



From the sixth floor to the Copper Dome : The companys political influence in montana, 1920-1959
by Bradley Dean Snow

A thesis submitted in partial fulfillment of the requirements for the degree of Master of Arts in History
Montana State University

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Abstract:

This thesis deals with the Anaconda Company (ACM) and its relationship to the -political culture of the state of Montana. The thesis aims to test the validity of longstanding beliefs of “Company hegemony” over the state’s politics while also gauging the relative level of interest and participation in state politics by the industrial giant. In addition, the thesis probes the methods employed by the company in its efforts to influence Montana politics. It encompasses the 1920-1959 era, but focuses in depth on the progressive governorship of Joseph M. Dixon (1921-25), the challenge it represented to preferred Anaconda Company policies, and its response to that challenge. Dixon’s reelection campaign of 1924 provides a focal point for the study of the Anaconda Company’s electoral tactics and techniques. Among other resources, the author made use of old Montana newspapers, ACM records, the collected papers of Joseph M. Dixon, and a wide variety of secondary sources, in the course of compiling data for this thesis.

The thesis finds that the Anaconda Co., along with its longtime partner the Montana Power Company, did in fact care deeply about the outcomes of Montana political contests. It played an extremely important role in affecting the state’s politics during the period under study. The Anaconda Co. generally advocated against “liberal” measures (e.g., increasing benefits for the state’s workers’ compensation plan), that would tend to increase its operating costs. It also worked to defeat “liberal politicians” who inclined to support such measures. The ACM compiled a daunting record of political success in the state; rarely was it defeated outright in a political battle during the period under study. Although unchallenged as the leading actor on the state’s political stage for much of this period, the Anaconda Co. falls short of being a true “political hegemon” or “industrial dictator” for the state of Montana. It had to rely upon too many uneasy political alliances and was seriously challenged by its political adversaries too regularly for such legendary titles to ring true.

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Abstract

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INTRODUCTION

After the Heinze war was over and the subsequent purchase of the Clark interests, the Amalgamated...owned the city of Butte – its mines, public services, some of its stores, its press, usually its government. It controlled, though less obviously, half a dozen other major cities of Montana, and still does. It owns most of the state's daily newspapers, including Butte's two and the two in Helena, state capital, and because of its dominant business position it usually is able to dictate to the few it does not own. Company agents do its bidding within some of the unions, in chambers of commerce, in hundreds of political offices, on school boards, in taxpayers' associations, on bank directorates, in real estate companies...

“The Company” has controlled virtually every Montana legislature since it drove Heinze from Montana. Its legislative organization of lobbyists, entertainers, writers, and bill clerks is so far superior to the state's own machinery that newspapermen tell (but not in print) of incidents when states employees appealed to the Anaconda's Helena offices for help on some confused point. -- Joseph Kinsey Howard, 1943

I think I know perfectly well what the Anaconda Company will try to do to me. They'll try to do to me just what they have done to everyone who ever tried to oppose them...They own the State. They own the Government. They own the press.... First I'll be roasted from one end of the State to the other. Every newspaper will print my shortcomings, real or fancied, in the largest type. All the mud and all the bricks in the State will come hurtling in my direction.... They probably won't assassinate me; they use more subtle methods now.... If the Company prevents me ever returning to Congress, I'll at least have the satisfaction of having done what I could for my constituency while I was here. -- Jeannette Rankin, quoted from a *Washington Times* interview, 1917.

“The plain fact is that Montana people *think* Anaconda runs the state, whether or not it does...”-- John M. Schlitz, Montana legislator and Billings attorney, 1956

The Anaconda Company's legendary domination of Montana politics appears to be part and parcel of the longtime industrial giant's historical reputation. There exists a widely held view, of long extent, that "the Company"¹ simply ran the politics of the State of Montana as it saw fit, brooking no opposition to its political agenda either from large groups of citizens or from mere elected officials. Those subscribing to this view tend to portray Anaconda's large paid staff of lawyers and lobbyists, its ownership of a majority of the daily newspapers in the state, its ties to numerous elected officials and important businessmen throughout the state, along with its willingness to spend large amounts of money on political activities, all as evidence both of the Company's desire and ability to exercise sway over the political affairs of "the fiefdom of Montana." Among other things, this thesis will attempt to gauge the validity of this view of the Anaconda Company's political sway over the state of Montana. The paper will also endeavor to explain in some

