

Justice Department Now Taking Demo Position On Dixon-Yates

WASHINGTON, D. C.—(CNS)—The same U. S. attorney general who 20 months ago said the Dixon-Yates contract was "perfectly lawful" now has filed a legal brief stating that the contract was illegal from the start.

The same contract that President Eisenhower ordered Atomic Energy Commission to sign has now been labeled "contrary to public policy" by his own attorney general, Herbert Brownell.

The Justice Department filed its brief in the U. S. Claim Court here, July 12. In it, the government replied to a \$3½ million claim that Dixon-Yates interests filed against the U. S. after Eisenhower cancelled the contract a year ago.

Under the Dixon-Yates contract, AEC served as a power broker between private firms and Tennessee Valley Authority. To keep from expanding TVA to meet AEC's power needs, Eisenhower told AEC to buy power from a private firm.

To do this, AEC dealt with a new firm organized by Middle South Utilities (headed by Edgar H. Dixon) and the Southern Company (headed by Eugene A. Yates). This new firm planned to build a \$107 million plant with \$5 million in risk capital at West Memphis, Ark., then feed the power into TVA's system across the Mississippi River.

Brownell said the contract was illegal in these respects:

1. Adolphe H. Wenzell, a budget bureau consultant who also advised a finance firm interested in building the plant, created a conflict of interest that made the contract illegal from the start.
2. In 1954, Congress forced AEC to give its House-Senate atomic energy committee 30 days' notice before signing a power contract. After U. S. voters elected a Democratic Congress in November, 1954, but before this Congress convened, the Republican-dominated committee met and agreed to waive the 30-day waiting period. The committee having acted, AEC signed the contract. When the 84th Congress convened in January, 1955, the new Democrat-led committee repealed its waiver, claiming that it was illegal since Congress wasn't in session.

At the time, Brownell encouraged the waiver. In his brief, however, he says the committee acted illegally when it was under Republican control and took the legally correct view after the Democrats took over.

Anthony Lewis, a NEW YORK TIMES reporter, says Brownell's brief "reads like a Democratic campaign flyer."

In the midst of one particularly furious attack on the contract, Eisenhower ordered a "complete disclosure" of events leading up to its signing. AEC and the Budget Bureau collaborated on this and issued a 25-page document. Never once did Wenzell's name appear.

Later, Senate investigators found that Wenzell had played a decisive role in the contract, that an early draft of the "complete disclosure" had mentioned Wenzell a dozen times, but that his name was removed before the report was published.

Finally, Memphis said it would build its own power plant, rather than take Dixon-Yates power through TVA. President Eisenhower seized on this as an excuse to cancel the contract and he did so last July.

County Farm Bureau President Refuses To Resign Post

Ever since Lewis & Clark County Farm Bureau president, Wayne Neil, Canyon Creek, spoke out strongly against the Eisenhower-Benson-American Farm Bureau policy of "flexing" farmers off the lands, a few months back, forces have been at work to remove Neil from his post.

His local bureau, Birdseye, last week again affirmed its solidarity behind Neil's action. Also, at the local bureau meeting of last week, it was brought out that Montana Farm Bureau President George Diehl of the Helena Valley "had spearheaded the action in which the county board of directors demanded Neil's resignation."

In replying to the Lewis & Clark county bureau's demand that he quit, Neil declined, stating:

"To agree to this request of resignation would also be to agree to the suppression of free speech. It is every United States citizen's privilege and duty to state his views and beliefs upon any subject. If Farm Bureau has become so weak that the expression of a view divergent to their leaders' beliefs cannot be tolerated, it is indeed near the point of extinction. Were all members of Farm Bureau to follow the example set by some of the present board members of Lewis & Clark County Farm Bureau, it would be impossible to bring up any new policy ideas and some of the old ones might become very stale."

Railway Clerks To Hold Legislative Meeting, Sunday, August 19

The state legislative committee of the Brotherhood of Railway and Steamship Clerks will hold its sixth bi-ennial meeting in Helena, Sunday, August 19, E. F. English, Havre, committee chairman, announces.

All sessions of the meeting will be held in the conference room of the Placer Hotel, beginning at 9 a. m.

THE PEOPLE'S VOICE

"In the Shadow of the State Capitol Building"
MONTANA'S ONLY STATEWIDE INDEPENDENT NEWSPAPER

Vol. XVII—No. 33 HELENA, MONTANA, JULY 20, 1956 \$3.00 Per Year

'Free Enterprise Flourishes' On Cheap, Abundant Power --Olsen

"Montana needs only the determined will of its people to become a great industrial center," Arnold Olsen, Democratic nominee for Governor, told a Sunday picnic crowd at Lake Blaine in Flathead county.

