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## Maine Politics and Water Powers: Three Radio Addresses Given from Station WCSH Portland

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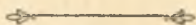
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*“Maine Politics  
and  
Water Powers”*

THREE RADIO ADDRESSES

GIVEN FROM  
STATION WCSH  
PORTLAND



FEBRUARY 1, 8, 15, 1927

BY

PERCIVAL P. BAXTER

GOVERNOR OF MAINE

1921-1924

February 1, 1927

## A NEW YEAR'S RESOLUTION

On the first of January, this year, at the Bryant's Pond Grange, I made a New Year's resolution which I am keeping by giving this address to the Radio audience tonight.

I told the Grangers that I should speak out openly and fearlessly on public matters, should give the people of Maine the benefit of my experience and do what I could to interest them in public affairs. This never has been done before by an Ex-Governor. I am seeking nothing, am not a candidate for any public office, have nothing to sell and am able to pay my own expenses, including the expense of broadcasting these talks.

As a rule, the people at large are not allowed "behind the scenes" in politics and government. They see only surface currents. There are certain things they ought to know, things which help them form opinions on matters that concern their welfare and that of their descendants. I wish to do what I can to protect the interest of the men and women of Maine, who in the past have so highly honored me, and I now propose to take my fellow citizens into my confidence.

## WATER POWER

Our State Legislature is in session at Augusta and the Water Power question dominates the situation.

In 1917, a few members of the Legislature and myself took up the Water Power fight in the interest of the public. My associates looked to me as leader. We were opposed by a group of corporations with the Central Maine Power Company at its head. The organization against us was the most powerful that had been in Augusta up to that time. We stood by the Fernald Law, passed in 1909 when the late Senator Fernald was Governor, and which says that Maine's Hydro-electricity shall not be taken out of the State; we strengthened that law, and kept Maine's water power in Maine for Maine people.

As a sequel to this contest there was formed in 1918 a combination of great corporate interests, with resources in excess of \$150,000,000 and with a former Governor at its head, the apparent purpose of which was to defeat my associates and myself for re-election and thus forever end Water Power discussion. Their well laid plans utterly

failed and the 16 associated corporations went down to defeat.

The fight begun in 1917 has continued until now. In 1923 we prevented the passage of the Dead River Storage Bill and established the precedent that hereafter Maine should never GIVE AWAY any more of its water privileges. The 1923 Legislature carried the Dead River Bill over my veto, but when I called for a referendum the Legislature repealed its own measure and then adjourned.

The fight has been hard and bitter, with most of the newspapers against us. It should be clearly understood, however, that none of us ever have interfered with any legitimate development of water power, in fact, we favored every charter except the Dead River Storage and entered into an agreement with the accredited representatives of certain corporations to lease that storage to them for a period of forty years, they to pay the State a total rental of \$1,000,000 in 40 annual payments of \$25,000 each. This they later repudiated.

To-day the Water Power question is of greater importance than ever, and the increasing uses of electricity make it imperative that Maine's power should be kept in Maine for our present and future needs.

### INSULL

In the fight, now raging at Augusta, a new and powerful influence has entered the field. The Insull interests of Chicago gradually have bought up many of the great public utilities in Maine; almost all except Bangor. These interests openly own the Cumberland County, Central Maine and Western Maine Power Companies, and Senator Gould's great system in Aroostook County has been sold to outsiders, perhaps to the Insull people, who, I am informed, already have tried to purchase the powers at Rumford Falls and Bangor. The prices they seem willing to pay matter but little. They seek to own everything in Maine, as they practically do in New Hampshire and Vermont.

If the Insull interests merely wanted to own our Water Powers it would be one thing, but apparently they also seek to dominate the business interests of the State. They propose to take power out of Maine and use it where they will. They regard Maine as a source of great power, while our development and prosperity seem of small concern to them. They seek to use our natural resource as a link in the great chain they are forging to control the electric in-



dustry from the Atlantic to the Mississippi, from the Canada line to the Ohio River.

The methods used by the Insull interests have been disclosed in the recent United States Senatorial Primary in Illinois, in which, according to the newspapers, Mr. Insull admitted having expended upwards of \$125,000 to nominate his favorite.

Senator-elect Smith was Chairman of the Illinois Public Utilities Commission before which Insull Companies presumably came for privileges, valuations and rates. Whether they obtained them or not, is not for me to say, but Insull apparently wanted a friend in Washington and the newspapers state that he even contributed to the funds of both parties to be sure of having one. The United States is a larger field for operation than is the State of Illinois, and Insull's plans are nation-wide. You all know what occurred and why Smith was denied a seat in the United States Senate. In my opinion, the action of both our Maine United States Senators in voting to seat Smith, is not approved by the majority of our thinking people who want clean politics and clean public officials.

What of the future? The Insull Interests through the Central Maine and its affiliated companies seem all-powerful. First there is the Wyman-Insull alliance (Central Maine Power Co. and New England Public Service Co.), consisting of the 40 or more companies absorbed by them during the past years; then the Gannett newspaper chain with its State-wide ramifications; and finally Mr. Wyman and Mr. Gannett are interested together in banks with branches well scattered over Maine, the Fidelity Trust Co. of Portland being the largest unit. The relations between the three groups could not be otherwise than friendly, to put it mildly. Does not this look like a triple-headed octopus, with its tentacles reaching far and wide? It also is very probable that their ramifications extend into other business circles. These groups have many thousands of employees and stockholders on whom they can call. No outsider can tell how far their influence actually extends.

Who is to stand in the way of this concentration of power? Merchants who borrow money at banks very likely are not in a position to oppose it. What can a borrower safely do but accept the situation and say nothing; the continuance of his business might depend upon his silence and discretion?