¹ The Anaconda Company underwent a number of name changes throughout its long history. Following shortly upon the discovery of large deposits of copper on the Butte Hill in 1882, Marcus Daly and his financial associates began an active, large-scale, copper mining operation there. In 1891 they incorporated as the Anaconda Mining Company; the company was reincorporated as the Anaconda Copper Mining Company in 1895, with Daly now clearly in charge. The company was purchased by a Rockefeller syndicate in 1899 and was absorbed into the giant Amalgamated Copper Company. At this time the company moved its corporate headquarters to New York City. It was also at this time that Marcus Daly ceased directly running the company and became a senior executive with Amalgamated. In 1915 the Amalgamated trust was dissolved and the company was renamed the Anaconda Copper Mining Company. Although its Standard Oil-dominated holding company was no more, the company retained its corporate headquarters in New York. In 1957, the company underwent yet another name change, this time becoming simply the Anaconda Company, a change that clearly emphasized the diminishing importance of copper mining for the corporation. The company retained this name until it was absorbed by the Atlantic Richfield Company (ARCO) and ceased to exist as an independent corporation in 1977. Throughout this paper I will refer to it as "Anaconda" or "The Anaconda Company," or, less formally, as "the Company" (as it was popularly known in Montana during its lifetime). In 1912, John D. Ryan, then the President of Amalgamated, was instrumental in forming the Montana Power Company, which became the dominant electric utility in Montana until its demise in 2001. In Montana the Anaconda Company and the Montana Power Company were commonly known as "The Twins" or as "The Companies." I will use this terminology throughout the paper to refer to these corporations when they operated, or were perceived to operate, in conjunction with one another.

detail the "ways and means" that the Company employed in its efforts to affect Montana politics, along with the relative success of these techniques.

As the nearly century-long life of Anaconda (1891-1977) would be too great a span to allow for an intensive study of its political activities vis-a-vis the state of Montana, this paper will focus particularly upon the Company's efforts during the 1920s. This period is of particular interest for a number of reasons. First, it coincides with the period in which Anaconda became an international behemoth with its purchase of the giant Chuquicamata copper mines in Chile and of the Connecticut-based American Brass Company, the world's largest brass fabricator. Secondly, in the early part of the decade, the Company was faced with a worldwide crash in the copper market and the repercussions of a similar decline in agricultural markets that greatly affected the farmers and ranchers of Montana. Thirdly, for the first time since its vanquishment of the copper baron Augustus Heinze in 1906, the Company faced extensive political opposition to its preferred policies in its native state. Perhaps owing to a rising tide of progressivism that was belatedly cresting in Montana, and perhaps also to frustrations caused by the economic depression that was gripping the state, the Company was forced to deal with calls for "tax equalization" (i.e., an end to the significantly preferential tax treatment that was granted to the mining industry under the state's 1889 Constitution), cries to end the Company's supposed dominance of the state's political landscape, and a seeming flood of candidates who were avowed opponents of the Company. Undoubtedly shocking to Anaconda was the fact that it faced three successive gubernatorial candidates who openly challenged it and its favored policies. Although it proved successful in defeating all three, in 1920 the

Company was forced to choose "the lesser of two evils," following the defeat in the primaries of the candidates that it had supported. The Company "held its nose" and supported the progressive Republican Joseph Dixon over Burton K. Wheeler, a young Butte attorney who had garnered the nominations of both the Democrats and the Non-Partisan League, a radical farm organization that had considerable support in Eastern Montana. Following Dixon's resounding victory over "Bolshevik Burt," the Company had to contend with a forceful, intelligent, highly experienced political battler who represented a number of public policies that they were bound to oppose.

