that we all enjoy, of disagreeing with each other, but that is not important. What is important is what you advocate today. Go ahead. If this fits into it, that is what the committee wants to know.

Mr. OLDS. The article from the Federated Press Labor Letter of May 4, 1927, is cited by Mr. Lyle to show me as advocating Government ownership of utilities. This is actually a factual story based on the Wall Street Journal article on the growth of customer-ownership plans. It quotes the Wall Street Journal to the effect that the growth of holding companies has rendered this is misnomer, "in the sense that in many instances ownership of a security bought under the plan does not carry any voice in the conduct of the company's affairs." You will recall that Senator Reed of Kansas, as Governor, made the same point. I pointed out that real customer ownership is by consumer cooperatives and that in the case of giant utilities this could only mean Government ownership.

That is precisely what I did on that subject. I was waiting until I got to that, and I want to point out also that Government ownership does not necessarily mean nationalization. I wanted to wait until I got to my statement in order to try to make clear precisely how I was thinking at that time.

Senator JOHNSON. I think your statement is clear and the article is clear on that.

Mr. OLDS. The article from the Federated Press Labor Letter of February 16, 1928, is cited for the same general purpose as the preceding citation. It is a factual presentation of the large aggregate profits of the industries in question and concludes with the factual statement, quoted by Mr. Lyle, that efficient public operation would make a considerable part of this available for lower rates or higher wages. There is certainly no Communist slant to such articles.

I think in answer to your general question on the utilities, those two paragraphs convey as nearly as I can the point of view from which I was writing at that time.

Senator JOHNSON. The paragraph you referred to as—

efficient public operation would make a considerable part of this huge total available either for reducing the rates at which these services are furnished or for increasing the wages of the workers who operate the utilities.

Mr. OLDS. That is correct.

Senator JOHNSON. What do you mean by "public operation"?

Mr. OLDS. I mean public operation by municipalities or by States or by the Federal Government in general as I stated in my first presentation.

Senator JOHNSON. Does that mean public operation of generation, transmission, distribution, the whole field?

Mr. OLDS. This statement would mean total public operation but not necessarily nationalization. I think I might reiterate it, as this is under discussion: I stated that my position today is that the Federal Government should be, in the main, the developer of power in our river basins. In certain instances, where a river is entirely within the State or is naturally a State resource, that type of development may be carried on by the State: that the Federal Government, having developed this power, should have the authority to build transmission lines to transmit this power to points of delivery so that it would not be bound to sell to any specific customer; that the question of distribution of power should be a matter of local operation; that people should have the right, as municipalities, as counties, as districts, whatever form of political organization they wish to set up, to go into the power business if they felt that their interest would be better served by that than by the existing private service.

Senator JOHNSON. Leaving the decision with the people is a pretty sound principle to stand on and has so established itself.

Mr. OLDS. I agree with you, and I hope that such decisions will always be left with the people.

Senator JOHNSON. Go ahead.

Mr. OLDS. The article published in the July 5, 1928, Daily Worker, under the headlines "Imperialism and the Fourth of July" is cited to show me scorning the national holiday. Actually, what I wrote was not critical of the Fourth of July as a symbol of the right of men to life, liberty, and the pursuit of happiness, but an expression of fear for what might happen to that symbol as a result of economic imperialism. I was writing to protect rather than besmirch the Fourth.

The point I was trying to underline was a point which it was very necessary for the American people to understand at the very beginning of the era in which the center of world economic power was shifting from England to America, the point that economic imperialism of the old type was unjust to workers both at home and in the colonial regions.

You will recall that Woodrow Wilson referred to foreign investment as the modern form of conquest. Fortunately, since that article, the United States has shifted to a new kind of foreign investment policy designed to help the underdeveloped countries to raise their own living standards and to maintain their own economic as well as political freedom. President Truman's point 4 program best exemplifies this new approach and I hope that the Fourth of July will always symbolize this new policy to the peoples of the world.

Senator JOHNSON. I assume you think he would heartily approve of that article?

Mr. OLDS. I frankly do not think that he would approve of the way that article was written at that time.

Senator JOHNSON. Would you?

Mr. OLDS. I would not write that article today as I wrote it then, but as I suggested, I was writing in terms of a totally different environment and a totally different economic situation in those days.

Senator CAPEHART. Mr. Chairman, I would like to read this article if I may and ask Mr. Olds some questions.

Senator JOHNSON. Go ahead. The Senator wants to remember that Mr. Olds is repudiating that article and saying he would not write such an article today.

Senator CAPEHART. I understand he is repudiating it, but I think it is important enough that I would like to read it. It appeared in the Daily Worker, July 5, 1928.

Senator JOHNSON. It may have appeared in many other papers.

Senator CAPEHART. The headline is immaterial. [Reading:]

IMPERIALISM AND FOURTH OF JULY

(By Leland Olds, Federated Press)

To millions of workers slaving throughout the world to provide the tribute exacted by the American dollar empire Fourth of July will loom as anything but the birthday of liberty. They will view it as the day set apart by the world's greatest exploiters to glorify their rise to power. Gradually it will be transformed into empire day, demanding worship of imperial power, wherever the dollar has established its dominion.

The change in the character of the Fourth has been in progress many years. But it has proceeded most rapidly since the World War enabled American capitalism to declare its financial independence. This transformation is reflected in the recent expulsion from the Daughters of the American Revolution of a member who protested the blacklisting of scores of prominent persons for professing the principles of the Declaration of Independence.

Prior to the World War the United States was still in part an economic colony of Europe. Its workers had each year to produce the tribute required by European capitalists on the 5 to 6 billion dollars which they had invested in America. The greater part of this tribute went to England which held about \$4,000,000,000 of American securities.

WAR PROFITS FOR UNITED STATES

Huge war profits shifted the balance of power to American capitalists. They brought back a large proportion of the American securities held in Europe. They bought the investments of England and other European countries in Central and South America. They established New York as the money-lending center of the world and with the end of the war began to pour dollars into all parts of the world, taking mortgages on governments, buying up industries, engrossing power resources, building railroads and factories.

The latest census of America's invading dollars shows \$5,200,000,000 invested in Latin America, \$1,300,000,000 in Europe, \$3,900,000,000 in Canada, \$700,000,000 in China, Japan and the Philippines and \$400,000,000 in other parts of the world. These dollars, which extend the domination of American capitalists over the economic activities of other peoples, are increasing more than \$1,000,000 a year.

ENSLAVE LATIN AMERICA

The growth of imperial power over Latin America is evident in the increase in dollar investments in Cuba from \$220,000,000 in 1912 to \$1,400,000,000 in 1918—and so on and so forth.

I will not read the rest of it, but it is in a similar vein.

You said a moment ago you would not have written that article today?

Mr. OLDS. Not in that way. I would still warn people against the kind of economic imperialism that characterized England's relationship with other people for a good many years, and was developing at the time I was writing in the United States.

I think we have gone a long way to change our policy in relation to Latin America.

Senator CAPEHART. Here you were criticizing the American businessman for investing abroad, were you not?

Mr. OLDS. No; I was criticizing the way in which the whole thing was being handled at that time.

Senator CAPEHART. Well, it was being handled 100 percent by private industry, was it not?

Mr. OLDS. Yes, it was I think.

Senator CAPEHART. One hundred percent private industry. Now, we have the situation in which many people are advocating that the Government invest dollars—these same bad dollars that you talk about—in these foreign countries.

What is the difference between Government investing dollars and private industry investing them?

Mr. OLDS. As I understand, the program today is a combination of the Government investing dollars and private investment of dollars. As I understand the program, the Government would invest dollars in enabling these countries to plan improvements.

Senator CAPEHART. But what is the difference, in your mind?

Mr. OLDS. Between what?

Senator CAPEHART. Between private industry investing all the dollars in the twenties, as you are talking about here, and the Government today investing the same kind of dollars?

Mr. OLDS. The difference is that at the time that the overseas investment was going on in the twenties, the main idea was simply what can we get out of those countries, what profits can we get, what can we get in the way of expanding control?

Senator CAPEHART. What is the purpose of it today?

Mr. OLDS. I think today there is thought not only on the part of the Government—I think the Government is taking the leadership—but I think there is general thought of the importance of putting dollars in, not necessarily to control, not necessarily only for profits, but to enable these people to develop a standard of living that will gradually reach a parity with the high standards of living in the older, more developed countries.

Senator CAPEHART. In other words, it is perfectly all right for the Government to invest the taxpayers' money but wrong for private industry to do the same thing—is that your position?

Mr. OLDS. No; not at all. I think it is important, though, that there be—

Senator CAPEHART. How do you reconcile the fact that there is a bill pending in the present Congress to guarantee the investments of private industry in foreign countries—that is, guarantee it to a degree, not entirely, but to partially guarantee it? Would you be in favor of that?

Mr. OLDS. Yes; I would be in favor of that.

Senator CAPEHART. Why are you in favor of that and yet opposed in 1920 to private industry investment?

Mr. OLDS. I will try to explain that. I think the whole approach today to the investment required by these people who cannot get the capital themselves is quite a different point of view.

You had a situation back there where you might have American capital or British capital going in and employing Chinese workers in textile mills, Japanese workers, Egyptian workers in textile mills, all at very low wages.

Senator CAPEHART. Do you mean to tell me that the United States Government under this present plan is going to dictate the wage scale in those countries?

Mr. OLDS. I do not think so, but I think the whole impact of this program is going to be to help these countries build up their own standards of living.

Senator CAPEHART. Why did not the same dollars in the twenties do the same thing?