"Montana's unmatched power potential can provide the base for the model industrial center of our nation; not an area like the smoke-scarred eastern industrial regions, but one with modern clean plants run by electric power. All you have to do is harness that power and industry will continue to come to the Northwest, and will come to Montana if opportunity in the form of cheap electric power beckons," Olsen said.

"The key to progress in any of our industrial states has been the development of cheap electric power. We have already dramatically seen what cheap electric power can do in Montana. The Victor Chemical Plant in Butte and the Anaconda Aluminum Plant in Columbia Falls are powerful demonstrations of the impact of electric power upon an area.

"The source of this power is the Hungry Horse Dam. Key to aluminum production here is the nation's fourth largest concrete dam—Hungry Horse. The cheap, abundant power of Hungry Horse Dam as a part of Bonneville Power system made possible the location of Anaconda's plant.

MORE LOW-COST POWER NEEDED

"These two new industries have already meant much to Montana. Other new industries could mean the same in terms of jobs and development, but unfortunately the power demand is greater than the supply.

"Several smelters and lumber products mills were unable to locate in Western Montana because they could not have Hungry Horse power.

"I want it clearly understood that I am in no way opposed to private power when private power is not trying to discourage public power.

As a matter of fact, that is almost the same as favoring private power too, for wherever cheap public power is present, private power flourishes. Free enterprise flourishes wherever there is cheap public power."

"We have a larger untapped hydro-electric potential than any state in the Union. The proposed Paradise Dam near Plains would generate as much electric power as is now being produced by all electric installations in Montana."

"A determined populace can make the dreams of a greater and more prosperous Montana come true," Olsen concluded.

University Fee Increase Condemned By Olsen

The evening before the picnic, at a dinner sponsored by the Flathead County Democratic Central Committee, Olsen was sharply critical of substantially higher fees assessed on students of the Greater University System by the State Board of Education last week—fee increases which both he and Supt. of Public Instruction Mary M. Condon voted against at the board meeting.

"Unless present trends are reversed," Olsen said, "many young men and women in Montana will be forever deprived of any choice of a college education.

"The financial problem of the Greater University System is now acute and, if the present methods of dealing with it are followed much

(Continued on Page Four)

Metcalf Asks \$5 Million For Animal Disease Lab at MSC

WASHINGTON, D. C.—Rep. Lee Metcalf (D-Mont.) has introduced a bill authorizing a \$5 million animal disease research laboratory at or near Montana State College.

Researchers at the laboratory would concentrate on animal diseases important in the range states.

The facility would supplement research at the new federal laboratory, which Secretary of Agriculture Benson wants to locate at Iowa State College.

Metcalf said he was disappointed that Benson had decided against Montana as the site for the national laboratory, as recommended by the Montana congressional delegation.

Demos To Bank On Power Policy As a Major Issue

WASHINGTON, D. C.—(LDNS)—With public power emerging as a key election year issue, the Democratic party will enter its August convention armed with a sheaf of platform proposals drawn by a specially selected committee of resource experts.

Generally overlooked by the press, the committee has drawn up a hard-hitting report which covers the whole field of resource development. Insiders say it is the most specific and vigorous program ever presented on the subject. Its impact on Democratic policy in this increasingly controversial area may be profoundly important.

The group, titled the Resources Advisory Committee, has already quietly submitted its proposals to Paul Butler, national chairman of the party. It is likely that the proposals will go before the entire Democratic National Committee on July 20.

Headed by former Interior Secretary Oscar Chapman, the committee includes Michael W. Straus, formerly Commissioner of Reclamation; Dr. Horace Gray, co-author of Monopoly in America and a professor of economics at the University of Illinois, and Jesse L. Maury, mining engineer with the International Perlite Co.

STORY UNDERPLAYED

The press generally has underplayed the work of the committee, but ELECTRICAL WORLD, trade publication of the private power industry, sensed the importance of the committee's work, and recently published a letter from Butler to Lyndon Johnson, Senate Majority Leader, and other key Democrats.