The centerpiece of Dixon's agenda as governor was the issue of tax equalization, which Wheeler and the Non-Partisan League also had favored. At the heart of Dixon's tax equalization plan lay the desire to alter the 1889 Montana Constitution's guarantee that the mining industry would only have to pay taxes on its "net proceeds" (of course, as determined by the mine owners) as opposed to its gross proceeds. With an ongoing statewide depression and the resultant decline in state revenues, the issue was important to the short run solvency of the state government as well as to long- (and short) term issues of tax equity. The Company and its conservative allies quickly determined to undermine both the governor and his agenda, which threatened their pocketbook and their relative degree of control over state politics. The resultant "political war" between the Company and its allies and Governor Dixon and his supporters sheds much light upon Anaconda's political goals and tactics in the early to mid-1920s.

In the end, it appears that the Company may have "won the battle, but lost the war" in its great struggle with Governor Dixon. In a nasty and very expensive campaign, the

Governor lost his bid for re-election in 1924 to "Honest John" Erickson, a Kalispell judge who was widely perceived as "the Company's candidate." However, at the same time Dixon's principal idea, tax equalization, was adopted by popular vote with the resounding passage of the Metals Mine Taxation initiative, better known as I-28. The Company and its allies faced another progressive Republican in 1928, former state Attorney General Wellington D. Rankin. Although as Attorney General, Rankin had broken with the increasingly polarizing Governor Dixon, by 1928 Rankin was singing a different tune. Running for governor in the independent, anti-Company mold of Wheeler and Dixon, Rankin contended that if elected, he would "cut the private phone line" between the ACM's offices in Butte and the Capitol building in Helena. Rankin, however, followed in the footsteps of the previous anti-Company gubernatorial candidates and was defeated by Governor Erickson. Analysis of these three gubernatorial elections along with Joseph Dixon's tenure as a crusading "anti-Company" Montana governor, should provide a fruitful window upon Anaconda's political predilections and methods in the state during the decade of the 1920s.

This thesis will also examine, albeit in a less comprehensive fashion, the role played by the Company in state politics during the period lasting from the onset of the Great Depression until the end of the 1950s. The late 1920s and early 1930s constituted a period of significant change for the Anaconda Company as it consolidated its newspaper holdings and began to experience some separation from its "Twin," the Montana Power Company. During this period Anaconda also faced the ravages of the Depression, the death of its longtime corporate head, John D. Ryan; the heightened role of the federal

government in state and corporate affairs that was ushered in by the New Deal; and the reemergence of an emboldened union movement within its workforce. There is evidence that the Company shifted its attitudes and policies somewhat at this time in order to accommodate to a vastly changing environment. Although the Company's fundamental goals remained essentially the same as they had always been – namely, to protect its “interests,” broadly defined, and preserve the status quo – its tactics underwent a major shift in the late 1920s and early 1930s. Two principal areas of change for the Company involved how it handled its newspapers and its workforce. In both cases the Company adopted a seemingly more benign approach in the service of its longstanding corporate ends.

By 1929, the Company had consolidated its network of Montana newspapers. Through its subsidiary, the Fairmont Corporation, the Company purchased a controlling interest in eight of Montana's daily newspapers, constituting a 55-60% share of the state's newspaper market. Instead of using its newspapers to hammer home political messages, as it had done with abandon throughout the 1920s, the Company papers now adopted an opposite tack and sought to eschew all controversy. It was at this time that the Company papers began to be widely known as among the blandest and most uninteresting reading fare in the nation, or simply as “monuments to indifference,” as historian Richard Ruetten called them. Political opponents generally were no longer attacked in the Company press; they were simply ignored, as were news stories unfavorable to the Company. “The great gray blanket” of the new, bland style of Company journalism descended over Montana in the early 1930s. It would not be lifted until the Company's sale of its newspapers in 1959.