Mr. OLDS. A dollar in itself is a very hard thing. A dollar used in a program to help people grow and develop their own resources and their own possibilities is a different thing. It depends altogether on the attitude of the people that are using the dollar.

Senator McFARLAND. May I suggest that these questions in regard to foreign aid are interesting but they do not have very much to do with this matter.

Senator CAPEHART. Mr. Chairman, it has a lot to do with it. This man here attacks the Fourth of July, as I read the article, and I was trying to find out if he had the same sort of belief toward foreign investments today as he had in the 1920's. In the 1920's he criticized them as being imperialistic and something that is very, very bad, and yet today he claims that it is 100 percent right and should be done.

The only difference between the way it was done in the twenties and the way it is being done today is that today the Government is taking the money from the taxpayers and investing it as a government, whereas in the twenties it was done by private industry.

Yet, we have a bill at the moment before Congress to practically guarantee those investments. I was trying to get from this gentleman his viewpoint at the moment in respect to the Fourth of July and in respect to foreign investments because I did not introduce this article into the record.

It is a part of the record and therefore I think I have a right to ask some questions about it. It is not clear to me just what the difference is.

In other words, you feel that the Government, in a socialistic, paternal way, can take this money and can do a better job than can private industry? I gather that is your viewpoint.

Mr. OLDS. No, sir. I would like to get into this thing a little bit because I think you are raising a very important question. I think you are aware of the fact that throughout the world there is an increasing feeling on the part of peoples—the peoples of India, the peoples of Egypt, the peoples of the Latin Americas—

Senator CAPEHART. They need a higher standard of living and they need factories and they need to promote their own economy. You and I will agree 100 percent on that.

Mr. OLDS. One thing more, and I hope you will agree with me on this, too: They do not want, in accepting what is necessary today to accomplish those purposes, to make themselves economic colonies of any country, such that they will not have the freedom which has already been referred to here, the freedom of people to self-determination.

Senator CAPEHART. May I get back: There are just two ways you can handle this. One is to have private industry loan them the money, and the other is to have the Government loan it to them—will you agree on that?

Mr. OLDS. Or a combination of the two.

Senator CAPEHART. Or a combination of the two?

Mr. OLDS. That is right.

Senator CAPEHART. I gather that you felt in the twenties it was entirely wrong for private industry to do it but today it would be perfectly agreeable and proper for the Government to do it.

Mr. OLDS. I do not think that correctly states my position in the twenties, and I do not think it completely accurately states my position today.

In the twenties I thought that in the process of overseas investment, in the development of great—

Senator JOHNSON. Do you have anything whatever to do with overseas investments as a member of the Federal Power Commission?

Mr. OLDS. I cannot say that I do, Senator.

Senator JOHNSON. Let us get your views in here.

Senator CAPEHART. Mr. Chairman, I do not particularly like that statement, because you yourself and your own witness have introduced into this record "Imperialism and the Fourth of July," in which this gentleman takes a crack at the Fourth of July, and he talks about being violently opposed—or was when he wrote the article—and criticizes private industry in America for investing capital in foreign countries.

Mr. OLDS. I was not criticizing them for investing capital.

Senator CAPEHART. What were you criticizing them for?

Mr. OLDS. I was pointing out that the same kind of economic imperialism that characterized Britain would work hardship to workers both in the lands in which the investments were made and at home, and that is perfectly correct.

Senator JOHNSON. Is this a correct statement? The articles are in the record twice—the full text of the articles—and you have made your explanations at least twice.

Now, let us assume that our colleagues can read the articles and read the explanations and form their conclusions.

But the important thing is that I do want to get your explanation in the record, and if we do not get along with it, we are not going to get it, so let us proceed.

Mr. OLDS. The article published in the Federated Press Labor Letter of June 14, 1928, is cited to show me describing the Government of the United States as nothing more than a servant of business. The article was based on the Republican keynote address toward the end of the period of normalcy in which production had increased 25 percent with 10 percent less labor.

Fortunately, the nomination of the Government by big business which characterized the 1920's ended within a few years after that keynote address. Many political speeches by members of major political parties have been keyed to the same thought as I expressed.

The article from the Daily Worker of July 11, 1924, is cited to show me reflecting on the vicious circle into which the then existing system had led production workers and as pointing to the fact that labor, "operating its own productive plant steadily throughout a normal working year of 8-hour days, could produce vastly more goods than there is a market for, with the people's purchasing power what it is today."

That article is purely factual. It embodied a very valid criticism of the way in which private capital managed the economic system during

the 1920's and anticipated what many sober members of the major parties today are saying about full-employment programs.

The article, "What Mine Efficiency Could Do," reproduced from the Federated Press Labor Letter of June 10, 1925, certainly needs no apologies as it is based entirely on a study by the United States Commissioner of Labor Statistics and suggests nothing more than Congress itself attempted to do in the Guffey Coal Act.

Senator JOHNSON. Would you make those recommendations today?

Mr. OLDS. I would have to look at the article. I think there is still a problem that needs to be handled by legislation as far as the coal industry is concerned.

The four articles published July 1, 1925, in Industrial Solidarity under a general caption, are cited to show my concept to be that of "surplus value" which Mr. Lyle asserts is a fundamental doctrine of Marx and his Communist followers. This is certainly a pretty far-fetched attempt to tie me to communism.

A perusal of the articles will show that they are primarily factual reports on profits, the profits of the period, and that only one or two sentences on the four articles refer to the effect of such profits on the ability of the public to buy the products. Actually, this was recognized by a wide range of commentators and experts who had not the faintest connection with communism or even socialism.

The article, "Did You Get Your Vacation With Pay?" reproduced from the Daily Worker of October 15, 1925, apparently was offered to show that I was unfavorably contrasting the United States with Russia, is in the main based on a New York State Labor Department report on vacation policies in manufacturing industries.

The reference to Russia was a statement of fact noticed by many American observers. It was designed to awaken labor interest in securing similar advantages from industry in this country. Today unions are being recognized in America on a much sounder basis as part of the industrial order and vacations with pay are spreading. But it was not so when I was writing.

The article from the Federated Press Labor Letter of November 11, 1925, is offered to picture me as disparaging the American system and praising that of Russia. Actually the article does nothing of the kind but is an attempt to interpret history, particularly in terms of what was happening in Europe, based on a Wall Street Journal article calling attention to political apathy in England and to the fact that the ablest nucleus in the England Parliament was the industrial group.

The long-range change comes in different ways in different countries. In this country and in England the last 20 years has seen the rise of labor to an influence in politics which is more economic than geographical. The article advocated no system but called on labor to recognize the trend and prepare to share in the new apportionment of authority.

The article published in the Daily Worker of July 21, 1926, under the caption "\$1,000,000,000 Profit Yearly Going to the Stockholders of American Automobile Industry" is a purely factual story of high profits.

It is probably included because the word "tribute" is used to describe profits. For authority to use this word I need only refer to the 1929 address of Governor Reed, of Kansas, which I have already quoted.

The article from the Federated Press Labor Letter of April 27, 1927, is really an article written to emphasize the fact that the only great movement for child health is the labor movement. The reference to the fact that "in Russia the labor movement is building a workers' republic which leads the world in its attempt to guarantee every child a chance to flower" reflected the general belief at that time, as indicated in my introductory statement, and was in no sense designed to promote importation of the Russian system as such. Since then great progress has been toward improving the lot of children in this country, but we still have a long way to go.

The article entitled "Britain's Coal Trade Reveals World Slump," from the Federated Press Labor Letter of June 29, 1927, is cited as expressing my alleged thesis regarding the decay of capitalism. It deals altogether with the situation of British coal. Actually, in the light of what has happened in the succeeding 22 years it appears prophetic.

The article from the Federated Press Labor Letter of July 28, 1927, is cited to show me envisaging the discard of private property. Actually, this misses the whole significance of the article, which is an attempt to interpret the significance of some of Mussolini's drastic restrictions on property in terms of long trends.

I am really surprised that he did not use this article to accuse me of fascism. A careful reading makes it clear that the article is pointing at a recognition of the social aspects of large aggregations of property and a limitation on their use contrary to the general welfare. Representative Lyle has taken quotations out of context.

The article from the Federated Press Labor Letter of August 11, 1927, is cited to show me lamenting the failure of American labor to join the international and more particularly to emphasize my suggestion that—

If the indignation of isolated labor bodies the world over had been forged into the unified demand of 40,000,000 organized workers, the gates of the capitalist prison would have opened years ago.

Mr. Lyle takes this sentence out of context. Reading of the entire article shows that the prison referred to is that which held Sacco and Vanzetti, whose conviction many, including a present Justice of the Supreme Court, held a miscarriage of justice.

The article "Building Trade Fails To Give Steady Work" from the Federated Press Labor Letter of August 18, 1927, is a purely factual discussion of a report by the Ohio University bureau of business research.

Senator JOHNSON. What Justice do you refer to?

Mr. OLDS. Justice Frankfurter.

The citation of this article shows the lengths to which Mr. Lyle was willing to go in an attempt to give a misleading impression of my viewpoint. The reference to the "anarchy due to unregulated private initiative in an important industry" is a perfectly accurate description of the situation which the building trades unions were fighting to cure. The article proves that I was against anarchy.

The article, captioned "Ten Million Jobs," from the Federated Press Labor Letter of March 1, 1928, simply posed the problem of displacement of workers by machines and mounting unemployment throughout the world, which everyone at that time should have faced squarely.

If it had been faced, we might have been spared the debacle of the 1930's, the rise of nazism and fascism and the Second World War.

