

Rural Electrification

. . . . Roosevelt summoned Cooke and asked him to head a committee to propose ways of developing the Mississippi Valley, where rural electrification was rare, low agricultural prices were forcing people into the cities, and memories of the Great Mississippi Flood were still raw.

Cooke's eventual recommendations included flood control, soil conservation, and other subjects, but he gave priority to rural electrification. He suggested to Ickes the creation of a joint government-utility commission to consider how to achieve the rural electrification goals, but Ickes, with his deep distrust of utilities, replied, "I'll have nothing to do with the sons of bitches!" Cooke seized the moment and asked, "Then will you consider a plan wholly under control of public authority?" Ickes encouraged him to develop one.

When he delivered two copies to Ickes in February 1934, Cooke's cover letter cited the famous words attributed to urban planner Daniel Burnham, "Make no little plans. They have no magic to stir men's souls." The letter also stated that the report could be read in twelve minutes, with details in the appendices. One copy was given to Roosevelt the next day and was later read by key administration officials. "Perhaps its bizarre black-and-white-striped cover," Cooke wrote, "kept it circulating among those in high place and so out of the wastebasket." He believed that its positive reception ensured a vigorous commitment to rural electrification.

Cooke's plans were indeed not little. He proposed a new agency, the expenditure of half a billion dollars in twenty years on power generation, and a hundred million dollars for a revolving fund for loans to farmers and cooperatives for appliances and line extensions. Anticipating challenges to the legality of the program, he included a lawyer's opinion that the Constitution's grant of spending power to Congress to "provide for the . . . general welfare" provided the authority required. Knowing that Ickes was an ally, he also shrewdly proposed that the program report directly to the interior secretary.

As the private utilities realized that they were not going to receive REA funds on their own terms, and as their fight with the administration over the Holding Company Act heated up during the summer of 1935, most turned from tentative cooperation to outright opposition. Cooke's talks with them continued, but by the end of 1935 he concluded that the companies were using the delay to push construction of their own rural lines, many of which were snake lines designed to block area coverage by REA. He then turned his attention to cooperatives modeled on TVA's Alcorn County model, which proved the feasibility of publicly developed rural electrification in a depressed area with a high percentage of tenant farmers. . . .

Utilities also sought to undermine the business viability of the new cooperatives by charging them high wholesale rates for power while insisting on contracts that prohibited the retail sale of power at rates lower than the private utility charged its customers. These practices were a direct threat to the REA business model, which relied on low rates to create greater demand. In a December 3, 1936, letter, Cooke called out Willkie of C&S and Groesbeck of Bond and Share for their behavior: "The cooperatives to be financed by this Administration are not receiving the service in the matter of wholesale rates to which they feel themselves entitled and which would accord with the industry's protestations of goodwill and cooperation." He was more critical in a note to his own staff. "Normally in negotiating a contract, a good buyer respects the interests of the man from whom he is buying, but this seems out of the question in dealing with an industry whose present day conduct is so largely influenced by its narrow past." He also began to add staff members with utility experience who could help cooperatives negotiate.

Despite the utilities' tactics, new co-ops were formed at a rapid clip and loan applications to the REA accelerated. The \$50 million provided for the first year proved to be well below the amount necessary to fund all applications that year, which came to \$112 million. Cooke was creative in his response. He began to commit funds to applicants over a three-year period instead of all at once, allowing him to approve nearly \$150 million in loans in the first year. He also spurred participation by having his staff investigate in advance the best potential territories in terms of population density and the number of owner-operated farms. This legwork allowed his staff to evaluate more quickly the applications that came in from these areas.

With progress being made on many fronts of the push for public power, Willkie and his industry brethren looked to be winning isolated battles while losing the war. The REA in particular was making great strides. That was in part due to innovations that were bringing the costs of line construction down considerably. Simpler, sturdier rural distribution lines and the introduction of competitive bidding for construction led to costs under \$900 per mile, compared to private costs of \$1,500 to \$2,000. The new lines relied on stronger conductors, lighter construction materials, mass production methods, smaller transformers, greater distance between poles, and the absence of cross arms. All of these factors made transmission to rural areas with lower customer density more cost-effective. Morris Cooke took full advantage of the opportunity. While some large suppliers of poles and wire refused to sell to co-ops to preserve their relationships with private utilities, Cooke found others that were happy for the business.

With momentum building, by 1937 the REA was in the field actively supporting applicants. One of the outreach activities was the "farm equipment tour," known colloquially as "the REA circus." In some places, organizers

attempting to set up a cooperative were not able to find enough members. In others, they just weren't able to project sufficient demand for electricity. And so the REA sometimes brought in a caravan with several tents. Manufacturers demonstrated equipment for grinding, lifting, pumping, heating, and refrigeration, while home economists gave talks on electric cooking and deep freezing. The agency also negotiated with manufacturers for lower priced appliances, sometimes offered in combinations at even lower prices, and in some instances they negotiated a fixed price with qualified wiring contractors in an area and divided the business among them. This reduced the cost of wiring farms by as much as 35 percent.

Early farm use of electricity indoors mirrored that of city dwellers. After electric lights, a radio and an iron were typically the first household purchases, and washing machines and vacuum cleaners usually followed. In addition, electric pumps were a high priority on the farm, where they made indoor plumbing possible and replaced hand pumping of water for livestock. The coming of electricity lengthened the day, saved labor, and improved health. Within three years of the founding of the pioneering Alcorn County Electric Co-op in Mississippi, average monthly electricity consumption by its member-owners rose 180 percent as rates fell by two-thirds.

Cooperatives usually held a ceremony when they were first "energized." Elected officials were eager to be associated with the events, which often included the burial of a kerosene lamp in a mock funeral. Publicity for the events frequently included photos of workers setting poles or stringing wires, a powerful message at a time of high unemployment.

Despite his success—a record 172 co-ops had been incorporated in 1938— [Director] Carmody abruptly resigned after Roosevelt surprised him in May 1939 by deciding to move the REA into the Department of Agriculture as part of a larger effort to streamline government. . . .

Roosevelt offered the REA directorship to a 30-year-old Texas Congressman who had managed to support the New Deal while mollifying his conservative constituents by bringing home the federal bacon. Lyndon Johnson seemed perfect for the job. His first big project in Congress had been to obtain funding for the Lower Colorado River Authority, a public-private organization created to complete a dam started by Middle West Utilities before Insull's empire collapsed. He secured the appropriation and persuaded local farmers to establish a co-op to receive REA loans, winning the plaudits of his constituents, public power supporters, his senior colleague Sam Rayburn, and the president himself. The resulting cheap power made his name in Texas. When conservatives criticized him for accepting federal money, he responded that Texans wanted "some electric power which doesn't have to run through the cash register of a New York power and light company before it gets to our lamps."

While flattered by the offer, Johnson was not ready to sacrifice his promising Congressional career for a job reporting to someone else late in the

president's second term. Roosevelt then appointed Undersecretary of the Interior Harry Slattery, who kept up the quick pace of growth, with another 98 co-ops formed in 1939.