Also in the 1930s the Company displayed a new style of dealing with its workers. In response to New Deal reforms that guaranteed collective bargaining and closed shop rights to unions, the Company backed away from the "mailed fist" approach to workers' unions that had characterized its dealings in the 1910s. Indeed, in 1934 the Company recognized in-house workers' unions for the first time since 1918, acceded to a number of union demands following the long strike of 1934, and even began to treat workers with greater respect and dignity on the shop floor. This is certainly not to say that the Company fundamentally changed its goals with regard to labor; it undoubtedly still wanted to extract as much work for as little cost from its workforce as possible. The Company recognized, however, that the changed circumstances of the New Deal environment required that it adopt different methods of dealing with its labor force.

In the wake of the return of young veterans from World War Two, the Company was faced with an emboldened union movement and a resurgent liberalism in the state. It responded to this challenge with a combination of accommodation and opposition. While treating its powerful unions with outward respect and even deference, the Company fought mightily to defeat many of their legislative proposals. For example, in the 1940s and 1950s the Company mounted major, effective campaigns to defeat union-backed legislation that would have increased the amount of benefits paid by the state's workers compensation system or that would have expanded the system to cover silicosis victims (in Montana, the bulk of these were former Anaconda employees).

While perhaps not as naked about its political preferences and activities as it had been in the 1920s, the Company still engaged actively in electoral politics in the 1929-59

period. These efforts also will be a focus of examination for this thesis. Of interest is the Company's apparently intense dislike for the ultra-liberal Montana Congressman, Jerry O'Connell (1937-39), which led to the collaboration with its onetime nemesis, Democratic Senator Burton K. Wheeler, in an effort to bring O'Connell's political career to an early demise. The Company also supported Wheeler's further efforts, during the late 1930s and 1940s, to purge the state's Democratic Party of such powerful New Deal liberals as Senator James A. Murray. In the late 1940s and 1950s, the Company continued to support conservative, generally Republican, candidates for statewide office, over their liberal and Democratic counterparts. In this early Cold War era, it often endorsed "red scare tactics" that portrayed such liberal icons as James A. Murray, Mike Mansfield, and Lee Metcalf as, at the least "unpatriotic," and at worst as downright "communistic."

The Company's early 1920s transformation from a very large Western copper concern whose assets were primarily located in one state, Montana, to a gigantic, vertically integrated, multinational corporation with intercontinental holdings, merits at least a brief discussion. In 1922-23 the Company, under the leadership of John D. Ryan and Cornelius F. Kelley, purchased first the Connecticut-based American Brass Company, the world's largest fabricator of non-ferrous minerals², and then the mammoth Chuquicamata copper mines of northern Chile, the world's richest copper mines. Through these purchases the Anaconda Copper Mining Company became the world's fifth largest corporation.³ The

² Isaac F. Marcossen, *This Is Anaconda* (New York, Dodd, Mead & Co., 1957), 168.

³ David M. Emmons, "The Price of 'Freedom': Montana in the Late and Post-Anaconda Era," *Montana: The Magazine of Western History* 44 (4) 1994, 66.

bold moves granted the Company a large permanent buyer for its copper, the American Brass Company, along with a way to add value to its raw product. At the same time, the purchase of a majority interest in the Chuquicamata mines appeared to guarantee that the Company never would run out of a source of inexpensively mined copper, just as its Butte mines were beginning to become increasingly expensive to mine profitably. Cold corporate logic might have indicated that this was the time for the Company to begin pulling out of "the Treasure State." Suddenly, the Company's geography had dramatically shifted. The Company might well have sold its increasingly less profitable Montana assets, and focused on its role as a global copper producer and fabricator. At the very least, one would think that the Company would have wanted to withdraw from the expensive and often messy field of Montana politics now that it had seemingly outgrown its native state. While it might have made good sense for the Company to battle tooth and nail with F. Augustus Heinze and W.A. Clark when the bulk of its assets were located in the Butte Hill, now that Butte and Montana represented but a fraction of the Company's holdings, such involvement in Montana politics seems to have been far less necessary. And yet the Company persisted on as usual in its intense political activities in the state. In 1924, the Company launched what may have been the greatest political battle of its history in its attempt to defeat Governor Joseph Dixon and the Metal Mines Taxation Initiative. In 1928, the Company again fought a major Montana campaign, this time to defeat Wellington Rankin's bid for the governorship. In a move that represents a growing, rather than a declining, interest in manipulating Montana's social and political culture, in the middle and late-1920s the Company was busily consolidating its control