The article, "Must Make Jobs," from the Federated Press Labor Letter of July 26, 1928, is cited to connect me with the Marxist "surplus value" theory. I would simply point out that the substance of the article consists of quotations from Editor Benjamin Baker of the *Annalist*, conservative financial weekly, and that it is Baker who sets forth the overproduction theory.

The article, "Progress Through the Presidency," from the Federated Press Labor Letter of January 24, 1929, is based entirely on an address by Owen D. Young, chairman of General Electric Co.

The caption is not my caption. I merely note the following quotation from Mr. Young:

In our modern organizations we have completely divorced ownership from responsibility, and as a result we have developed managers of business, chairmen, and presidents and vast executive organizations. They alone know the business. They must be held responsible not only for its material but for its moral conduct.

That represents very absolutely my point of view.

The article, headlined "Gravediggers Up," from the Federated Press Labor Letter of January 19, 1928, is cited to show me foreseeing the end of capitalism and identifying this prediction with the "ruthless American theory that a piece of machinery should be scrapped as soon as a better appears."

The funny thing about this citation is that the idea, for which I am apparently held responsible, is that of the *Wall Street Journal* which I quoted as saying—this is the *Wall Street Journal* speaking—

Today capitalism is regarded in America as merely a useful machine to be overhauled, redesigned and reconstructed like any other, even to be replaced when a better instrument appears.

The last paragraph of my article, however, proves beyond doubt that in my writing I was not envisioning a new world order based on Russian socialism.

Furthermore, the attempt to use the headline of this article to tie me to Marx breaks down on the fact that I was in no way responsible for any captions on my articles. In passing I might state that I learned for the first time, through the research endeavor of Mr. Lyle, that Karl Marx resorted to an expression involving "grave-diggers."

I think that one of the interesting things about this whole episode is the splendid research job that Mr. Lyle has done into the whole theory of Karl Marx.

Senator JOHNSON. And we might add, the splendid research job you have done in attempting explanation.

Mr. OLDS. Thank you, sir.

Senator JOHNSON. As a matter of fact, on that point there have been some other researchers, Mr. Olds; maybe the Chairman will want to put those letters in the record.

Have you got a letter that you sent to the Attorney General and his reply? Do you want to put them in now?

Chairman JOHNSON. I will put them afterwards. I want to put them in the record, but I will wait until the witness is through.

Mr. OLDS. I could continue with my comments on each of the articles of more than 20 years ago which Mr. Lyle has submitted in

an attempt to show that I am not now qualified to hold the position which I have held for the last 10 years. But I feel that I need not take the committee's time to do so.

In concluding my testimony, I want to make my position perfectly clear.

I believe that we in America are engaged in the development of a new order within the framework and spirit and intent of the great American Constitution.

I believe that the most serious threat to our institutions comes from those who refuse to face the need for change to adjust worthy institutions to the changing times.

I believe that we must preserve the American ideal of economic as well as political democracy against the abuses arising from concentration of economic power with its destruction of free enterprise. Concentration of economic power has a tendency to develop into a kind of private government regimenting other people's money and other people's lives.

I agree with Thomas Jefferson that "widespread poverty and concentrated wealth cannot long endure side by side with democracy."

Senator JOHNSON. Those are your beliefs today? Were those your beliefs when you were writing these articles?

Mr. OLDS. They were pretty much my beliefs when I was writing these articles.

Democracy is essentially a spiritual rather than a purely political or economic concept. It can survive only so long as it embodies the two great laws of God. The first of these is: "Thou shalt have no other gods before me," which absolutely prohibits the worship of material things. The second is: "Thou shalt love thy neighbor as thyself," which precludes selfishness as the dominant aim and requires social responsibility in the use of property.

I believe that, under the leadership of progressive men and women in this country, we as a nation are working out the salvation of America along these lines and that this, rather than our huge physical productivity, provides the strength which will preserve democracy in the world.

Thank you.

Senator JOHNSON. Mr. Olds, at your request the committee set aside this morning to hear your explanation. We appreciate your coming here and the time and effort that is required to give the committee, and ultimately the members of the Senate, I hope, the chance to evaluate your qualifications and capabilities for the job to which the President has nominated you.

I just want to make this observation before concluding: This hearing has heard some 36 witnesses. It has taken 16 to 18 hours. Every person who has asked for the opportunity to express himself, either in writing or orally, has been given that opportunity.

In 1939, when you were first confirmed to this Commission, the record shows that you were confirmed with very little, if any, scrutiny, without a roll call. In 1944 when your name was submitted again, you were confirmed by the full committee in the Senate, I believe, with a vote in the subcommittee of three to two.

I want to express this hope to the committee and to others who may be interested: That when the roll of this subcommittee is called, the vote of each member of the subcommittee will be made public, that

when the roll is called in the full committee that the vote of the full committee will be made public, when the vote is called in the Senate the votes will be taken on the ayes and nays so that all those Senators who approve or disapprove your record and your qualifications will have a record for the American people.

I think that will be a helpful and healthy thing because whatever our viewpoints may be and whatever our differences may be, there is one thing we must preserve in this country, and that is the feeling among our people that everybody can get a fair shake.

Thank you, Mr. Olds. We are glad to have heard you.

Mr. OLDS. Would you be willing, Mr. Chairman, to include in your very accurate statement the fact that there was a considerable hearing on my nomination in 1944?

Senator JOHNSON. Yes. That is available to all the members and has been distributed to them.

Chairman JOHNSON. Mr. Chairman, before the witness leaves the stand I want to ask him a question.

But first I want to insert in the record a short letter dated October 3, 1949, from Senator Tom Connally, chairman of the Foreign Relations Committee, which is addressed to me and which reads as follows:

Allow me to express the hope that the Committee on Interstate and Foreign Commerce will reject the nomination of Leland Olds to reappointment on the Federal Power Commission.

Your committee has held rather extensive hearings and it seems to me that Mr. Olds is not a proper person to exercise the high functions of the office which he seeks.

Sincerely,

TOM CONNALLY.

Chairman of the Committee on Foreign Relations.

Now, I want to insert in the record four letters and then I want to ask Mr. Olds a question pertaining to the subject matter of these letters.

The first letter is a letter dated September 10, 1949, written by me, and addressed to the Honorable J. Edgar Hoover, Director, Federal Bureau of Investigation. The letter reads as follows:

This committee has before it the nomination of Mr. Leland Olds of New York to be a member of the Federal Power Commission. As you know, Mr. Olds has been a member of the Commission for a number of years. I have recently appointed a subcommittee to consider this nomination. It is expected that they will hold hearings in the near future.

Members of the Senate advise me that you have made an investigation of Mr. Olds. If that is correct, this committee would like very much to have a copy of your findings or report. If it is possible for you to furnish the committee with this information, we shall be glad to keep it confidential if you so desire.

Thanking you for an early reply, and with assurance of my high esteem, I am,

Sincerely,

EDWIN C. JOHNSON.

On September 14, 1949, I received this reply from Mr. J. Edgar Hoover:

Reference is made to your letter dated September 10, 1949, in which you request information from the files of this Bureau concerning Mr. Leland Olds, a member of the Federal Power Commission.

It is regretted that information contained in the files of the Federal Bureau of Investigation cannot be disseminated without the specific approval of the Attorney General of the United States.

In view of this, it is suggested that you may desire to communicate directly with the Attorney General concerning this matter.

With expressions of my highest esteem and best regards,
Sincerely yours,

J. EDGAR HOOVER.

On September 16, I wrote to the Honorable J. Howard McGrath, Attorney General, as follows:

The Federal Bureau of Investigation has in its files information concerning Mr. Leland Olds, member of the Federal Power Commission, whose renomination is before this committee for consideration.

The committee will appreciate it if you will make this information available to it. The information will be treated in confidence if you so desire.

Thanking you for any early reply, and with assurance of my high esteem, I am
Sincerely yours,

ED C. JOHNSON, *Chairman.*

Then, on September 20, I received this reply from the Attorney General's Office in a letter signed by Peyton Ford, the Assistant to the Attorney General, and it reads as follows:

This will acknowledge your letter of September 16, 1949, addressed to the Attorney General, requesting that the Department make available to your committee information in the files of the Federal Bureau of Investigation concerning Mr. Leland Olds.

The information to which you refer is classified as confidential, and under the provisions of the President's directive of March 15, 1948, the Department is prohibited from supplying such information as you request. However, I note that Senator Styles Bridges of New Hampshire delivered an address on the floor of the United States Senate May 27, 1943, concerning Mr. Olds; also, that Senator E. H. Moore of Oklahoma made remarks concerning him which were reported in the Congressional Record. I note also that on July 6, 7, and 8, 1944, extended hearings were conducted before a subcommittee on Interstate Commerce of the Senate concerning the reappointment of Mr. Olds to the Federal Power Commission. In this connection, it is noted that a report of the Senate subcommittee also contains a statement of Mr. Olds.

Yours sincerely,

PEYTON FORD,

The Assistant to the Attorney General.

Now, Mr. Chairman, the question that I desire to put to Mr. Olds is this: Do you know anything about this investigation? Have you ever seen it? Would you be willing for our committee to have that report and would you be helpful to us in getting the report for our committee?

MR. OLDS. Mr. Chairman, I would like to have you have anything that would be helpful to you in reaching a proper conclusion. I have no personal objection to your seeing a copy of the said report. I do not know whether I ought to, in making an answer to that, consult the President himself or not.

THE CHAIRMAN. Have you even seen the report?

MR. OLDS. I have seen the report.

SENATOR CAPEHART. You have seen it?

MR. OLDS. I have seen it, and I have no objection to anyone knowing whatever facts are available about my life.

