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### A CITY THAT "SAW THE CAT"

#### Kalamazoo Adopts Municipal Ownership

By Judson King

**T**HE "common folks" may be "incompetent" and not at all able to care for themselves, as the high financiers aver; but—here is what the people of Kalamazoo, Michigan, ("the town that invented celery") did at the city election on the fifth of April:

First. Ordered an issue of bonds of \$975,000 to be prepared for a municipal gas plant. Vote: over three to one: Yes.

Second. Killed a twenty-year franchise proposed by the gas company ordering gas at 85 cents per thousand feet, with privilege of municipal ownership on six months notice. Vote: two to one, No.

Third. Ordered enlargement of the municipal electric plant, now lighting streets only, to sell light and power to the public. Vote: four to one, Yes.

Fourth. Elected a mayor and five aldermen, every man an advocate of and pledged to municipal ownership. "No more franchise," is the slogan.

#### A Hot Fight.

**T**he election was the culmination of the most hotly contested political fight in the history of the city. J. B. Balch, the new mayor, Democrat, is a municipal ownership man, a businessman, clean, and a fighter. He has had aldermanic experience. Dwight Curtenius, Republican, a manufacturer, was Balch's opponent. Immensely popular, honest and with a normally heavy Republican majority with him, Curtenius seemed to have a cinch.

But Curtenius talked about majority rule, about obeying the will of the people, and refused to state his attitude toward municipal ownership. Result—the folks chose Balch to do the job because Balch came out for straight municipal ownership.

Back of this stirring finish stands A. M. Todd, the peppermint oil king, with the Municipal Ownership League of which he is president; with the Socialist party, the Trades Unions, and the Women's Committee on Municipal Ownership headed by Mrs. O. H.

Clark, one of the leading suffrage workers of Michigan. They all turned in and fought a last ditch fight. But their efforts were well received—they were well received because the people were prepared for a municipal ownership fight, and the chief agent in the educational campaign, which prepared them has been Mr. Todd himself.

#### Five Years of "Preparation."

**T**HE gas fight runs back to 1910, when the "Company", now owned by The Michigan Light company, 14 Wall street, New York City, tried at a secret session of the city council to put over a thirty-year franchise, with gas at \$1.00 per thousand, five years before its regular franchise was to expire. Todd, Balch, Father O'Brien and others fought this scheme, organized a "Citizens League," and were able to break up the deal. The "Company" was charging \$1.22 per thousand and, at that time, most of the citizens were for cheaper gas. Todd was for straight out and out M. O. and no franchise.

Realizing the need of accurate data for educational purposes, Todd in 1912 and 1913 traveled through fourteen European countries, investigated pub-

lic ownership of utilities, and came home with a trunk full of data and thousands of photographs. Lantern slides were made and he began giving illustrated talks showing municipal ownership at work.

The campaign opened in 1914. The franchise was due to expire in July, 1916. A municipal ownership league was formed. A little paper called The Public Cause was printed and circulated. Todd also wrote articles for the papers and paid to have them printed.

Under Todd's leadership the league urged the council to investigate the "Company's" plan and to determine what it costs to make gas. At last he got them to import the English gas expert William Newbigging whose report made after careful investigation revealed the fact that the "Company" last year made 38 per cent profit on its stock. He said the "Company" could make gas at 75 cents and still make a profit of 8 per cent. It costs, according to Newbigging, 37 cents to make gas in Kalamazoo. The city can build a new plant, supply gas at 75 cents, and out of the profits pay

interest, retire the bonds, and in twenty years have a \$5,000,000 gas plant paid for, and then be able to sell gas at 40 cents.

In the meantime the League circulated a petition for an M. O. plan, utilizing the "initiative" provision of their city charter obtained a year ago—just in time! The council submitted the municipal ownership proposal to the voters, along with the proposition of the "Company" to sell gas at 85 cents on a twenty-year franchise. The people started out to mass municipal ownership, kill the franchise and elect an M. O. administration. The "Company" filled the town with rumors that gas "bonds" meant "high taxes," corrupt politics and inevitable failure. Lies flew thick and fast. But the folks saw the cat and refused to be fooled. The vote stood: Municipal Ownership: Yes, 6,330; No, 1,813. The franchise: Yes, 2,114; No, 4,918. The extension of electric plant: Yes, 6,429; No, 1,304.