over a majority of the state's daily newspapers. All of this suggests that in issues relating to its native state, especially those involving its politics, the Company took a parochial interest that was out of keeping with its status as a leading multinational corporation and the rationales that such corporations are supposed to follow. Through the 1950s, the Company apparently even tried to influence the outcomes of school board elections (and presumably other local elections as well) affecting the "Company town" of Anaconda.⁴ The most likely explanation for all of this appears to be that, despite the Company's New York headquarters and multinational status, its Montana-bred leaders from the 1880s-1955, Marcus Daly, John D. Ryan, and C.F. Kelley, maintained strong ties to the state and powerful desires to influence its politics. It does not seem coincidental that shortly following Kelley's death in 1957, the Company sold its Montana newspapers and was supplanted by the Montana Power Company as the state's leading political actor.

An interesting, unresolved question regarding the Company and its political clout in Montana concerns the issue of its supposed preeminence in all matters political. Was it, as some have contended, something akin to an "industrial dictator" in the state, able simply to snap its fingers and have its will done without question? Or was it more of a "first among equals," the leading actor in a shifting group of largely conservative, pro-business interests that shared a number of broad goals, such as maintaining low taxes on corporate incomes and keeping state regulation of industry to a minimum. There is evidence that those in the state who generally shared interests with the Company (e.g.,

⁴ Laurie Mercier, *Anaconda: Labor, Community, and Culture in Montana's Smelter City* (Urbana, IL, University of Illinois Press, 2001), 103-04.

bankers, large ranchers, and fellow mine and timber owners) did not have to be coerced into supporting Company-endorsed positions and candidates. If this latter scenario more closely resembles the truth than does the former, then it might be necessary to question whether in fact the Company really dominated state politics or if instead a loose coalition of pro-business conservatives (most certainly including the Company) did so. This thesis will attempt to shed some new light on this dilemma. In addition, the further issue of whether either "Company hegemony" or "conservative hegemony" over Montana politics really has existed, or if this is more of a myth than a reality, will be discussed.

The extent of "Company power" in Montana along with the ways in which it utilized that power, have been the focus of much discussion and debate among Montana historians. Indeed, there exists a rather rich historiographical tradition on these, and related, subjects. For years the dominant viewpoint was charted by Montana journalist Joseph Kinsey Howard and by University of Montana historian K. Ross Toole, writing from the 1930s-80s. The Toole-Howard thesis held that the state of Montana was essentially a thralldom of the giant Anaconda Co. The Company extracted the state's ores, exhausted its workers, despoiled its lands, dominated its economy, and ran its politics so that no challenge could ever upset its interests or weaken its hegemony over the state. The Toole-Howard thesis is an essentially negative critique of the Company's role in the state, a critique which holds the Company responsible for many of the social, political, and environmental ills that have befallen Montana. Beginning in the mid-1970s, Montana State University historian Michael Malone began to challenge some aspects of the Toole-Howard thesis. First, he argued that its picture of Montana as an Anaconda Co.

satrapcy was far too simplistic. Contending that the Company's domination of the state had never been so great as suggested by Toole and Howard, Malone reminded readers that the Company always had been forced to rely upon "fragile and awkward alliances with other corporate powers and conservative interest groups" to maintain influence in the state.⁵ As further evidence of the Company's lack of complete hegemony in the state, Malone recalled the consistent, and sometimes successful, efforts of the state's liberal farm-labor axis to elect candidates and score other electoral victories over Company opposition. Although Malone did not discount that the Company had wielded tremendous power in Montana, that it had generally proven victorious in its political battles, and that its efforts at times had sorely corrupted the state's politics, he disputed the Toole-Howard view of virtually complete, unchallenged Company dominance of the state.