THE CHAIRMAN. That is a commendable attitude, and we appreciate that. We feel that the Members of Congress who have equal responsibility in the appointing power of certain offices, including the one to which you aspire, ought to have equal information with the President. We regret that we are unable to get that information.

SENATOR CAPEHART. Mr. Chairman, do we understand that the Attorney General will not give us the information?

MR. JOHNSON. That is correct.

SENATOR CAPEHART. He will not give us the information?

THE CHAIRMAN. That is correct.

SENATOR CAPEHART. Is there any way that a senatorial committee can secure that information?

THE CHAIRMAN. No way that I know of.

SENATOR JOHNSON. I think Mr. Olds has expressed himself on that point. Do you have anything else you know of?

MR. OLDS. Nothing else that would be helpful that I know of.

SENATOR JOHNSON. If you have anything else you would like to put in the record, the Chair would like to give all people an opportunity to be heard, including yourself.

MR. OLDS. Nothing.

SENATOR JOHNSON. Without objection, the Chair wants to place in the record at this point an article by a very widely read columnist appearing in the Washington Evening Star, October 1, 1949. The article was by Mr. Lowell Mellett, and some of the things outlined in the column have been referred to, but maybe they will be of interest to the Senators who are reading the record to have Mr. Mellett's evaluation and viewpoint in this hearing.

SENATOR MCFARLAND. Mr. Chairman, I have no objection to the article's going in the record. The article is a little obscure as to what I was referring to when I said I was shocked. I want the record to definitely show that I was referring to the writings placed in the record of Mr. Olds.

SENATOR JOHNSON. The record will so show.

(The article is as follows:)

The weakness of the case against Leland Olds, nominated by the President for another term on the Federal Power Commission, was revealed when his senatorial opponents took up the cry of "communism."

Mr. Olds has been operating as a member of the Commission for 10 years, and that means he has been operating in a glass house, subject to public scrutiny. The scrutiny has not been lacking. Representatives of the utilities regulated by FPC have watched his every move and made note of his every utterance, ready to run to their friends in Congress at the slightest slip on his part. Utility men among the Congressmen's constituents back home have done likewise.

In the course of those 10 years, nothing said or done by Mr. Olds had caused him to be charged with communistic tendencies. At worst he was accused occasionally of being overzealous in the public interest and not sufficiently considerate of private property rights. That was the view expressed to me this week by Senator Robert S. Kerr of Oklahoma, himself a natural-gas producer and one of Mr. Olds' most active opponents.

The Senator took an hour and a quarter of his time to spell out patiently and clearly the basis of his personal opposition. This related chiefly to the position now taken by Mr. Olds that sales of natural gas to the interstate pipe-line companies should be subject to Federal regulation rather than State regulation. The Senator offered documentary evidence to show that this represented a change of viewpoint on the part of Mr. Olds, one that rendered him unacceptable to any producer or gatherer of natural gas.

To hear what Mr. Olds would have to say in defense, I attended a subcommittee hearing on his nomination. Instead, however, of a debate or discussion of the gas-regulation issue, I found the hearing had been launched as a trial of Mr. Olds as an alleged former and perhaps unreformed Communist. The air was charged with emotion or a reasonable appearance of same. The subcommittee members were being shocked, to their manifest delight, by the testimony of Representative Llye of Texas concerning articles written by Mr. Olds back in the twenties as a member of the Federated Press. The FP merely had the Daily Worker as one of its subscribers in those days, most of the others being good non-

Communist A. F. of L. newspapers, but the witness had little difficulty in identifying, to his own satisfaction, Mr. Olds with communism.

Not only were the subcommittee members shocked by what Mr. Olds had written, but there was something worse. The Daily Worker reported his appearance once on the same platform with Earl Browder, then chairman of the Communist Party. That really hit the Senators hard.

"I am shocked," said Senator McFarland of Arizona, "shocked beyond words," which, in the case of a Senator, could be a third-degree shock, possibly fatal. But the sturdy Arizonian rose to his feet and departed for the Senate Chamber, apparently not wishing to hear any more.

If Senator McFarland had detoured by way of the Congressional Library and asked for a copy of Elizabeth Dilling's book, *The Roosevelt Red Record and Its Background*, he'd have got a shock that would have finished him. On page 59, he would have found a picture of Earl Browder taken with four men with whom he had just shared the platform at a meeting of the American Youth Congress. And who is the smiling gentleman sitting in the middle? None other than the senior Senator from Ohio, Mr. Taft.

This, when he learns of it, will make it impossible for Senator McFarland to sit in Mr. Taft's Senate, but it leaves unsettled the question of who should regulate the sale of natural gas.

Senator JOHNSON. I would like to ask the staff to take the statement of Congressman Lyle and the quotations that he submits to the committee and to the Senate in confirmation of the statements he makes, and list them. Under each article or charge or quotation that he gives, I would like to have, from the written statement of Mr. Olds, his explanation and justification for that statement. I hope that, by doing that, we can avoid consuming any more of the Members' time. We will have those placed in the record. I hope that you will ask the printer to make available to all the members of the subcommittee here, and all those who are not here, the record up to date as of Saturday, which has been submitted to all of the members, and they have had an opportunity to review it.

With that statement the committee will recess, subject to the call of the Chair, and I hope before we meet again that each member can spend as much time as possible in going over the statements, both pro and con, affecting this nomination.

The committee will take a recess.

(Whereupon, at 12:20 p. m., the committee was adjourned.)

(The following statements and communications were submitted for the record:)

ROBINSON & ROBINSON,
Columbia, S. C., September 26, 1949.

Hon. EDWIN C. JOHNSON,
Chairman, Senate Interstate and Foreign Commerce Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: In response to your wire of September 24, and Senator Lyndon Johnson's letter of September 23, I am enclosing herewith 25 copies of my statement on the nomination of Leland Olds to the Federal Power Commission.

I regret that conditions are such that I am not able to personally appear and make this statement.

Sincerely yours,

DAVID W. ROBINSON.

STATEMENT OF DAVID W. ROBINSON, COLUMBIA, S. C.

During the period when I was general counsel for the Federal Power Commission (1939-40), I met Leland Olds, who was then with the New York Power Authority. Later he became a member of the Commission, and I served under him for some months. Since my departure from the Commission in 1940, I have

seen Mr. Olds at intervals when my practice called me to Washington except during the period August 1942-November 1945, when I was in the Army.

Mr. Olds is a man of integrity and character. In my opinion, he has made a valuable public servant during his tenure at the Commission and should be confirmed for another term there. My reasons are these.

Leland Olds brought to the Commission the idea of planning for the best use of the natural resources with which the Federal Power Commission is concerned. He was a leader in the development of comprehensive plans for river-basin improvement, looking to the several interests for which running water had uses and considering the river basin as a whole. These studies made by the Commission in cooperation with the Army engineers have been vital factors in the flood-control programs of the Congress.

He has been a staunch advocate of the policy of the Commission in requiring utilities to keep their books on an investment basis, so that State and Federal regulatory agencies can readily determine appropriate rate structures.

Mr. Olds has been active in making available to utilities the aggregate experience of other utility systems, to the end that valuable advances in utility practices worked out in one locality might be advantageously used elsewhere for the benefit of rate payers.

With Commissioner Basil Manly, he was interested in the preparation of comparative rate studies which are of vital concern in the effective regulation of rates by State agencies.

During the days after World War II had come to Europe, he vigorously pressed the legal staff in its study of how the regulatory acts administered at the Commission could be used to aid the interest of the United States in this world conflict.

During the past 10 years the Commission has been faced with the difficult problems incident to the regulation of the natural-gas industry. The solution of problems arising out of regulation of a new utility are not easy. The fact that the securities of the natural-gas companies are being marketed at yield rates comparable to the older utilities is strong evidence of effective and fair regulation.

The period of Mr. Olds' tenure on the Commission also coincides with the development of a staff expert in the several fields of Federal power regulation. This staff, available to the regulated utilities, contributes much to the economic health of those regulated.

Leland Olds is not responsible for all of the effective regulation of the Power Commission, but no one has had a larger share in this program.

In my opinion, the people would lose a public servant of integrity, ability, and energy if he failed of confirmation.

STATEMENT OF W. P. KENNEDY, PRESIDENT BROTHERHOOD OF RAILROAD TRAINMEN

Mr. Chairman and members of the committee, I am submitting this statement for insertion in the committee record in my capacity as the president of the Brotherhood of Railroad Trainmen, urging the reappointment of Commissioner Leland Olds to the Federal Power Commission for his third successive term of office. In doing so, I am expressing the wishes of our brotherhood of 215,000 members and their families and their many friends, a fine body of patriotic American citizens residing in our 48 States and actively participating in the economic, political, and social life of their communities. It is these people, as an important part of the American public who have benefited by the splendid public service which Leland Olds has rendered over the years, who urge you to retain him in office.

Leland Olds was appointed a Commissioner of the Federal Power Commission by President Franklin D. Roosevelt, who had long and intimate knowledge of the man, his background, and his outstanding work for effective public-utility regulation in New York State. It has been publicly proclaimed before your committee and is a matter of documented record that, largely through the technical competency and courageous leadership of Leland Olds, both the city and State of New York enjoy today a well-regulated public-utility system, providing services that have lowered rates to consumers by many millions of dollars, while at the same time resulting in sure and reasonable profits to solvent utility corporations.

It was to bring such professional competence, industry, and courage, and devotion to the public interest to a sometimes faltering Federal commission regulating utilities that our great President Roosevelt nominated Leland Olds 10 years ago. It is a testimonial to the President's rare insight that Leland Olds has repeatedly been chosen to be Chairman of the Federal Power Commission, a recognition by his fellow members of his outstanding ability.