Moral: The folks don't do so bad if they have the facts and the power to do the job by direct vote. But both are necessary.

### WAR PREPARATIONS AND PRIVATE PROFIT

(An address in the House of Representatives by Congressman Robert Crosser of Ohio, in support of his bill (H. R. 20147) "to eliminate private interest in war and preparation for war by providing government facilities for producing and manufacturing military and naval equipment, by prohibiting the export of privately made munitions of war, and by reservation to the government of coal and fuel oil in the public lands.")

Mr. Speaker, one of the principal causes of war and of preparation for war is the private interest of the sellers of war munitions. The Steel Trust, the Powder Trust, the Shipbuilding Trust, and all the hundreds of persons, firms and corporations engaged in selling munitions of war, ammunition, armor plate, and supplies of all kinds to the army and navy are interested in the continuance of war preparations, for the very simple reason that the success of their business depends upon continued and large preparations for war—the larger the better.

It would be had enough if these private interests which are now engaged in furnishing all kinds of war supplies for the government were doing so at reasonable prices. If this were the case, the only question to be considered would be whether it is advisable to leave in the hands of private corporations government work of this character, with the inevitable tendency which they would have to maintain lobbies and seek to influence public opinion in favor of large expenditures for military preparation in order to increase their own profits. But when, in addition to this, it is found that these firms are continually charging the government exorbitant rates, the reasons for having the government manufacture materials and equipment for war are increased.

**Daniels Exposes "Graft."**  
In his annual report for the fiscal year ended June 30, 1913, a year ago, Secretary of Navy Josephus Daniels, discussing this question said:

The time has come when the department should be freed from excessive prices charged by private manufacturers of armor plate, guns and gun forgings, powder, torpedoes, and other supplies and munitions. Most of these necessities for the navy are made by a very few manufacturers, and the prices charged are so much

too high that I earnestly recommend that appropriations be made for an armor-plate factory and an increase in the gun factory, the powder factory and the torpedo works. The ability to make part of the powder used has effected some reduction, but the department is forced to buy too large a quantity from the Powder Trust at an exorbitant price. It has been demonstrated that the department can save money by making its powder, guns and torpedoes. It is not open to doubt that it can save larger sums when it can make its own armor plate and gun forgings.

In the same report discussing the advisability of a government armor-plate factory, the secretary of the navy pointed out that the government is at the present time at the mercy of three concerns—the Carnegie Steel Co., the Bethlehem Steel Co., and the Midvale Steel Co.

"It is evident," said the secretary at that time, that without an armor plant of its own the government in time of war or impending war would be entirely at the mercy of those three manufacturers and obliged to pay practically whatever price they asked. History does not warrant an assumption—

#### Profits Before Patriotism.

He goes on to say—  
that the patriotism of these companies would prove superior to their desires for profits, inasmuch as during the time that war with Spain was imminent, these companies refused to accept the price fixed by congress and declined to manufacture any armor until they got their own price of \$100 a ton more than that which congress had determined on. In this connection it is well to note that the love of country possessed by these companies did not prevent them from furnishing armor to Russia, as reported to congress, in 1894, at \$248 a ton, while they were charging the United States \$18.14 a ton upon purchases under the contract of March, 1893, nor did it hinder them from furnishing armor to Italy, in 1911, at \$395.03 a ton while they were charging their own government \$420 a ton, and that even at the present day, according to information that seems reliable, they are furnishing the armor for the Haruna, now being built by the Kawasaki Co., at Kobe, for Japan, at

\$404.35 a ton, as against the price, ranging from \$504 to \$449 a ton, which they are now charging us for the armor of battleship No. 39.

This report was written in 1913; the secretary was then commenting upon the interesting fact that these three supposedly competing steel-manufacturing firms were in the habit of submitting identical bids, "seldom varying over a few dollars, and in many instances being identical to a cent," on government armor-plate contracts.

In his annual report for the fiscal year ending 1914, just submitted to the president, Secretary Daniels has reviewed his efforts to secure a government-owned armor-plate factory, and says he is convinced that enormous sums could be saved to the taxpayers by the erection of a government plant.