In the 1990s University of Montana historian David Emmons staked out a position that went significantly farther than Michael Malone's. In fact, Emmons' position on the Company's relationship to the state represents virtually a complete reversal of the Toole-Howard thesis. Emmons refers to the state's "alleged subservience to ACM" and appears even to call into question the proposition that the Company once wielded great power in the state.⁶ He contends that accepting the Toole-Howard thesis has lured generations of Montanans into the "ultimate self-indulgence" of blaming all of their problems on "sinister outside forces."⁷ Moreover, Emmons argues that if such Company hegemony over Montana politics existed, the state should have been completely "liberated" into a

⁵ Michael P. Malone, *The Battle for Butte: Mining and Politics on the Northern Frontier, 1864-1906* (Seattle, University of Washington Press, 1981), 214.

⁶ Emmons, "The Price of 'Freedom' 71.

bright self-determining future in 1977, the year of the Anaconda Co.'s demise. Pointing to the state's rapid economic decline since the Company's exit, Emmons suggests that the state actually was much better off when the Company was actively operating than it has been subsequently.

This thesis falls somewhere in between the polar Toole-Howard and Emmons positions regarding the role and scope of the Company in Montana affairs. As such, it is stepping into the broad "middle ground" on these questions, territory that has been sculpted by Michael Malone. Much of the evidence in this thesis displays the extent to which the Company *cared intensely* about Montana politics and used its tremendous resources to gain its objectives in that arena. As cases in point, in both the gubernatorial elections of 1920 and 1924, the Company faced major party candidates whom it was determined to defeat, B.K. Wheeler in 1920 and Joseph Dixon in 1924. In both instances it deployed the many weapons in its arsenal to achieve its objective. Among the most prominent of these were: its newspapers, field agents, operatives and politicians in both parties, paid advertisements, its lawyers and lobbyists, paid speechmakers, and substantial amounts of cash. In both instances the Company prevailed by significant margins over able politicians with strong liberal support. Surely it is incorrect to suggest that the Company did not wield substantial power in the state of Montana. Perhaps the degree of that power was not as great by the 1950s as it had been in the 1920s; surely by the late 1960s the Company retained but a shadow of its former sway in the state. Still, the Company undeniably cared a great deal about Montana politics during the era under

⁷ Emmons, "The Price of Freedom," 67.

study in this thesis, 1920-59, and proved successful in the bulk of its political endeavors in the state.

This is not to say, however, that the Company exercised anything like “absolute sway” or complete “political hegemony” over the state during this period. Had such been the case, it is unlikely that the Company would have needed to rely as it did upon constantly shifting alliances with fellow conservatives, other large business interests, and sometimes even such “progressives” as Burton K. Wheeler and Joseph Dixon. Had the Company truly been the state’s “dictator,” surely it would have been able to defeat such patently adverse legislation as the 1924 Mine Metals Tax Initiative (I-28), but it could not do so. Surely the deeply conservative Company wished the defeat of such powerful liberals as Senators Thomas J. Walsh, Burton K. Wheeler, James A. Murray, Mike Mansfield, and Lee Metcalf, but all went on to long and distinguished Congressional careers. If Montana were truly but a “fiefdom” of the Company’s, then how does one explain the legacy of a long-lasting, resilient and sometimes successful opposition to its preferred policies and candidates? In examining the question of the relationship between the Company and the state of Montana, it does not seem accurate to portray the Company in either the Manichean terms of the Toole-Howard thesis or in the overly benign light of Emmons’ approach. This thesis, which stands firmly in the historiographical “middle ground” of the debate surrounding Anaconda Company-Montana relationship, seeks to carve out some new territory in which the Company’s *actual role* in Montana history can be better assessed.

This thesis also will touch upon, and in some cases delve fairly deeply into, a number of broad sub-themes. These include: the Company's use of its newspapers for political purposes and how that changed over time; the type and scope of lobbying efforts that the Company employed, both at the legislative and the grassroots levels; the sorts of issues and candidates on which the Company tended to focus its political efforts; how the Company generally dealt with its workers and how that shifted over time, and the ways in which the Company tried to influence social and intellectual trends and manipulate its own corporate image within the state.