When confirmed by the United States Senate on two previous occasions after full hearings and debate, every possible means was used by the selfish private interests to discredit Leland Olds and prevent his confirmation. But, when exposed to public view and matched against his lifelong record of devotion to the very best interests of his fellow men, these shabby and distorted smear campaigns have been shown up in their true light, to the everlasting discredit of those who have participated in them. And the Senate, seeking vigorous enforcement of utility laws which it had passed, such as the Federal Water and Power Act of 1920, the Federal Power Act of 1935, the flood control acts, and the natural gas acts, confirmed Leland Olds, knowing that he would enforce both the letter and spirit of these important laws. He has kept faith with the United States Senate.

Nothing in all these 10 long years of outstanding public service has tarnished in any way the brilliant record of Commissioner Leland Olds. It was therefore entirely fitting and proper that President Harry Truman should nominate him for a third term, for the President has often expressed the view that outstanding men are needed in government where all the people can benefit by their services.

We of the Brotherhood of Railroad Trainmen are known to you members of this committee as champions of the cause of the people, as fighters in the ranks of those who firmly support and seek to strengthen our democracy. We have examined all of the record on Leland Olds with care. We know it is entirely in the public interest. We feel that he is the kind of public servant who will never lose sight of the plain people's interest in the adequate regulation and conservation of the utility resources of this Nation. We urge your unanimous favorable report to the Senate on his renomination. We shall seek to have his nomination confirmed when it reaches the United States Senate itself.

CENTER, COLO., September 30, 1949.

Senator Ed. C. JOHNSON,

Senate Office Building, Washington, D. C.:

REA program needs men like Leland Olds on Federal Power Commission. We urge your support of him. Feel that appointments like this are vital to proper development of power for REA's in United States. We still need low-cost power in San Luis Valley.

SAN LUIS VALLEY RURAL ELECTRIC COOPERATIVE, INC.,
MYRON M. SUTLEY, President.

DENVER, COLO., September 29, 1949.

Senator Ed C. JOHNSON,

Senate Office Building:

We strongly urge your active support for confirmation of Leland Olds as Chairman of Power Commission. We look to you to speed favorable action of your Committee on Interstate Commerce.

ROCKY MOUNTAIN FARMERS UNION,
HARVEY R. SOLBERG, President.

STERLING, COLO., September 29, 1949.

Hon. EDWIN C. JOHNSON,

United States Senate, Washington, D. C.:

Urge your support of Leland Olds for Federal Power Commission. REA people feel he has been of great service to citizens of United States.

HIGHLINE ELECTRIC ASSOCIATION,
FIDELE GUENZI, President.

DENVER, COLO., September 26, 1949.

Hon. Ed C. JOHNSON,

Senate Office Building, Washington, D. C.:

I express viewpoint of practically all of us interested in Colorado oil and gas that you should oppose nomination of Leland Olds as member of Federal Power Commission. Mr. Olds no doubt very able, but seems to have very pronounced views which strongly antagonistic to development Colorado's gas resources. We don't want anything we not entitled to but do feel member of this most important and powerful Commission should be open-minded and fair. Our independent operators will open up enormous gas reserves in Colorado if not interfered with by a radical Power Commission.

WARWICK M. DOWNING,

CASPER, WYO., September 26, 1949.

EDWIN C. JOHNSON,

Senate Building, Washington, D. C.:

Inasmuch as Leland Olds has expressed himself as being unalterably opposed to law that does not give to the Federal Power Commission the power to regulate the price of gas at the well, we feel that the intent of all parties concerned would be best served by the appointment of some person who could approach the subject with an open mind. We affirm the success of present State regulation and urge your attention and interest to this appointment.

GLEN E. NIELSON, President.

ROCKY MOUNTAIN OIL AND GAS ASSOCIATION,

WASHINGTON PUBLIC UTILITY COMMISSIONERS' ASSOCIATION,

Seattle, September 26, 1949.

Re Leland S. Olds.

Hon. Ed. JOHNSON,

Senate Office Building, Washington, D. C.

DEAR SENATOR: In behalf of this association, it is my privilege and pleasure to recommend to you the confirmation of Hon. Leland S. Olds on his reappointment to the Federal Power Commission.

Mr. Olds' experience and knowledge of the problems confronting the Federal Power Commission are sorely needed on that Commission today. We heartily endorse Mr. Olds and ask the favorable consideration of your committee.

Respectfully yours,

FRANK A. STEWART,

Managing Director.

NORTHWEST PUBLIC POWER ASSOCIATION, INC.,

Vancouver, Wash., July 13, 1949.

Senator EDWIN C. JOHNSON,

Member, Committee on Interstate and Foreign Commerce,

Senate Office Building, Washington, D. C.

DEAR SENATOR JOHNSON: We note that the appointment of Commissioner Leland Olds of the Federal Power Commission expired on June 22, thus reducing FPC to four members at this critical time when so many cases on natural gas and electric utilities are due to be settled.

It is particularly convenient for these interests to keep a man like Olds on ice for even a few weeks.

We regard Olds as the people's champion on the Federal Power Commission, and as such we urge his earliest confirmation by the Senate.

Sincerely,

GUS NORWOOD,

Executive Secretary.

Haverford College,
Haverford, Pa., September 28, 1949.

Senator EDWIN C. JOHNSON,

Chairman, Senate Committee on Interstate and Foreign Commerce,
Washington, D. C.

DEAR SENATOR JOHNSON: Having understood that your committee is holding hearings concerning the nomination of Leland Olds for reappointment to membership on the Federal Power Commission, I am writing to add a word of endorsement of the high quality of service which he has given during his membership on the Commission.

As one who was associated with him in a number of programs involving cooperation among Federal agencies, I had frequent opportunity between 1937 and 1941 to observe his action in questions of public policy. It seemed to me that he was consistently sincere and hard working. He sought enthusiastically and carefully to apply the policy of the United States, as set forth in the Constitution and in statutory legislation, to specific issues as they arose. He inquired persistently as to the effect of any given action upon the public interests.

Personally, I felt that he was an example of devoted and highly competent public service, and that no action of which I was aware could cast any doubt upon his sincerity in that service.

Sincerely,

GILBERT F. WHITE.

HARTFORD, CONN., September 29, 1949.

Senator EDWIN C. JOHNSON,

Senate Committee on Interstate and Foreign Commerce:

I want to urge as strongly as I know how that the Senate Committee on Foreign and Interstate Commerce act favorably on President Truman's nomination of Leland Olds as Federal Power Commissioner. I am well acquainted with Mr. Olds' fine record of public service and the high competence he has displayed. We in New England are acutely concerned over the fact that our region has lagged badly behind the rest of the Nation in making efficient use of our water resources, to the detriment of our industrial and general economic development. We have found Mr. Olds extremely helpful in analyzing our resource problem because of his great interest and competence in this matter. At this time when the Nation urgently needs the services of the most competent public servants it can secure, it would be tragic to allow the protest of a few vocal special interests to defeat Mr. Olds' appointment.

CHESTER BOWLES,
Governor of Connecticut.

NEW YORK, N. Y., September 26, 1949.

Hon. EDWIN C. JOHNSON,

Chairman, Committee on Interstate and Foreign Commerce,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: Press advices indicate that the nomination of Mr. Leland Olds on the Federal Power Commission may develop hearings before your committee shortly.

May I say very briefly, that my long observation and experience with Mr. Olds has given me a great confidence in his ability and character as a distinguished public servant. He has particularly impressed me with his logical and loyal support of the St. Lawrence seaway development as to which my long experience in grain exporting, as Wheat Director of the United States and as an operator of small type ships impresses me as being an urgent necessity for the stability of our enterprising Midwest agriculture and also for the steel industry of the Midwest, which faces gradual depletion of the high-grade ore reserves of northern Minnesota. My home and interest being largely in Duluth, Minn., gives me the right to express thus the need for enlarged and cheaper transportation for ore and grain.

The phase of power development in the St. Lawrence connected with this great project, would obviously be of great benefit to northeastern United States.

Mr. Olds with his long experience and intimate knowledge of power development seems peculiarly fitted to further a wide understanding of that power necessity.

Sincerely yours,

JULIUS H. BARNES.

ARGO OIL CORP.,
Wichita, Kans., September 28, 1949.

Hon. EDWIN C. JOHNSON,

Senate Office Building, Washington, D. C.

DEAR MR. JOHNSON: I am informed that Leland S. Olds has been nominated to be a member of the Federal Power Commission and that his nomination comes before the Senate Interstate and Foreign Commerce Committee before a vote is taken on this matter by the United States Senate.

I am very much opposed to the confirmation of this appointment on account of his stand on the Natural Gas Act. I feel that the oil and gas industry should be encouraged rather than discouraged, and sincerely hope that you can see my viewpoint on this matter. As you perhaps know the Argo Oil Corp. is an independent corporation.

Very truly yours,

LEE SCOTT, Vice President.

FITZHUGH & COCKRILL,
Little Rock, Ark., September 22, 1949.

Hon. EDWIN C. JOHNSON,

Chairman, Interstate and Foreign Commerce Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR JOHNSON: This letter is written in the interest of Leland Olds, whose reappointment to the Federal Power Commission is under consideration by your committee.

I served as chairman of the Arkansas Department of Public Utilities from 1937 to 1941. I had personal contact with Mr. Olds during this period of time in an effort to seek a solution to many common problems in Federal and State regulation of public utilities. Mr. Olds was most cooperative with the Arkansas department. I think he is a man of outstanding courage and devotion to public duty.