It became even plainer than last year—

#### At Mercy of Armament Ring.

He says—  
that the government is at the mercy of the three manufacturers of armor-plate, whose policy is to make the government pay prices much beyond a fair profit. The three companies make affidavits that they are in no combination and have no agreement affecting prices, as they are required by law to do. This does not, however, prevent their availing themselves of a mental telepathy which works against the government and denies real competition in the bidding.

Secretary Daniels estimates that the government would save between a million and three million dollars annually, depending on the size of the plant, if it should manufacture its own armor plate.

Taking the highest estimates which have been submitted to me by the experts of the Bureau of Ordnance—

He says—  
as the probable total cost price of government-made armor, the government can achieve a saving by the erection of a 10,000-ton-a-year plant of \$1,061,350 per annum, after deducting 4 per cent as interest on the money used in erection and installation of plant, and \$3,045,462 a year on the basis of a government plant capable of producing 20,000 tons a year. If these figures are correct, as I believe them to be, and as congress can easily ascertain for itself, I do

not see how it is possible for congress to justify to the people a refusal to erect a government plant, nor how it can answer the charge that will invariably be brought up—that the same mysterious providence which saved this profitable business to the steel companies three times in the past, even after money for a government plant had been appropriated, is not still at work exercising its beneficent protection over these lusty specimens of infant industries.

(Proof on pp. 40 and 41, Annual Report, Secretary of the Navy, 1913.)

What is true of armor plate is practically true of all kinds of war munitions, both for the army and navy. In his last annual report submitted two or three weeks ago, the secretary of the navy makes the flat assertion (p. 9):

Contrary to popular idea, the navy department in what it manufactures does so, from a supervising standpoint, on a gallon of paint or a pound of powder, cheaper than the same can be purchased. This is particularly true of the most expensive instruments of war, but is equally true of gasoline engines, electrical supplies, engines for dreadnaughts, shrapnel, clothing for marines and sailors, accoutrements, and a multitude of other articles required for the fleet and shore stations.

#### Saving in Government Work.

The secretary's report shows that as a result of the enlargement of the government powder factory large savings have been made (p. 19, annual report, Secretary of the Navy, 1914):

Before the government began to manufacture smokeless powder—

Says the Secretary—  
it paid 80 cents a pound for it. Government competition, coupled with better methods, have brought down the price at which the department purchases this powder to 53 cents. The department is now manufacturing it at Indian Head at a cost of 36 cents a pound, and when the enlarged plant is completed, may be able to still further reduce the cost of production. If the department had bought what it manufactured last year, the powder bill would have been \$37,555.15 more than it was. In addition to erecting this saving by manufacture, the department reworked 1,012,940 pounds, at 11.3 cents per pound, and this method insures the use of much

powder every year that would otherwise be useless.

Another specific instance of the elimination of private profits, or partial elimination by government operation is in the case of the manufacture of torpedoes.

In the two years that the present torpedo works have been in full operation at Newport, R. I.—

Says the Secretary, on page 10 of his last annual report—the cost of manufacture of each torpedo has been reduced from \$4,200 to \$3,200. These torpedoes, if bought at the only private torpedo plant in the country, would cost \$5,000. The enlargement of the torpedo works will not necessarily cause the navy department to manufacture all its torpedoes, but ability to make a large proportion of the number needed will result in securing better prices from manufacturers. This is true of all munitions of war. Ability to make them secures reduction in cost.

#### Playing Hold-Up Game.

In other words, the private manufacturers of war supplies are playing a hold-up game. Having a monopoly of the business, they are patriotically gouging Uncle Sam to the limit. And experience has shown that the gouging stops in direct ratio to the ability of the government to undertake the work itself. When it does all the work, all of the gouging is eliminated, and not before.

The Secretary of the Navy sums up the two reasons why we should have government manufacture of war munitions:

The department should be able to demand competitive bids by having potential facilities to manufacture anything needed for armament or equipment which may at any time be controlled by those who demand excessive prices. There is another reason why the navy department should be able to manufacture munitions of war; that they would prevent defective addition or organization for big preparations for war conducted by those who make profit by the manufacture of war supplies. It has been suspected—

Goals on the Report—  
In some countries that makers of armor and powder guns, and fighting craft have promoted steadily increasing equipment for their navies and



REX AND LYRIC THEATERS DO NOT EMPLOY UNION LABOR