## NEWSPAPERS

If conditions were normal, newspapers outside the so-called octopus would probably speak out and tell the people what is happening, but most of the leading newspapers seem in one way or another to have been taken into camp, and the others hesitate to wage a lonely and costly fight.

Mr. Guy P. Gannett, who formerly was Vice President of the Central Maine Power Co. and who now is associated on Bank directorates with Mr. Walter S. Wyman, President of both the Insull Companies and of the Fidelity Trust Company, is reputed to own the Portland Press-Herald, Waterville Sentinel, Evening Express and Portland Telegram. What his connections are with the Augusta, Lewiston and Bangor papers I cannot say. His papers, however, openly advocate Insull policies and call for the repeal of the Fernald Law.

I predict the next move on the Insull program is to buy the Maine Central Railroad. This can be done quietly through banking affiliations and should it come about, the Insull interests would become even more powerful in Maine.

Each succeeding step in the great Insull combination that now threatens to dominate Maine, means more power. Power to influence Legislatures, Power over our business men, Power to secure increased rates, Power to dominate Maine. It means more restricted freedom of expression on public matters. The influence of such a group is baneful and in the end brings no good to the community where it operates.

## WHO WILL STAND FOR THE PEOPLE?

Who is to stem this on-rushing tide? Who is to oppose what seems to be a great combination of banks, utilities and newspapers? The Governor of the State can do a good deal, and I believe he will. In the past he and I stood together on Water Powers and are doing so now. There are Senators and Representatives at Augusta fearless, independent and able, but they are too few, and receive little support in their efforts to protect the public.

The Chambers of Commerce in this State seem to be powerless, because the men who compose them do not seem to be free to speak out openly, although, no doubt, many of them would like to do so. I have not heard a word of protest from a single Chamber. Are they for Maine, or for Insull?

The State Grange formerly was sound on the Water Power question, but recently a subtle campaign has been carried on "from within," and unless a reaction follows, the influence of the Grange will be thrown on the wrong side of this issue.

It means nothing to me in a personal way if the Fernald Law were repealed; as a matter of fact it is easy to make friends with those who have influence and power, but the people of Maine have honored me, and I shall not fail them in this crisis.

In former days, when the Central Maine Power Company was operating as a distinctly Maine enterprise, it rendered real public service. It grew from small beginnings to a great company, has done much for Maine, and could do more under home management and home ownership, responsive to public sentiment. Mr. Wyman is a man of ability, but the company he built up so successfully no longer can be regarded as a Maine concern.

Should the Insull interests have their way, Maine will be a mere cog in the wheel of a national scheme to dominate us all for generations to come, a mere station on Insull's long drawn-out National Power Transmission lines.

The issue at Augusta to-day is, Shall Maine's Hydroelectricity be taken out of the State? The Insull Companies intend to do this, and I distinctly recall the statement made to me by Mr. Wyman in 1921, when he said "When the times comes that we want to take power out of Maine, we intend to do so." If that day comes, it will be a dismal one for this State. Then our legitimate development will end and our hopes will have vanished.

The Central Maine Power Company is far-seeing. It is well to recall a significant incidence in the Legislature of 1917. When, as a member of the House, I insisted upon putting a NON-EXPORT AMENDMENT on the Charter of the Central Maine Power Company, Mr. Guy P. Gannett, a member of the House and Vice President of the Central Maine, rather than have the amendment attached to the Central Maine Charter, withdrew the Bill. His action was eloquent of the Company's plans for the future. For ten years they have planned for "the day" when they could kill the Fernald Law, and if they succeed in doing so, what already has happened at many places in Maine and Vermont will happen to our entire State. Vermont has power export laws. Have industries come to Vermont? Is not that State losing ground, is not its population dwindling?

With our power gone, gradually our industries will van-



ish, our communities shrink. All that will be left us will be to become a summer resort, to which curiosity-seekers will journey to view the primitive natives in their old-fashioned villages of a former generation.

### THE SMITH-INSULL BILL

I am informed that the Smith-Insull-Central Maine Bill to take power out of Maine is to be introduced this week. It is the product of lawyers skilled in legal craft. My informant tells me that it proposes the apparently simple remedy of referring the whole matter to the vote of the people. What a happy relief to side-steppers; no responsibility assumed, friendly relations maintained with both sides!

There is too much manhood and womanhood at Augusta today to dodge this issue. Legislatures are created for action, not evasion. They hold hearings; listen to evidence; deliberate. They are expected to vote for what they think best for Maine, and then take the consequences. To shuffle out of this difficult question would be cowardly. I cannot believe they will do so.

Imagine what would happen at an Insull Water Power Referendum on the Smith Bill conducted in the manner of an Insull-Illinois Primary. I know of no law to restrain them. To what extremes, to what expense would the power interests not go in order to take power out of Maine? What chance would there be of saving the Fernald Law? What chance would the people have against the power and resources of the Insull Alliance?

### THE CARTER BILL

Opposed to the Central Maine Bill is that of Senator Charles B. Carter (Androscoggin), who has presented his measure to strengthen the non-export law. After having surveyed the Legislature, I am of the opinion that, at the moment, the Insull Interests have sufficient votes to carry through any measure they wish. Legislative sentiment may shift and Insull control weaken if the people "back home" stiffen up the views of some of their representatives in Augusta.

To control the Legislature does not mean that votes are purchaseable, nor does it mean that a majority of votes are held in the power of any particular interest. The balance of power is all that is required. There may be Legislators who sincerely believe in the Export of Power, and their



opinions are to be respected. There are always those who are subject to influence. The distribution of favors, positions, the ties of friendship and the attractions of social life all are means of approach. There are many subtle influences at work to-day at our State Capital.