At present I represent the Arkansas State Electric Cooperative Corp., composed of the 18 REA cooperatives in Arkansas. We are glad to have Mr. Olds on the Federal Power Commission with his strong urging of development and conservation of our natural resources and construction of multiple-purpose dams.

I think Mr. Olds has made substantial contribution to the welfare of the country and I hope that your committee will recommend the confirmation of his reappointment.

Sincerely yours,

THOMAS B. FITZHUGH.

LOS ANGELES 13, September 21, 1949.

In re Mr. Leland Olds.

SENATOR LYNDON JOHNSON,

Chairman, Subcommittee of the Committee on Interstate and Foreign Commerce, United States Senate, Washington, D. C.

DEAR SENATOR: You having the responsibility of passing on the advisability of ratifying the nomination of Mr. Leland Olds to be a member of the Federal Power Commission, I take the liberty as a citizen of expressing to you my disapproval of the nomination.

As Senators, you have the sacred duty of enacting laws to govern your fellow men in matters affecting their daily lives, and in matters involving the welfare of our beloved country.

You also have the added duty of deciding whether or not a nominee to an office which will administer those laws is the kind of a man who will always remember that he is a servant of our fellow citizens—yours and mine—and not a man who will use his high responsibility to mold our Government to make it conform to his personal ideology.

Mr. Olds is a man of ability and integrity. He has filled the same office before. Nevertheless, he has not been satisfied to leave the making of the laws to the Senate and House, but has climbed off the chair upon which you placed him, and has appeared before you endeavoring to influence you in the making and amendment of the law under which he was appointed.

We taxpayers and citizens pay him a salary to fulfill the important duties of his office as interpreted by the courts; we do not pay him to lobby for or against amendment under grave consideration by your honorable body.

Every lobbyist has an ax to grind. Mr. Olds had one when he appeared before your honorable committee in the matter of S. 1498. What did Mr. Olds seek when he prepared and delivered his elaborate speech to your committee? He sought to prevent any diminution of his authority as a Federal Power Commissioner. He desired to maintain as vast a power as possible over the daily activities of our citizens, particularly with reference to oil wells and gas wells.

His every word during his testimony, and his every act during his prior incumbency, has been oriented toward increased governmental regulation of our citizens and of control over their profits and their current activities. He favored price control without those concomitant territorial, profit, and other guaranties which are the basis of and accompany price fixing for utility companies. He favors an investment-return principle for fixing prices. After that, what? He does not know. The oil and gas industry with its hazards, its wildcat failures, and so forth, is too complex to fit into the groove conceived by Mr. Olds.

My objection to Mr. Olds is that he is a militant bureaucratic ideologist—seeking an administrative office with obvious plan to engorge it with his theories, until it will be a power all out of proportion to our Legislature, our Department of Justice, and others charged with the duties with which he seeks to clothe himself.

I have been in the oil industry since 1899, in every capacity from bookkeeper to executive officer of a large company. I am now executive vice president of Oil Producers Agency of California, secretary-treasurer of the Independent Natural Gas Association of California, and secretary-treasurer of Blackfoot Petroleum Co., a company so small that the recent price cuts have wiped out all current profits.

But I speak solely for myself, as a citizen who has watched the growth of bureaucracy for years, and in particular have stood mute while Mr. Olds has spoken. But I listened.

As a citizen, I disapprove of the appointment, and ask that you wait for nomination of a sound and able man, who will stay in his own balliwick and administer the laws as he finds them, not as he would like them to be.

Very respectfully,

RUSH M. BLODGET.

NEW YORK, N. Y., September 30, 1949.

CHAIRMAN, SUBCOMMITTEE COMMERCE COMMITTEE,
Washington, D. C.:

Am officer several independent natural-gas companies, including Mondakota Gas Co., Billings, Mont.; Interstate Natural Gas Co., Texas and California. We know Leland Olds has shown outstanding ability, and his presence on Commission most urgently required give fair and proper balance to opinions and decisions. Independent operators and public cannot afford to lose Commissioner with proven ability, foresight, honesty, and fairness of Leland Olds.

JOHN WIGHT,

Vice President and Manager, Mondakota Gas Co., Interstate Natural Gas Co.

WASHINGTON 6, D. C., September 30, 1949.

Senator JOHNSON,
Chairman, Senate Interstate Commerce Committee,
Washington, D. C.:

Because of the high degree of justice and efficiency with which he has administered the office of Federal Power Commissioner, I most earnestly recommend the confirmation of the reappointment of Mr. Olds.

ROBERT CROSSER,

Chairman, House Interstate Commerce Committee.

ABILENE, TEX., September 26, 1949.

LAWRENCE R. HAGY,
Mayflower Hotel, Washington, D. C.:

Following resolution unanimously passed "The West Texas Chamber of Commerce sponsoring the general welfare of 130 counties of west Texas, by unani-

mous action of its executive board in session assembled, September 26, authorizes its director and chairman of its water rights committee, Lawrence R. Hagy, and Dr. Rupert Richardson, president, Hardin-Simmons University to oppose confirmation of Leland Olds as member of the Federal Power Commission for reasons, first, that his political philosophies are counter to the concepts of our major political parties and our American constitution; second, that his record is replete with opposition to States' rights; third, that he has fostered unwarranted expansion of Federal jurisdiction over the waters of our streams and rivers and private power interests, and fourth, that his philosophy is against our long-established free enterprise system and for the enslavement of both business and individual freedom. Such philosophy represented in a governmental agency controlling the gas, water, and power resources of this territory, we feel would mitigate against and destroy our past accomplishments and achievements and will result in curtailment of our welfare." Above also sent to Senator Johnson.

WEST TEXAS CHAMBER OF COMMERCE,
JOHN D. MITCHELL, President,
D. A. BANDEEN, General Manager.

SEPTEMBER 27, 1949.

Senator EDWIN C. JOHNSON,
Chairman, Interstate Commerce Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR JOHNSON: It is my understanding that hearings are beginning today before a subcommittee of the Interstate Commerce Committee on the confirmation of Mr. Leland Olds as a member of the Federal Power Commission.

I urge you to support the confirmation of Mr. Olds as a member of the Federal Power Commission. His record is one of outstanding service to the American people and his experience and qualifications certainly commend him for the job.

Sincerely yours,

L. S. BUCKMASTER,
General President, United Rubber, Cork, Linoleum, and
Plastic Workers of America, Akron, Ohio.

UNITED STATES SENATE,
COMMITTEE ON PUBLIC WORKS,
October 4, 1949.

Hon. EDWIN C. JOHNSON,
Chairman, Committee on Interstate and Foreign Commerce,
United States Senate, Washington, D. C.

DEAR SENATOR JOHNSON: The Committee on Interstate and Foreign Commerce has before it the nomination of Leland Olds for a third term as Federal Power Commissioner.

I think we can look with pride upon his 10 years of service in that Commission since in that time he has proven his outstanding qualifications and his unflagging zeal in behalf of the public interest.

In his work as executive secretary with the St. Lawrence Development Commission of the State of New York, where he served for 8 years, from 1931 to 1939, and since, Mr. Olds has been a pioneer in developing the potentialities of public generated power and in the distribution of such power through integrated public and private systems.

On the Federal Power Commission he is rightly credited with outstanding leadership in the success which the Commission has had. While there may have been differences in judgment, no voice has been raised in question of his integrity and intelligence in the job, and this despite the fact that his position and himself have been subject to close scrutiny.

Mr. Olds has performed invaluable service in connection with the development of public power through integrated river-basin systems such as the Tennessee Valley Authority. His well-thought-out views and experience will serve the Federal Power Commission and the Congress well since we have numerous basin development programs before the Congress and proposed for submission to the Congress later on. The development of hydroelectric power is a function which

falls under the jurisdiction of the Committee on Public Works in the Congress. Hence, I have a real interest in his nomination.

The Public Service Commission of New Mexico called upon Mr. Olds to assist it at the time it was created in 1941, and his services at that time, and on many subsequent occasions, when he has helped the Commission with difficult problems, proved most helpful.

I request that you enter in the record my endorsement of Leland Olds for a third term on the Federal Power Commission, and I urge the committee to act favorably and report his nomination at the earliest possible moment so we can act on it in this session of the Eighty-first Congress.

Sincerely yours,

DENNIS CHAVEZ,
United States Senator.

OLDS' WRITINGS, CITED BY REPRESENTATIVE
LYLE

"That a prominent bishop of the Methodist Episcopal Church turned from speculation on pie in the sky to speculation in land and industrial securities is just another proof of the decay of the church as a religious institution and its transformation into a handmaiden of the capitalist system."—By Leland Olds, Federated Press Labor's News, July 20, 1929.

"The irregularity of railroad purchases has always been recognized as one of the worst disturbers of employment. It is an outstanding argument for public control of an industry which exercises such far-reaching influence."—By Leland Olds (Federated Press Industrial Editor) The Daily Worker, August 13, 1925.

MR. OLDS' COMMENT¹

The article from the Federated Press Labor Letter of July 20, 1929, is cited by Mr. Lyle as showing me "hailing" the decay of the church as a religious institution. Actually, the article deals with the unfortunate speculative activities of the notorious Bishop Cannon which occasioned comments from as wide a range of voices as the Wall Street Journal and Will Rogers. Just this year a book was written about them. I was, in fact, deploring rather than "hailing" the apparent secularization of the church, calling attention in my article to the statement by the founder of the Christian movement that it is impossible to serve both God and Mammon. The article raises the question whether there is harmony between Christian morality, toward which workers instinctively turn, and the capitalist morality of the exploiter. As indicated in my initial statement to this committee, all branches of the Christian church are today raising that question.