Chapter One will offer a relatively brief synopsis of the pre-1920 background of Anaconda's political efforts and reputation in Montana. Its primary focus, however, will be upon the Company's role in the 1920 gubernatorial election and its subsequent battles with Governor Joseph M. Dixon over tax reform and other keystone policies during his 1921-25 term in office. Chapter Two will be devoted to the epic 1924 Montana gubernatorial campaign, which squarely pitted the Company and its allies against Governor Dixon and his cadre of supporters. Chapter Three focuses on the 1928, anti-Company gubernatorial bid of Wellington Rankin, along with the Wheeler-Dixon rematch in the Senate race of that same year. It also will examine in a more general way the Company's role in the 1929-1959 period in Montana political history. Particular attention will be paid to the Company's efforts to defeat such liberal politicians as Jerry O'Connell and Lee Metcalf, along with its various campaigns at the state level to derail such "liberal legislation" as the many union-backed bills and initiative efforts to expand

the state's workers' compensation system. The methods and discourse(s) employed by the Company in its political efforts both will be the subject of close study in this chapter.

POLITICS MAKES STRANGE BEDFELLOWS: THE ELECTION OF 1920 AND JOSEPH DIXON'S TURBULENT GOVERNORSHIP

In order to assess the relative role and scope of the Anaconda and Montana Power Companies' political activities in Montana during the 1920s, it is useful to examine the history of "the Company's" previous political activities in the state.⁸ This synopsis will aim for relative brevity and will attempt to detail only the most relevant events from the pre-1920 period.

The involvement of Marcus Daly and the Anaconda Company's unincorporated predecessor in Montana politics dates back to the 1880s. This decade witnessed the

⁸ I will commonly refer to the Anaconda and Montana Power Companies as "the Company" throughout this thesis. This term reflects both the way that the entities were broadly perceived in Montana and as their interlocking nature. In point of historical fact, however, it should be noted that the companies' relationship with each other changed over time, as the M.P.C. became increasingly independent of its onetime master. The relationship between the "Montana Twins" can be placed into three distinct phases, dating back to the Power Company's founding by Anaconda Co. chieftain, John D. Ryan, in 1912. In the first phase (1912-early 1930s), the two corporations appear to have really operated as "the Company," with interlocking Boards of Directors and fundamental Anaconda suzerainty over the power company. In the early 1930s serious rifts began to develop between the two over the issue of the non-supply of previously contracted power from M.P.C. to the Anaconda Company, due to ice caps on the Missouri River. Anaconda refused to pay for the non-delivered power. This dispute resulted in extensive arbitration and even litigation between the two companies. These disputes led to greater autonomy on the part of each of the companies, as each began to perceive the exclusivity of its own interests apart from the other's. The death of John D. Ryan in 1933 also surely eased the transition to a more independent relationship between the two companies. This marked the start of the second phase of the M.P.C.-Anaconda relationship (early 1930s - 1958). In this phase the companies still collaborated, for example, often working quite closely with one another to battle common political foes, but they also could have disagreements and each was largely free to pursue its own interests. A sign of the still-close ties between the two companies, however, is the fact that during this phase the companies continued to share the services of Anaconda's Legal Department, which handled both companies' legal and political efforts in both Helena and Washington, D.C. Of course, such Anaconda luminaries as Con Kelley, L.O. Evans, and Dan Kelly had worked in this Department. In a sign of the final split between the two companies, and of the achievement of real autonomy by Montana Power, the two severed their common legal department in 1958. Henceforth, M.P.C. would conduct its own legal and lobbying efforts with an in-house legal staff. This marks the beginning of the third phase in the companies' relationship (1958-1977) in which the two companies were fully independent of one another and pursued their own separate interests. By the late 1950s, with the demise of longtime Anaconda strongman C.F. Kelley and the sale of the company's Montana newspapers, Anaconda actually became a lesser force in the state than M.P.C. Although the two would still collaborate on issues of mutual concern, the true era of "the