### A CLEAN-CUT ISSUE

For two years past a deliberate campaign has been carried on by the Power people. The cry has been "Let the surplus go out of Maine and we will recall it when we need it." The campaign has gained headway, for too many people believe what the newspapers pass out to them. My position is: **FIRST**, there is no surplus, for as fast as electricity is developed it is needed and used in Maine; **SECOND**, if it goes out it never can be recalled; **THIRD**, if it goes out there would be no occasion to recall it. "Modification and compromise" seem to be the sugar-coated pill that is to be jammed down the unwilling throat of the public.

A recent decision of the United States Supreme Court (October 1926) in a Rhode Island case, has clarified the situation; the issue to-day is clean-cut. There is no half-way ground. Either we must retain our power under the Fernald Law, and retain it forever; OR, we must let it go out of the State without restriction, and forever lose it. Once the door is opened, it never can be closed. This virtually is what the Supreme Court says.

At a conference recently held in Augusta I expressed myself against any compromise with the Power Companies. Language cannot be framed to protect Maine's interest if ANY power is allowed to leave us. Lawyers might concoct some law on the face of which the Maine Legislature would retain its control. Jokers and loop-holes no doubt would be found in such a Law by the very people who framed it, and after that, the Power Companies would have everything their own way.

I stand solidly for keeping all our Water Power in Maine for ever, and shall use my influence to maintain that position. I believe the principle of the Carter Bill is sound and that it ought to pass.

I realize the consequences of my action. Attacks will be made upon me by newspapers, such terms as socialist and bolshevik will be indulged in. My associates and myself will be accused of retarding Maine's development but future generations will thank us for our stand, though the present fails to do so.

## POLITICS

Certain newspapers are crying "Take Water Powers out of politics." They infer that their opponents are animated solely by selfish, political reasons. I suggest this remedy: Let the Power Companies cease their political activities, cease attempting to take power out of Maine, and devote themselves to developing our own State. We all then could resume business on a normal basis.

The Power Companies, not the "politicians," keep up the agitation and hold this in the political arena. I believe it would be in the public interest if the Insulls returned to Illinois and left Maine out of their reckoning.

I want my fellow citizens to understand that I have no personal animosity against any of the men connected with the corporations to which reference has been made. As to the newspapers, though we often differ, I have no fault to find with their treatment; they all have been generous in the space allowed me, even though the tone of their editorials has been a little harsh. A great principle is at stake, and I want the people of Maine—I want my opponents, to understand that I have just begun to fight.

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February 8, 1927

It seems Providential that the radio has come into existence just at the time when concentrated ownership of newspapers is exerting a stifling influence upon the usual medium of public expression, the daily papers, which rapidly are falling into the hands of the few. The printed word may be controlled by a subservient Press, but the spoken word fortunately still is free, and as yet, no selfish interest controls the air. Those of my radio audience who read Governor Brewster's recent address on "Newspapers" will see that he too realizes the gravity of the present situation.

### THE PORTLAND PRESS-HERALD 1923 AND 1927

There is an old saying that "Chickens come home to roost." This is pointedly exemplified in the editorial columns of the Portland Press-Herald. That paper to-day pleads for the export of our water powers; speaks of a "great surplus" of electricity, and urges that millions of dollars in taxes will flow into our State Treasury if we permit this alleged surplus to be shipped beyond our borders.

At this moment I hold in my hand an editorial taken from the Portland Press-Herald of October 10, 1923, and I wish you all might see it. The deadly parallel was never more fatal. The Editorial is headed, "Waiting at Maine's Door," and I quote the words presumably of Editor Harry M. Bigelow, who was Editor of the Portland Press-Herald at that time. "With their eyes fixed upon the water power in Maine, those who are seeking to obtain hydro-electric power in this State to be sold in other parts of New England have been getting ready to gobble up all of it that they can obtain. We do not want Maine to become a Power Station for New England. We want to have our \* \* \* \* power developed \* \* \* \* for our own purposes.

"The truth is," continues the same Editor, "that just as fast as developments are made all the hydro-electric power rendered available is absorbed. We have no water power which we can spare. We need it all, or will need it all and perhaps more than can be developed in Maine."

"The great majority of Maine people are in sympathy with the (non-export) policy established as long ago as 1909." Strange as it may seem those are the Editor's words, not mine. He saw the danger, and three years and four months ago gave expression to his fears.

What a pitiful contradiction between 1923 and 1927! What apparent sacrifice of convictions! To-day Insull's advent in Maine is hailed by the same paper as "A splendid thing for Maine," and it fervently urges the immediate EXPORT of Power, of which he now says there is a "great surplus."

No economic change has swept over our State to justify this editorial "about-face." To-day we have the same old rivers and the same old lakes that we had on October 10, 1923. The answer is, "We now have 'Insull'." Has the day come when the people of Maine will shift their position as easily as has the Editor of the Press-Herald, and for the same reason? As a final suggestion let me remind my radio audience that Editor Bigelow himself was a member of the 1909 Legislature that passed the Fernald Law and he himself favored it. In the event of the Insull's retiring from Maine, may we expect another reversal of position on the part of our Press-Herald friend?

## QUEBEC

I want to call attention to the non-export of power in the Province of Quebec where it is a vital issue. The Pre-



mier recently said, "It is well that foreign capitalists understand once and for all that it is useless to ask for exportation of power. They must come here if they want to start industry. The passage of the Bill (Non-export) marks a date of tremendous importance in the annals of Quebec. It is the point of departure for a tremendous development." Incidentally I am told that the domestic rate in Quebec is 4½c.

### A PREDICTION

What are the figures? Maine to-day has 510,000 water H. P. developed, and 564,000 water H. P. undeveloped according to figures obtained last week in Augusta from U. S. Reports. It is true this undeveloped energy is running to waste, but each year sees additional power harnessed and put to work in Maine.