The article published in the Daily Worker of August 13, 1925, is cited by Mr. Lyle as indicating that I recommended nationalization of the railroads. I do not deny that I then favored nationalization of the railroads, along with the late Commissioner Joseph B. Eastman of the Interstate Commerce Commission. But a glance at the article itself shows that the inference is a misinterpretation of what I wrote. The article sets forth statistics from the various industries revealing decline of employment, points out the significance of data showing a slump in railroad purchases in terms of the general level of employment and suggested, as quoted by Mr. Lyle, that this was "an outstanding argument for public control of an industry which exercises such far-reaching influence." That hardly contributes to the support of Mr. Lyle's general thesis.

¹ NOTE.—Mr. Olds commented on 24 of the 54 articles submitted by Representative Lyle.

"The present crisis in the coal industry raises the problem of control, although wages appear to be the issue. The opposition of the United Mine Workers to competitive wages can only be made effective through elimination of competitive private capitalism.

"The miners have two alternatives to develop, along with the rest of organized labor, political power sufficient to put over nationalization, or to seek control by the workers themselves under a worker government."—By Leland Olds, Federated Press, Federated Press Labor Letter, April 6, 1927.

The article from the Federated Press Labor Letter of April 6, 1927, is cited by Mr. Lyle to emphasize my assertion that "the problem of attacking capitalist control will have to be met." The article is a sound analysis of the problem faced by the United Mine Workers during the 1920's due to the antiunion attitude of large producing interests and the refusal of such interests to enter into a national agreement protecting all mine workers against the threat that low-wage nonunion mines would undersell higher-wage union mines. The anarchistic state of the coal industry during the period was well known and the coal miners were paying the price. The article discusses various alternatives by which the miners might hope to extricate themselves from the competitive wage situation. Congress recognized the plight of the industry and its employees several years ago when it enacted the Bituminous Coal Act.

"So frequently does the electric light and power industry turn to its customers for new capital we may well ask, Why not operate the utilities as giant consumer cooperatives? Such reorganization would transform the exorbitant profits of utility holding companies into power rates to consumers. * * *

"The only real customer ownership is by consumer cooperation. In the case of the giant utilities this can only mean Government ownership."—By Leland Olds, Federated Press, Federated Press Labor Letter, May 4, 1927.

"Efficient public operation would make a considerable part of this huge total available either for reducing the rates at which these services are furnished or for increasing the wages of the actual workers who operate the utilities."—By Leland Olds, Federated Press, Federated Press Labor Letter, February 16, 1928.

"To millions of workers slaving throughout the world to provide the tribute exacted by the American dollar empire the Fourth of July will loom as anything but the birthday of liberty. They will view it as the day set apart by the world's greatest exploiters to glorify their rise to power. Gradually

The article from the Federated Press Labor Letter of May 4, 1927, is cited by Mr. Lyle to show me as advocating Government ownership of utilities. This is actually a factual story based on the Wall Street Journal article on the growth of customer-ownership plans. It quotes the Wall Street Journal to the effect that the growth of holding companies has rendered this a misnomer, "in the sense that in many instances ownership of a security bought under the plan does not carry any voice in the conduct of the company's affair." You will recall that Senator Reed, of Kansas, as Governor, made the same point. I pointed out that real customer ownership is by consumer cooperatives and that in the case of giant utilities this could only mean Government ownership.

The article from the Federated Press Labor Letter of February 16, 1928, is cited for the same general purpose as the preceding citation. It is a factual presentation of the large aggregate profits of the industries in question and concludes with the factual statement, quoted by Mr. Lyle, that efficient public operation would make a considerable part of this available for lower rates or higher wages. There is certainly no Communist slant to such articles.

The article published in the July 5, 1928, Daily Worker, under the headline "Imperialism and the Fourth of July" is cited to show me scorning the national holiday. Actually, what I wrote was not critical of the Fourth of July as a symbol of the right of men to life, liberty, and the pursuit of happiness but

it will be transformed into empire day, demanding worship of imperial power, wherever the dollar has established its dominion."—By Leland Olds (Federated Press), the Daily Worker, July 5, 1923.

"A true keynote speech would reveal the politician government handling certain administrative details for an immensely powerful ruling class of which Andrew Mellon today serves as the outstanding political spokesman."—By Leland Olds, Federated Press, Federated Press Labor Letter, June 14, 1923.

"The vicious circle into which productive workers have been led by the private ownership of capital is revealed by Government statistics of business activity during recent months. * * * "America's labor force, operating its own productive plant steadily throughout a normal working year of 8-hour days, could produce vastly more goods than there is a market for with the people's purchasing power what it is today."—By Leland Olds (Federated Press Industrial Editor), the Daily Worker, July 11, 1924.

"If the development of the industry were regulated to provide necessary fuel at a price compatible with a de-

an expression of fear for what might happen to that symbol as a result of economic imperialism. I was writing to protect rather than besmirch the Fourth. The point I was trying to underline was a point which it was very necessary for the American people to understand at the very beginning of the era in which the center of world economic power was shifting from England to America, the point that economic imperialism of the old type was unjust to workers both at home and in the colonial regions. You will recall that Woodrow Wilson referred to foreign investment as the modern form of conquest. Fortunately, since that article, the United States has shifted to a new kind of foreign investment policy designed to help the underdeveloped countries to raise their own living standards and to maintain their own economic as well as political freedom. President Truman's point 4 program best exemplifies this new approach and I hope that the Fourth of July will always symbolize this new policy to the peoples of the world.

The article published in the Federated Press Labor Letter of June 14, 1923, is cited to show me describing the Government of the United States as nothing more than a servant of business. The article was based on the Republican keynote address toward the end of the period of normalcy in which production had increased 25 percent with 10 percent less labor. Fortunately the domination of the Government by big business which characterized the 1920's ended within a few years after that keynote address. Many political speeches by members of major political parties have been keyed to the same thought as I expressed.

The article from the Daily Worker of July 11, 1924, is cited to show me reflecting on the vicious circle into which the then existing system had led production workers and as pointing to the fact that labor, "operating its own productive plant steadily throughout a normal working year of 8-hour days, could produce vastly more goods than there is a market for, with the people's purchasing power what it is today." That article is purely factual. It embodied a very valid criticism of the way in which private capital managed the economic system during the 1920's and anticipated what many sober members of the major parties today are saying about full employment programs.

The article, "What Mine Efficiency Could Do," reproduced from the Federated Press Labor Letter of June 10,

cent living for the producers, the waste due to overexpansion would be available for higher wages and lower prices."—By Leland Olds, Federated Press Labor Letter, June 10, 1925.

"The job of the investment bankers is to manufacture new securities to absorb these funds which are literally crying for investment. Otherwise they would glut the money market and bring down the return on capital. The new securities mean the erection of additional productive plant. The result is that production tends always to run away from the ability of the public to buy the products. This means chronic unemployment for labor."—By Leland Olds, Federated Press Industrial Solidarity, July 1, 1925.

"On this question Russia, where unions are a recognized part of the industrial order, presents a strong contrast. There the finest country estates are being developed as worker rest homes and vacations with pay are a regular feature of union agreements. In the Baku oil field, to cite a single instance mentioned in the British trade union delegation report, 'each worker who has completed 5½ months' service becomes eligible for a fortnight's yearly holiday on full pay.'—By Leland Olds, Federated Press Industrial Editor, the Daily Worker, October 15, 1925.

"Lenin knew what would take the place of political partyism when he made his bid for power in Russia with the slogan All Power to the Soviets. Mussolini, with his Socialist background, saw it when he moved to constitute in Italy under his dictatorship a government composed of the industries rather than the regions, with the dominant branch of parliament composed of representatives of organized capital and labor.

"* * * That change is coming in America. Upon labor's advance preparation will depend its share in the new apportionment of authority."—By Leland Olds, Federated Press Labor Letter, November 11, 1925.

1925, certainly needs no apologies as it is based entirely on a study by the United States Commissioner of Labor Statistics and suggests nothing more than Congress itself attempted to do in the Guffey Coal Act.

The four articles published July 1, 1925, in Industrial Solidarity under a general caption, are cited to show my concept to be that of "surplus value" which Mr. Lyle asserts is a fundamental doctrine of Marx and his Communist followers. This is certainly a pretty far-fetched attempt to tie me to communism. A perusal of the articles will show that they are primarily factual reports on profits, the profits of the period, and that only one or two sentences on the four articles refer to the effect of such profits on the ability of the public to buy the products. Actually, this was recognized by a wide range of commentators and experts who had not the faintest connection with communism or socialism.

The article, "Did You Get Your Vacation With Pay?" reproduced from the Daily Worker of October 15, 1925, apparently was offered to show that I was unfavorably contrasting the United States with Russia, is in the main based on a New York State Labor Department report on vacation policies in manufacturing industries. The reference to Russia was a statement of fact noticed by many American observers. It was designed to awaken labor interest in securing similar advantages from industry in this country. Today unions are being recognized in America on a much sounder basis as part of the industrial order and vacations with pay are spreading. But it wasn't so when I was writing.

The article from the Federated Press Labor Letter of April 27, 1927, is really offered to picture me as disparaging the American system and praising that of Russia. Actually the article does nothing of the kind but is an attempt to interpret history, particularly in terms of what was happening in Europe, based on a Wall Street Journal article calling attention to political apathy in England and to the fact that the ablest nucleus in the English Parliament was the industrial group. The long-range change comes in different ways in different countries. In this country and in England the last 20 years has seen the rise of labor to an influence in politics which is more economic than geographical. The article advocated no system but called on labor to recognize the trend and prepare to share in the new apportionment of authority.

