

DREISER ATTACKS "POWER TRUST" AND TELLS WHY

Author Defends Norris in Lengthy Statement.

[Chicago Tribune Press Service.]
Washington, D. C., July 1.—[Special.]—Theodore Dreiser, author, today



THEODORE DREISER.

came to light in a new rôle, that of an expert on the power problem, with the publication of a letter from him to Senator George W. Norris, insurgent Republican of Nebraska, inclosing a letter to Paul S.

Clapp, managing director of the National Electric Power association.

Entering the debate between Senator Norris and Mr. Clapp over the "power trust," the former insisting on the latter denying, the existence of such an institution, Mr. Dreiser in a lengthy reply to Mr. Clapp's latest argument takes up the cudgels for the senator.

The genesis of the controversy was an article in THE CHICAGO TRIBUNE last February setting forth Senator Norris' views and an answer written by Mr. Clapp at THE TRIBUNE'S request.

Mr. Dreiser calls attention to Mr. Clapp's statement that the federal trade commission "could not find any power trust."

Mr. Dreiser's Reply.

"What the commission found, however, I myself want to state, was an undue centralization of systems," Mr. Dreiser declared. "The five largest utility corporations control 52 per cent of the total electric power; the following three, another 12 per cent; and the next ten companies, an additional 22 per cent. This concentrates 84 per cent of the power in 18 groups, in many cases financially interlocked. Although these peaked holding companies, one owned by another, do not in any particular case own a majority of operating plants, they work infinitely harmful control. A company with less than \$1,000,000 has controlled companies worth several hundred millions. The Standard Gas and Electric, with an investment of \$7,000,000, commands the policies of other concerns valued at 200 million.

Contrary to Mr. Clapp's claim, Mr. Dreiser asserts that power and light rates are fixed not alone on the value of property actually used or useful in public service.

Charge Rate Padding.

"Thus," Mr. Dreiser writes, "the Southern Indiana Gas and Electric, controlled by the Commonwealth Power of New York made their rates to their customers cover a \$42,000 per year engineering bill as well as an extra assessment for capital charges on the same amounts."

New York state law, says Mr. Dreiser, declares that unclassified valuations shall not be accredited. Despite this, he claims, 163 million dollars stands on the state's utilities books as unclassified, "and the people are made to pay rates in order that the companies may earn a return on that

After citing other instances of what he alleges are watered values and unfair practices, Mr. Dreiser goes on to show that electric rates have not come in keeping with lowered costs of production and points to the lower rates of certain government owned utilities in Canada.

Claim Utility Buys Papers.

"But don't go away. There is more," he concludes. "For instance, Mr. Clapp, in reply to the charge that the utilities are buying up newspapers and therefore jeopardizing freedom of the press, says that this purchase of papers by the International Paper company is an attempt to enlarge its market for the sale of newsprint which it manufactures, and that only. But I personally question this. Let me call your attention to the fact that although only 25 per cent of its profits are from newsprint, 54 per cent are from the sale of electricity, according to the testimony of its president, A. H. Graustein, the extent of the International Paper deals with newspapers amounts to an \$8,000,000 investment. To be exact, it owns 250,000 shares of preferred and 5,000 shares of common stock in the Chicago Daily News; holds \$1,954,000 in notes for and owns 400 shares of common stock in the Brooklyn Daily Eagle [one of 17 large dailies owned by Frank E. Gannett]; \$450,000 worth of preferred stock and 1,800 shares of common in the Albany Evening News; and 5,214 shares of common stock costing \$2,690,000 in the Boston Herald and Boston Traveler and in many more.

"But Mr. Clapp insists, however, that control of newspapers is against utility principles."

"Yes?"