I predict, that by 1940, a brief 13 years hence, every available kilowatt of Maine's hydro-electricity not only will have been developed but will be in use within our State. In the fight we are making to save our one remaining natural resource, on which the State's future growth and prosperity surely depends, this temporary waste of water counts for nothing. Hold to our present policy for these short years, and for all time we shall have saved Maine's water power for our own people.

The uses of electricity multiply daily. The radio, refrigeration, its 31 different uses on the farm, the electrification of our Railroads, heating for homes, and countless other purposes make it the greatest single factor for the safety, health and progress of our citizens. Especially are our farmers clamoring for power and it should be supplied them. As to the growing demand, bear in mind that if development keeps pace with increasing requirements, within ten years, even before 1940, we shall have exhausted our supply. The Fernald Law supplemented by the Carter and Wing Bills will save us. In my opinion, the Wyman-Insull plans will ruin us.

I speak of heating homes by electricity. Five years ago electric engineers laughed at my prediction that electricity would be used for this purpose. They laugh no longer. No engineer of good standing now cares to say that such home-heating may not be practical within a few years.

A noted Englishman, W. N. Patchell, President of the British Institute of Mechanical Engineers, recently said "that electricity used for home-heating is likely to show progressive progress" and "may replace coal altogether for

domestic heating." The science of electricity will not stop until this has been accomplished. Meanwhile shall we sit complacently by and allow the Insulls to forever take our water powers, so sorely needed in this Maine climate where we are at the mercy of the great coal barons of Pennsylvania?

### **USE MR. WYMAN'S "125,000,000 K. W. H. SURPLUS" IN OUR HOMES!**

I am informed that the Central Maine Power Company to-day is selling power to the Cumberland County Power and Light Company for 3 mills per K. W. H. and the latter Company sells to the S. D. Warren Company of Westbrook for 4 mills and 5 mills. The full page advertisements of the Central Maine Company speak of a 125,000,000 K. W. H. "surplus" that they would like to dispose of outside of Maine at a rate of 5 mills. At this rate, or even at 10 mills, the householders of our own State could economically use every K. W. H. of this 125,000,000 to heat their homes in competition with coal. It thus is apparent that there is a ready market within our own borders for Mr. Wyman's alleged "surplus."

### **THE ADVANCE OF ELECTRICITY**

The advance of this science is marvellous. I recall that a comparatively few years ago the best informed "experts" in America decided that electricity could not successfully be transmitted from Presumpscott Falls to Portland, four miles, or from Mallison Falls to Portland, sixteen miles. These "experts" held that those water powers were "too far away" from the consumer to make them available. Relying upon their report, instead of purchasing those two properties, the Company in Portland to which they were offered, installed an expensive steam generating plant and brought coal all the way from Pennsylvania with which to operate it. Let the people of Maine, let the present Legislature look to the future and bear these things in mind before they yield to Insull-Central Maine propaganda.

### **THE FISH RIVER STORAGE BILL**

The newspapers recently heralded a great 100 mile railroad project in Aroostook County, Senator Gould's Railroad. I am informed on excellent authority that although work was commenced with a flourish the last week of December, little or nothing is now being done. Personally I doubt if

this railroad is ever built but it is interesting to note that the water powers of that region are deeply involved in the railroad enterprise. The International Paper Company, owner of extensive water powers in northern Maine, desires not only to obtain from the State a grant in perpetuity of certain storage rights of great value in the lakes that feed the Company's power sites, but also wishes to export power across our borders. It is intimated that a great paper mill may be built by the said company somewhere in Northern Maine.

In Aroostook there remain certain water storage areas that have not yet been granted to private interests. These are of immense value, and I believe the present Administration will see to it that no corporation is allowed to exploit them. I would not barter away the storage rights in these lakes, so necessary to future generations, even to assure the immediate construction either of the Gould Railroad or of the paper mill. Once these rights are given away, they are gone forever, but the railroad and mill can be built at any time. Encourage storage development and LEASE these water rights to the Paper Company, yes; DEED them, never! Big stakes are being played in the Wilderness of Maine; millions are involved, and the public with limited vision, reads newspaper editorials and headlines and dreams of wondrous things.

### THE GREAT STEAL OF 1868

Probably the greatest fraud ever committed against the State of Maine was a railroad project. It is known as the "Great Steal." In 1868, a group of prominent business men, no doubt then as now preaching the "development" of Maine, tricked the Legislature and Governor Chamberlain into deeding to their Company about 1,600,000 acres of the finest timberland in Maine, every acre of which was owned by the State and located on St. John and Penobscot waters. As consideration for this princely grant, these "spoilors," ostensibly to develop and protect Maine, solemnly agreed to build a railroad a hundred miles and more in length. Their promise was but a sham; only 12 miles of railroad were constructed, the State was looted, but the schemers and their lawyers had cleverly drafted the deeds of conveyance and the land became theirs forever. I ask this question. Once the International Paper Company obtains the Fish River water rights, what guarantee has the State to insure the Gould railroad or mill construction? What guar-



antee that, the Water Powers gone, Senator Gould would not abandon the railroad, or sell out to the International Paper Company as he sold his power lines, presumably to the Insull or other outside interests? Shall we repeat in 1927 the wrong of 1868? Substitute water rights for timberlands, my radio audience; study the past, and acquire wisdom in the school of hard experience.

In speaking of Governor Chamberlain and the Members of the 1868 Legislature, I in no way reflect upon their integrity, in no way impute unworthy motives to them. They were the unwilling, unconscious victims of a deliberate plot. I personally knew Governor Chamberlain and admired him as a soldier and citizen.

### RATES

Consolidation of Power Companies ought to result in economy of operation, and economy of operation should bring reduction in rates to consumers. How can rate reduction be secured when the purchasers of Power Company shares pay fancy prices, based not on actual investment values, but largely on future prospects.