"Opportunity for at least \$1,000,000 more profits a year is what the development of the automobile means to the American investor class, company reports indicate. Each step in mechanical progress provides the owning class one more field for tribute."—By Leland Olds, Federated Press, the Daily Worker, July 21, 1926.

"The Workers' School is giving a number of courses this summer which should prove of great value to the movement and the individual members of the party. * * * Comrades who have been too busy in the movement to follow the more general problems of communism will thus be able to clarify their ideas and equip themselves for greater usefulness in the movement. * * *"—(Federated Press Industrial Editor), the Daily Worker, July 8, 1924.

"In Russia the labor movement is building a workers republic which leads the world in its attempt to guarantee every child a chance to flower. In China it is engaged in a desperate fight to eject the foreign exploiters who consume women and children in their lust for profits."—By Leland Olds, Federated Press, Federated Press Labor Letter, April 27, 1927.

"Coal, the basis of modern industrial civilization, is becoming a barometer forecasting the increasing storms which will mark the decay of capitalism."—By Leland Olds, Federated Press, Federated Press Labor Letter, June 20, 1927.

"Here is certainly a breach which may widen until the sanctity of private property in the capitalist sense follows the divine right of kings into the discard. Inevitable changes in the economic organization of society are exposing it as just another myth preached in the interest of a small class seeking to retain power and privilege."—By Leland Olds, Federated Press, Federated Press Labor Letter, July 28, 1927.

The article published in the Daily Worker of July 21, 1926, under the caption "\$1,000,000,000 Profit Yearly Going to the Stockholders of American Automobile Industry" is a purely factual story of high profits. It is probably included because the word "tribute" is used to describe profits. For authority to use this word I need only to refer to the 1929 address of Governor Reed of Kansas which I have already quoted.

The first article which he cites is from the Daily Worker of July 8, 1924, captioned "New York Workers' School Offers Good Courses." I have already stated that I did not write that article and had nothing to do with it. I do not accuse Mr. Lyle of misinterpretation in this case but I do contend that he was misled by an obviously misplaced credit line.

The article from the Federated Press Labor Letter of April 27, 1927, is really an article written to emphasize the fact that the only great movement for child health is the labor movement. The reference to the fact that "in Russia the labor movement is building a workers' republic which leads the world in its attempt to guarantee every child a chance to flower" reflected the general belief at that time, as indicated in my introductory statement, and was in no sense designed to promote importation of the Russian system as such. Since then great progress has been made toward improving the lot of children in this country, but we still have a long way to go.

The article entitled "Britain's Coal Trade Reveals World Slump," from the Federated Press Labor Letter of June 20, 1927, is cited as expressing my alleged thesis regarding the decay of capitalism. It deals altogether with the situation of British coal. Actually, in the light of what happened in the succeeding 22 years it appears prophetic.

The article from the Federated Press Labor Letter of July 28, 1927, is cited to show me envisaging the discard of private property. Actually, this misses the whole significance of the article, which is an attempt to interpret the significance of some of Mussolini's drastic restrictions on property in terms of long trends. I am really surprised that he did not use this article to accuse me of fascism. A careful reading makes it clear that the article is pointing at a recognition of the social aspects of large aggregations of property and a limitation on their use contrary to the general welfare. Representative Lyle has taken quotations out of context.

"Sacco and Vanzetti suffer for labor's failure to maintain a powerful international organization capable of challenging the international of big business. If the indignation of isolated labor bodies the world over had been forged into the unified demand of 40,000,000 organized workers, the gates of the capitalist prison would have opened years ago."—By Leland Olds, Federated Press, Federated Press Labor Letter, August 11, 1927.

"The anarchy due to unregulated private initiative in an important industry should be borne in mind when figuring building trades wages."—By Leland Olds, Federated Press, Federated Press Labor Letter, August 18, 1927.

"This huge army of unemployed is due only in a small measure to bad business which may be expected to improve. It is due largely to the onward sweep of machine production serving the interests of small groups of financial overlords in Holland, England, and the United States. While capitalism was extending its empire over millions of producers of raw materials who had no machines, the workers displaced at home were absorbed by the constant extension of industrialism. But today with machines multiplying in all parts of the world, unemployment will be a growing factor until these machines are controlled in the interest of the workers."—By Leland Olds, Federated Press, Federated Press Labor Letter, March 1, 1928.

"This readjustment, before it is complete, will mean the complete passing of the old order of capitalism which, in the present economic world, has become as outworn as the economic theory which Baker punctures. The balance between production and the power of

The article from the Federated Press Labor Letter of August 11, 1927, is cited to show me lamenting the failure of American labor to join the international and more particularly to emphasize my suggestion that "If the indignation of isolated labor bodies the world over had been forged into the unified demand of 40,000,000 organized workers, the gates of the capitalist prison would have opened years ago." Mr. Lyle takes this sentence out of context. Reading of the entire article shows that the prison referred to is that which held Sacco and Vanzetti, whose conviction, many, including a present Justice of the Supreme Court, held a miscarriage of justice.

The article "Building Trade Fails to give Steady Work" from the Federated Press Labor Letter of August 18, 1927, is a purely factual discussion of a report of the Ohio University bureau of business research. The citation of this article shows the lengths to which Mr. Lyle was willing to go in an attempt to give a misleading impression of my viewpoint. The reference to the "anarchy due to unregulated private initiative in an important industry" is a perfectly accurate description of the situation which the building trades unions were fighting to cure. The article proves that I was against anarchy.

The article, captioned "Ten Million Jobs," from the Federated Press Labor Letter of March 1, 1928, simply posed the problem of displacement of workers by machines and mounting unemployment throughout the world, which everyone at that time should have faced squarely. If it had been faced, we might have been spared the debacle of the 1930's, the rise of nazism and fascism and the Second World War.

The article, "Must Make Jobs," from the Federated Press Labor Letter of July 26, 1928, is cited to connect me with the Marxist "surplus value" theory. I would simply point out that the substance of the article consists of quotations from Editor Benjamin

workers to consume their products, which has been thrown out of gear by the grasping nature of the capitalist oligarchy, will have to be restored. This will involve a sharp modification, if not the complete elimination, of the present conception of property rights so far as they affect the means of production. Baker's prophecy forecasts a long period of transition to a new economic order."—By Leland Olds, Federated Press, Federated Press Labor Letter, July 26, 1928.

"A vote for Smith and the Democratic Party in the present campaign means a vote for the continued confusion of the electorate on the basic issue. The liberal press of the country appears to have been misled by Smith's catch phrases. Capitalist strategy has again been too much for these would-be progressives.

"Hoover stands preeminently as the leader of progressive capitalism. Comparison of his speeches with those of Al Smith reveals this * * * With the same progressive purpose labor can vote for either Hoover or Thomas, but not for Smith.

"* * * The election must mark the beginning of the end of the democrats if it is to be a forward step for the workers."—By Leland Olds, Federated Press, Federated Press Labor Letter, November 1, 1928.

"Capitalism in the United States is rapidly passing into the stage which has marked the decay of many earlier social orders, the stage in which a dominant owning class ceases to perform a function in the business of society. Ownership is divorced from responsibility. The owners exist only, a privileged class of parasites whose idleness and dissipation become an increasing stench in the nostrils of the people. When the oppression of their tribute reaches the stage where it takes bread from the mouths of the workers their days will be numbered."—By Leland Olds, Federated Press, Federated Press Labor Letter, January 24, 1929.

"The world is busy readapting the form of the state to correspond with the new machine civilization. Under pressure of the labor movement the process is going on in England and America as surely as in Italy and Russia, although the pace and methods vary.

"The new order will be a world order, but not the ideal world order envisioned either in capitalist America, Fascist Italy, or Socialist Russia. Impersonal

Baker of the Annalist, conservative financial weekly, and that it is Baker who sets forth the overproduction theory.

The article, "Progress Through the Presidency," from the Federated Press Labor Letter of November 1, 1928, was written at a time when the Wall Street Journal was referring editorially to the two major parties as "Tweedle-dum and Tweedle-dee." It was designed to stir labor to the formation of a real opposition party.

The article captioned "Why Any Owner" from the Federated Press Labor Letter of January 24, 1929, is based entirely on an address by Owen D. Young, chairman of General Electric Co. The caption is not my caption. I merely note the following quotation from Mr. Young: "In our modern organizations we have completely divorced ownership from responsibility, and as a result we have developed managers of business, chairmen, and presidents and vast executive organizations. They alone know the business. They must be held responsible not only for its material but for its moral conduct."

The article, headlined "Gravediggers Up," from the Federated Press Labor Letter of January 19, 1928, is cited to show me foreseeing the end of capitalism and identifying this prediction with the "ruthless American theory that a piece of machinery should be scrapped as soon as a better appears." The funny thing about this citation is that the idea, for which I am apparently held responsible, is that of the Wall Street Journal which I quoted as saying: "To-

forces rather than the intellectual patterns of men determine the succession of human cultures. The Wall Street Journal editorial indicates that the spiritual unity of capitalism is dissolving."—By Leland Olds, Federated Press, Federated Press Labor Letter, January 19, 1928.

day capitalism is regarded in America as merely a useful machine to be overhauled, redesigned and reconstructed like any other, even to be replaced when a better instrument appears." The last paragraph of my article, however, proves beyond doubt that in my writing I was not envisioning a new world order based on Russian socialism. Furthermore, the attempt to use the headline of this article to tie me to Marx breaks down on the fact that I was in no way responsible for any captions on my articles. In passing I might state that I learned for the first time, through the research endeavor of Mr. Lyle, that Karl Marx resorted to an expression involving "gravediggers."