It asked their aid in promoting Democratic sponsored resource legislation. Four measures particularly emphasized were the Lehman bill calling for development of Niagara power by the New York State Power Authority, the Morse bill authorizing construction of a federal high dam in Hells Canyon, a bill authorizing the TVA to use accumulated funds for construction of power plants, and the appropriation bill involving loan funds for the rural electric systems sponsored by REA.

Likelihood that most of the program will find acceptance lies in the fact that some of the Democratic members of Congress most concerned with natural resources are members of the advisory committee. Among them are Sen. Dennis Chavez of New Mexico, chairman of the Senate Committee on Public Works; Sen. James E. Murray of Montana, chairman of the Senate Committee on Interior and Insular Affairs; Sen. Richard L. Neuberger of Oregon, a member of the Senate Interior Committee; Rep. Herbert Bonner, chairman of the House Committee on Merchant Marine and Fisheries; Rep. Clair Engle, chairman of the House Committee on Interior and Insular Affairs; and Rep. Gracie Pfof, member of the House Interior Committee.

Certain other members of Congress

(Continued on Page Four)

Recheck Shows R-W Initiative Short By Another 212 Names

Things are probably popping a bit around Fergus county courthouse this week as a result of incorrect certification of "right-to-work" initiative petition signatures, reports James S. Umber, president, Montana State AFL-CIO.

It seems that during the signature campaign 445 Fergus county people signed the fraudulently titled initiative petition. Bill Devine, Lewistown, business agent of the building trades, then went on a one-man crusade to enlighten Fergus county people as to the fact that the initiative would not guarantee a single job to any person; that the initiative's catch-all title was a fraud designed to entice voters into signing; that, in actuality, the entire purpose of the initiative proposal was to destroy labor unions in Montana and to raise havoc with long-established satisfactory labor-management relations.

As a result of Devine's activity, 106 of the original signers withdrew their names from the petitions. However, says Umber, this fact did not show up in the totals certified to the office of Secretary of State by the Fergus county clerk and recorder. To the contrary, someone in the clerk's office scratched out the word "withdrawal" on the withdrawal petitions and certified all 106 of those signers as favoring the initiative. Since all 106 had previously signed the initiative petition, the final result was that Fergus county erroneously showed 212 more signatures than the initiative actually received. In-

stead of 445 signatures, the initiative received only 233 signers in Fergus.

Fergus, to meet its eight per cent minimum to qualify the county, had to have a total of 537 valid signatures.

On a state-wide basis, the initiative secured not 5,636 valid signatures, but 5,424, or only about one-fourth of the 21,104 required to place it on the November ballot.

Vastly Improved Social Security Bill Passes Despite President's Opposition

Despite strenuous Eisenhower Administration opposition, aided and abetted by Senator Byrd (Dixiecrat-Va.) the Senate this week voted a 90-0 approval of vast improvements in the Social Security Act of 1935. The measure now goes to Senate-House conference committee for reconciling of somewhat minor differences with a similar House bill which was given overwhelming approval 372-31 a year ago.

Two of the major improvements in both House and Senate versions are:

1. Lowering the retirement age for women from 65 to 62 with a somewhat lower schedule of benefits than would be received if a woman waited until age 65 to apply for Social Security (80 per cent of full benefit schedule). This is the first downward revision in eligibility age requirements since the Social Security

Act was enacted more than 20 years ago. The amendment by Sen. Kerr (D-Okla.) to reduce the retirement age for women was approved 86-7 with both Senators Murray and Mansfield voting for the amendment.

2. By approval of an amendment by Sen. George (D-Ga.) the Senate wrote into its bill a clause already in House bill to permit totally and permanently disabled people to receive Social Security benefits at age 50. It is estimated that beneficiaries will average \$75 a month disability benefits.

A third provision incorporated into the bill by adoption of an amendment by Sen. Douglas (D-Ill.) would authorize the states to make full old-age assistance payments to beneficiaries who earn up to \$50 a month. It would be up to each state whether or not to use this authority.

In order to receive the improved

benefits, recipients would have to have: One and one-half years of Social Security coverage in the last three years; five years of coverage in the last ten years, or, coverage for half the time since 1950, or alternatively, for 10 years.

To defray increased costs of the improved benefit schedules payments by employers and employees alike would be raised from two per cent to two and one-fourth per cent of employees' gross earnings, January 1, 1957. Self-employed persons would have to pay three and three-eighths per cent of gross earnings.

In the House voting last year, Cong. Metcalf voted for liberalization of retirement provisions of the act. Cong. Fjare followed Administration policy and voted against the lowered retirement age for women, and other improvements in the act.