The Insull interests did not pay \$140 per share for Central Maine stock, which according to the Boston Herald was three times what it was worth, without intending to obtain a return on their investment. What of the purchases and consolidations of the Cumberland County, Western Maine and the other 38 to 40 Companies now comprising the Central Maine! Somebody must pay dividends and interest on inflated prices, and this falls upon the consumer.

In Massachusetts drastic steps are being taken to force reduction in electric rates. Representative Shattuck of the House, and Chairman Atwill of the Massachusetts Utilities Commission both have spoken frankly. Governor Fuller, in no uncertain language, has called upon 13 different Companies in his State to reduce rates.

Mr. Shattuck says: "A general downward revision in the rates of practically all Companies is in order. This is evidenced by the fact that at least eight private Companies and one municipal plant have reduced rates within the last three or four weeks."

Why has similar action not been taken in Maine, with power resources far beyond those of Massachusetts? Because our people are long-suffering, most of our public men are afraid to speak, and our Public Utilities Commission usually acts as a Court, not as a Prosecutor.

I believe the people of Maine are entitled to substantial reductions in electric rates, in some cases this may be as much as 25%, but what chance has the average individual to obtain redress? The moment he appears before the Utilities Commission he is confronted by the Attorneys of Power Companies, who, with unlimited resources at their command, are retained to protect their employer's interests. The Commission functions as a Court and as such renders judgment on evidence and arguments presented. The average private citizen lacks both funds and courage to successfully carry on so unequal a contest against the corporations. His position seems hopeless.

There would seem to be little reason for rates now paid by the Maine consumer of 8c to 18c per kilowatt (figures given me by our Utilities Commission) when power often is produced and sold at considerably less than 1c per kilowatt, and some times, I am told, as low as 3 mills per K. W. H. This marked spread cannot all be absorbed by transmission and distribution costs. It goes to pay dividends on inflated values. The people of Maine are entitled to relief.

### GULF ISLAND

The past year has seen a splendid development of power at Gulf Island near Lewiston on the Androscoggin River; 27,000 H. P. The Lewiston papers friendly to Central Maine interests say that on this development of five million dollars, but six men will be employed. Shall we use this power in Maine to increase Maine pay rolls or ship it to other states to create industries beyond our borders? The latter is the Wyman-Insull plan. They would send our power to New York, causing desolation to Maine, and bringing wealth to Chicago owners.

The owners of the Gulf Island project complain that they cannot sell all their power in Lewiston and so would send it to Massachusetts. I am told on excellent authority that if they would construct proper power lines to Portland, all their "surplus" would soon be taken up in the latter community. Some of this power now is sold in Cumberland County for from 4 mills to 5 mills per K. W. H., while the householder in Portland pays 8 cents or about 20 times that price. Do not these facts call for rate adjustments?

### THE WING BILL

Representative George C. Wing of Auburn has introduced a Bill providing that no further rate increase shall be

granted until the Company asking for it furnishes the Utility Commission with an actual inventory of its property, open to public inspection. He states that securities of Maine Public Utilities have increased almost beyond imagination in the last 17 years, but that during that time there has been no material decrease in rates, nor has there been any real attempt to obtain physical valuations or costs of Utility properties. If power in those 17 years had been developed in the same ratio that electric securities have multiplied (from about \$2,000,000 to about \$80,000,000), to-day there would not be an unused power site in all our State. Mr. Wing's Bill is meritorious; he had courage to introduce it.

Maine consumers also need the protection of an enforceable law limiting dividends public utilities are allowed to pay, to 8% of fair values on what actually is invested in these properties. The Utilities Commission lacks the information necessary to establish a basis either for reducing rates or limiting dividends. It would be in the public interest for our Commission to act upon its own initiative and institute RATE and DIVIDEND investigations. For the time being it should divorce itself of its strictly judicial functions and take up the cudgels in the interest of the people. In speaking thus I in no way reflect upon the ability or integrity of the Commissioners. They all are men of the highest standards, able and above reproach.

The Commission should be given whatever money and assistants are needed to enable it to make accurate valuations and determine the cost of production in all Electric Utilities. There are men in Maine thoroughly competent for this work and the expense involved is nothing as compared with the savings that would accrue to consumers. The Legislature by making suitable appropriations could take no action so beneficial to the people of Maine. It can be done with fairness to honestly Capitalized Companies and I have reason to believe that such a course would meet with the cordial approval of our present Executive. There has been too much inflation of Maine Utility values and the end is not yet; the time for deflation has arrived.

### SALES OF STOCK

A popular method enabling corporations to secure widespread support is through the sale of their shares to the public. This creates a large body of interested stockholders, many of whom have political influence in their communities.

The Central Maine Power Company has made a great



effort to secure wide distribution of its securities and with considerable success. There is danger that power thus obtained might be used against the public interest. It would be illuminating to see the list of Central Maine stockholders, especially as applied to past and present Legislatures, and to other public officials.

### A FRIEND OF LEGITIMATE BUSINESS

I want the people of Maine to know that I am a friend of every legitimate business enterprise, power or otherwise. We all want these undertakings to prosper and their owners are entitled to adequate returns. Regardless of the prodigality of former Legislatures, I would not take from our Utilities a single vested right. What remains, however, of our publicly-owned natural resources certainly must be safe-guarded to the people.

### THE STATE GRANGE

The position that the State Grange took in former years on the Fernald Law was encouraging. I quote former Master Clement S. Stetson, now Chairman of State Board of Assessors. A few years ago he said:

"Shall the development (of Maine's water power) be in the interest of all the people or shall it be monopolized by the big interests? Shall this \* \* \* \* be developed for the purpose of making Maine a power station? Our purposes and aims should be to keep and develop the water power of Maine for Maine."

"This rich prize is now being sought and to secure it, every stratagem and every secret resource of politics are being employed by eminent financiers back of the project."

With regret I recently read that Mr. Stetson has changed his views and no longer champions the non-export law.

### THEODORE ROOSEVELT

What did Theodore Roosevelt say in 1908 when President of the United States, the year before the passage of the Fernald Law? These are his words:

"The people of the country are threatened by a monopoly far more powerful, because in far closer touch with their domestic and industrial life, than anything known to our experience. They will find themselves face to face with powerful interests intrenched behind the doctrine of vested rights, and strengthened by every defense that money can

buy and the ingenuity of able corporation lawyers can devise. The great corporations are acting with foresight, singleness of purpose and vigor to control the water powers of the country. I esteem it my duty to use every endeavor to prevent this growing monopoly, the most threatening which has ever appeared, from being fastened upon the people of this nation." The words of Roosevelt apply with terrific force to what we face in Maine to-day.

It often has been apparent to me that "The voice of the people is but feebly heard in Legislative Halls." Regardless of repeated warnings, Legislators the country over, continue to give away what our Great President would retain for the benefit of all the people.

### MAINE MUST CHOOSE

On the one hand we have the Insull Alliance, a great combination of powerful interests apparently reaching out to control our future destinies. A great monopoly fastened upon us, seemingly seeking to dominate our political and business life, and determined to deprive us, through the repeal of the principle of the Fernald Law, of our one remaining natural resource, our Water Powers.

On the other hand we have the Carter Bill that strengthens the Fernald Law and applies it specifically to every Power corporation in the State, and the Wing Bill calling for Costs and Inventories as the basis for future rates. Supplement this with direct action by our Public Utilities Commission, as herein suggested, and the present State Legislature long will be remembered as one that had the people's interest at heart.

Maine is at the parting of the ways. The future rests largely in the hands of our Senators and Representatives at Augusta. The strength of the Power Interests is at its maximum; the fever at its height. If DEFEATED in 1927, the so-called Octopus will be less likely to show its head in 1929, if it ever makes another fight. If victorious, our Water Powers are gone forever.

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February 15, 1927

The bitter personal attacks made upon me by certain individuals who are prospective candidates for high public office, and by some of the newspapers that are the leading advocates of Insull policies to take water powers from

Maine, are typical of their methods. Knowing them as I do, I could not expect to escape unscathed.

Powerful entrenched interests, to injure those who oppose their schemes, apparently will stoop to anything. If they fail to find a vulnerable point in a business or financial way, they next may seek to uncover something against the private life of their opponents. Failing there, they resort to tirades bordering on libel, approaching the line where legal action might result, but never over-stepping it.

My radio audience should understand that I am not in the least disturbed. On the contrary, the attacks are stimulating; they are an incentive to greater effort. Opposition to a righteous cause strengthens it. My shoulders are broad and record clear. What better armor can be found with which to continue the fight?

The Wyman-Insull Alliance is more confident than ever. They are making inroads on the 83rd Legislature. Personal solicitation and full-page newspaper advertising are bearing fruit and it now looks as though the Bills of the so-called Octopus might pass the Legislature and the whole burden be thrown on the shoulders of Governor Brewster.

### AROOSTOOK POTATOES

The old argument has been revived that if a farmer can "take Aroostook potatoes out of Maine, why not water powers?" The answer is simple: He can. No law, State or National, prevents him. A Maine farmer living near the New Hampshire line or elsewhere can lawfully ship electricity wherever he may wish. Mr. Insull, as an individual is free to ship Maine Water Power from Maine to Illinois; he has but to dissolve the Central Maine Power Company, own the power individually, acquire a right of way for his poles to the New Hampshire border, and then laugh at the Fernald Law and those who oppose him.

There are two vital differences between the Aroostook farmer who grows potatoes on private property, and can do whatever he likes with them, and chartered Utility Companies.

**First**—The State by granting a charter to a corporation, gives it life. It is a creature of the State, has no power to do any act not specified in its charter, and is subject to such limitations as the State imposes, one of which is the NON-EXPORT law. Since 1917 this limitation has been added to all new and amended charters and Senator Carter's Bill seeks to complete the work thus begun. For ex-



ample: The State charters a street railroad to operate in Bangor; it cannot go to Old Town unless specifically empowered. The Portland Railroad is chartered to serve Portland; it cannot serve Augusta. The State limits the Central Maine Power Company to Maine; it cannot go to Massachusetts. The individual goes anywhere; not so the corporation.

**Second**—The Water Powers of Maine are valuable only because they draw their water from the lakes of Maine. These lakes are public; you and I, all the people, have the right to use them. An inalienable public interest attaches to this water, and thus the State controls its use by corporations and limits the export of the power derived therefrom. No public interest attaches to a potato, but the State, believing it to be for the general welfare to prohibit the export of electricity by corporations, has the power to do so.

### THE DEAD RIVER STORAGE

The Dead River Storage Bill of 1923, under which certain water power owners sought to obtain by grant in perpetuity the State's most valuable water rights, will be remembered by some of my audience. Those of us who killed the original bill, later offered to LEASE these privileges to a corporation for 40 years at a million dollars total rental to be paid to the State, \$25,000 per year. Though defeated, the corporations never have abandoned their plan to obtain this property, and the Insull group, this week, is to introduce a Bill somewhat similar to the original bill we killed in 1923.

Conditions have changed. In 1923 the NON-EXPORT law was not in danger: in 1927 the Insull interests are pressing hard to take power from us. I would grant no rights whatsoever in the Dead River or Fish River region or elsewhere, until the Wyman-Insull people cease their political activities, cease their campaign to repeal the Fernald Law, enter into a binding agreement never to EXPORT power, and accept the Carter Bill. With these assurances of good behavior I should be glad to see a proper lease made of the DEAD RIVER and other projects, the State retaining title and receiving adequate rental. The development of storage at Dead River and Bingham with the public interest adequately protected, would increase the productive value of the Kennebec River basin, an object greatly to be desired.

(The Dead River Insull Bill was introduced after this address was made. It seeks to obtain storage and flowage

rights and public lots by a *grant in perpetuity*, and then evasively offers to take a "*lease*" of the right to develop power. Legislators should be on their guard against "Jokers" and tricks, for the Bill referred to does not correspond to the one that Messrs. Wyman and Skelton, representing the corporations, agreed upon in conference with Governor Brewster (then Senator) and myself in 1923. The 1923 Compromise Bill gave the Dead River Company a *lease* of storage and flowage rights, public lots, and the right to develop power; *nothing was granted by deed in perpetuity.*)

### MAINE PAY ROLLS

Above all else we want more and larger pay rolls in Maine, and pay rolls follow power. Every kilowatt of electric energy developed and put to use within the State means more employment, more wages for our citizens, more comforts and conveniences for our householders. This is the object constantly to be held before us. The Central Maine Power Company divorced from its Insull connections, can contribute much toward the State's future progress.

### WINTHROP AND WAYNE

The towns of Winthrop and Wayne serve as excellent examples of water power RETAINED and water power EXPORTED. Forty or more years ago the Sturdivant family acquired a power site in Winthrop, built a small mill and gave employment to local people. Homes multiplied, prosperity came. From modest beginnings the plant expanded and today is without a peer. Its woolen blankets are unequaled in the markets of the world. Winthrop is made prosperous through water power; it is a thriving town, second to none in our State and one has but to enter its streets to sense its cheerful atmosphere.

In contrast; the near-by village of South Wayne contained a water power even finer than that of Winthrop. It was owned by the Johnson Bros.; a mill was erected, men and women employed and the future bright. Suddenly the Central Maine Water Company came to town, bought the power and shipped it away. Except for one man that pay roll has vanished. From a population of 1,367 in 1850, Wayne has withered to 458 in 1920.

South Wayne is but one of many sad examples. Our people must choose. Shall Maine become a Winthrop or a Wayne?

### PORTLAND GAS COMPANY

As an example of foreign ownership of our Utilities I refer to what recently occurred in the City of Portland when, unfortunately, the Portland Gas Light Company was sold to outside interests. The new owners shortly after taking control levied a meter charge of \$6.00 per year upon more than ten thousand meter-users. A slight reduction was made to certain consumers of gas; but as usually happens the burden of the \$6.00 charge falls upon the smaller customers, those least able to pay. This annual charge of sixty thousand dollars and more, in my opinion, seems a cruel advantage to take of our citizens. It is an excellent illustration of what to expect when local ownership disappears. I predict ere long that all the leading Gas Companies of our State will fall under Insull domination.

### ELECTRIC FINANCING

The issuing and sale of securities based upon electric properties should be scrutinized by the public, not only by those who seek investment opportunities but by the consumer who pays the bills. Each combination of public utilities means additional stocks and bonds, additional dividends and interest to be earned and the underlying Company, absorbed and amalgamated with several others often becomes so thoroughly scrambled that the original eggs lose all trace of their identity.

To understand the manipulation and multiplication indulged in by high financiers today, particularly in utilities securities, one should read the illuminating article of America's most distinguished economist, Prof. William Z. Ripley of Harvard. It is bewildering. Prof. Ripley describes what happened to the Boothbay Harbor Electric Light Company, a locally owned concern serving a Maine small town. The story runs as follows: The Boothbay Company was absorbed by the Central Maine Power Company, which itself was taken over by the Middle West Securities Company. The Central Maine was made part of an Intermediate corporation known as the New England Public Service Company, with power to issue about 800,000 shares of stock, and which through the Manchester Traction Light and Power Company and the National Light and Power Company, which latter itself owned the Twin State Power Company and the Vermont Hydro-Electric Company, covered all Northern New England, the main office



of which had been moved to Chicago, the annual meeting being held in Delaware.

Prof. Ripley's little Boothbay Harbor Company thus became bound up with 5 others in Illinois, 3 in Indiana, 3 in Kentucky, 2 in Oklahoma, 1 in Texas, 1 in Missouri, 1 in Michigan, 2 in Nebraska, 2 in Virginia, 1 in Wisconsin, 1 in Tennessee, and so on until 39 subsidiaries in some mysterious way were joined in what I term unholy wedlock. It incidentally should be recalled that previous to this scrambling the Central Maine itself had absorbed from 38 to 40 companies before becoming involved in the maze of Insull operation.

I am unable to follow the ramifications of such finance; my brain cannot grasp its intricacies. Is its foundation secure? How can the average owner of securities know whether his investment is on bed rock of security or at the top of this Eiffel Tower of modern finance?

### THE SPRINGFIELD REPUBLICAN

The Springfield Republican of February 3, 1927, one of the conservative papers of New England, published an editorial that throws light on the present situation. It says "The vast superpower interests of the United States have been growing aggressive and greedy. Although interstate in range there is no federal regulation of their monopolistic activities. They have little to fear from state regulation. The field they occupy is enormously lucrative. The great banking interests of the country are allied with the power combines to preserve the field for private exploitation." I speak of these things merely to give my audience some idea of the cross currents that are surging back and forth on the ocean of business and politics.

### THE POLITICAL SITUATION

The political situation present and future necessarily is involved in water powers. Some comment upon it may prove helpful. A leading newspaper sarcastically remarked that there might be "one more Governor in Water Powers", meaning that some ambitious man might use that issue to obtain office. I hope Maine will have several more Governors sound on this question. From present indications, however, plans are formulating to place in the gubernatorial chair a man who approves of EXPORT of Power. At the proper time, however, those interested in conserving for the State our water resources will insist that every

candidate give a direct statement of his views. The time for evasion on this issue has passed in Maine. The people want plain speaking from those who seek their suffrage.

A popular platitude is that the people are all powerful. In theory, yes; in practice, no, for the people neglect to use their power. Too often a few active politicians or bosses with ample financial backing control our political destinies. The influence of such a group extends into almost every county and town, where their henchmen are ready to respond. They are bound together by a community of self interest through the distribution of influence, favors, business deals and political offices.

### THE HALE POLITICAL ADVERTISING BILL

The bill introduced by Representative Robert Hale of Portland allowing candidates for public office to spend money for newspaper advertising without limit, in my opinion would tend to perpetuate corporation and boss control in Maine. Today a candidate for a State office is limited by law to a \$1,500 expenditure, with the exception of travel, postage, stationery, telegrams, telephone and express, on which six items he can spend whatever he will. Mr. Hale would change this. The object of the present law is to make it possible for a man of modest means to aspire and achieve high position.

What would be the result of the Hale bill? A man of wealth openly could spend unlimited sums in getting his name before the people; by advertising himself he could drown out an opponent of modest means. Corporations would be called upon to contribute, and when a corporation contributes, does it not later expect a return favor? If it is in the public interest to limit campaign expenditures at all, certainly the doors should not be thrown open for unrestricted advertising; if they be thrown open we may expect forever after to have only men of means, or the tools of corporate interests in high position.

The testimony at the Hale bill hearing may throw light on a dark subject. I am informed that Mr. Hoy, representing the newspapers and advocating the bill, testified that it cost \$1,000 for a 1-4 page advertisement for a single insertion, in all the daily and weekly papers in Maine. He has been asked to report what these newspapers received for Gould advertising last Autumn, and whence it came. Senator Gould took oath that he contracted but one news-

paper item, \$72, for the Lewiston papers; he solemnly swore that was all he even knew about. Who ordered the countless advertisements with his portrait that appeared on every hand? Who was so deeply interested in Senator Gould's candidacy to treat him so generously, and not even tell him about it?

The newspapers favor the Hale bill; it means business for them, but I believe the passage of this law would be contrary to the traditions of our State. The fact of its introduction discloses what, in the event of its adoption, may be expected in the 1928 Primary for Governor and United States Senator. Maine might become a fertile field for Illinois Primary methods but it would seem to most of us, that already we have had enough publicity in that direction.

#### "BRINGING MONEY TO MAINE"

A business friend recently said he favored EXPORT of Power for it would bring "A great deal of money into Maine." Upon being asked where the money would come from my friend was at a loss to answer. With the Central Maine system owned in Illinois exporting power, the money received from the sale of power would flow to Chicago and the pay roll would follow the power out of Maine; even the temporary work of construction would be done largely by imported foreign laborers. With the Central Maine Power Company owned by Maine people and power used in Maine, not only would the receipts from power remain at home with our own stockholders, but the pay rolls derived from its use would benefit Maine people and Maine merchants.

#### THE SMITH-INSULL BILL

The Central Maine-Smith Bill already presented to the Legislature, is a cleverly drawn piece of legislation. Plausible and innocent in appearance, its alleged safeguards to protect Maine are but blinds to conceal the real intent of the measure. It is a sham, a red-herring across the trail. At this late hour the introduction of a measure so far reaching is deplorable. There is no time for its deliberate consideration. It should have been made public months ago, to be studied and discussed. That would have been the honest way, free from suspicion. The basic fact remains that regardless of language, of reservations by the Legislature or reference to the Utilities Commission, the moment Maine's hydro-electricity crosses the border it



is gone forever. It then cannot be recalled. From that moment it becomes an article for the Insulls to play with as they will, an article of Inter-State Commerce subject to regulation only by the Federal Congress.

In these three radio talks, I have outlined the Maine Water Power situation. The views expressed by the newspapers apparently affiliated with the Wyman-Insull interests, I do not recognize as based upon conviction, but upon the desires to exploit our State for selfish monetary ends. Certain newspapers repeatedly cry "Take Water Powers out of politics", implying unworthy motives to those opposing them. But what of those who seek to exploit and export our powers? Is not their motive exclusively one of dollars? It ill becomes them to pose as public benefactors!

### THE FERNALD LAW

Before closing I may be permitted a personal reference. The 1909 NON-EXPORT LAW has been designated as the "Fernald Law", named for the Governor of that period. It may interest my audience to know that when I was State Senator from Cumberland County in 1909, it was I who introduced the NON-EXPORT Bill into the Legislature. Of course I never have objected to having it named for the then Executive. Senator Fernald has been gone a brief six months; shall we now repeal the measure that he so earnestly favored to the last?

This Water Power EXPORT issue is easily understandable by the average citizen. No expensive Commission is needed to pass upon it. It is both a business and a public issue, "political" if you wish, for it touches the welfare of every citizen, present and future. We have water power in Maine. Shall we keep it or lose it? There is no half-way ground. Shall we make payrolls for Maine or Connecticut? Shall Insull dominate Maine business and politics? Shall we pay tribute to Insull in excessive rates for electricity, or shall we secure rate reduction based on cost of service? Shall we retain the Fernald Law or adopt the Wyman-Insull plan?

In conclusion: The Insull interests are powerful at Augusta. Millions are involved in the measures I have discussed with you. The rights of our citizens are in jeopardy. I have faith in many members of the Legislature, but am under a strong presentment that the final chapter of this

great drama will be written over the vetoing signature of our present Chief Executive—Ralph O. Brewster.

NOTE: The water power issue now rests "in the lap" of the Legislature. For the present my duty has been done by calling the attention of the people of Maine to its importance, giving expression to my opinions and appearing at the Legislative Hearing. It is not for me to attempt to influence individual legislators; they and the Governor will do what they believe is best for the State of Maine. P. P. B.