convention resulting in the state's original constitution. At this convention, held in 1889, the state's mining interests, led by Marcus Daly and his fellow copper baron William A. Clark (who also served as Convention President), attempted to insure long-term financial protection for their industry by inserting a provision in the state constitution holding that mines could be taxed only upon their net proceeds. A previous constitutional convention had been held, in 1884. Interestingly, Clark and Daly also had played significant roles at this earlier convention, with Daly serving as a Silver Bow County delegate, and Clark serving as Convention President, as he would again in 1889. In 1884, as they again would five years hence, the two mining giants pushed for the adoption of a tax only upon the "net proceeds" of the mining industry. As some of Daly and Clark's fellow delegates complained, such a provision effectively tied the hands of future legislatures with regard to their options for sources of taxable revenue. They also pointed out that no other industry was offered such protection from taxation in the state's fundamental law. Despite these arguments, the mining interests carried the day and the "net proceeds" provision became part of the state's original 1889 constitution. The bonds of collegiality and collaboration between Daly and Clark were soon to wear thin, however, leading to the onset of the infamous "War of the Copper Kings."

In 1888, W.A. Clark decided that it was time to move on from his Montana-based, capitalist empire to bigger and better things. He yearned for high political office and had set his sights upon becoming Montana's territorial delegate to Congress (Montana would

Company" in Montana history was at an end. Source: Jack Burke [longtime Montana Power Co. executive], telephone interview by author, 6 February 2003.

achieve statehood the following year). At the time, the state was strongly Democratic and following his nomination by the party, there is little wonder that Clark felt that his election to the coveted post was imminent.⁹ But on November 10, 1888, the returns reduced Clark's certain victory to ashes. Strangely, such normally Democratic strongholds as Butte, Anaconda, and the western Montana lumber towns had reported unusually high vote tallies for the Republican candidate, Thomas H. Carter. Clark immediately thought he "smelled a rat," for Butte, Anaconda, and the western lumber communities also happened to be strongholds of Marcus Daly's Anaconda Company. Clark vehemently accused his fellow-Democrat, Daly, for having engineered his defeat. Although Daly denied having played any role in Carter's victory, it is almost certain that Daly used his position and clout as the head of Anaconda to thwart Clark's initial bid for Congress.¹⁰ Regardless of Daly's reasons for acting as he did in this matter, W.A. Clark certainly was not the type to simply "forgive and forget." The ensuing "war" between the two copper giants would dominate the state's political life for the next dozen years.

⁹ The dominant Democratic Party was itself dominated at the time by the state's industrial elite, which included not only Clark and Daly but also Sam T. Hauser and C.A. Broadwater.

¹⁰ K. Ross Toole, "The Genesis of the Clark-Daly Feud," in *Montana's Past: Selected Essays*, eds. Michael Malone and Richard Roeder (Missoula, Mt.: University of Montana Press 1973), 290. Toole suggests that Daly's reasons for secretly opposing Clark had to do, not with the oft-discussed personality conflicts between the two men, but with Daly's far more practical concern that the Republican Carter be elected to deal with a likely Republican President (Benjamin Harrison) over timber cutting issues that were of vital importance to Anaconda's bottom line. In a more recent examination of the 1888 election and the genesis of the Clark-Daly feud, Western historian David M. Emmons suggests a different explanation. He asserts that ethnic rivalries played a fundamental role in the election, suggesting that the Scotch-Irish, "Anglophilic" Clark alienated the traditionally Democratic "Irish vote" to such an extent that it naturally defected to the Republicans in 1888 to vote for their fellow Irish Catholic, Thomas Carter. Emmons asserts that Daly did not need to "instruct" his Irish Catholic workers to vote for Carter, that Clark's ham-handed dealings with their community more than convinced both Daly and his fellow Irish Catholics to support Carter. See David M. Emmons, "The Orange and the Green in Montana: A Reconsideration of the Clark-Daly Feud," in *The Montana Heritage: An Anthology of Historical Essays*, eds. Robert R. Swartout, Jr. and Harry W. Fritz (Helena, Mt.: Montana Historical Society Press, 1992), 149-70.

The next major battle to pit the two mining giants against one another came in 1894, and concerned the naming of Montana's capital city. By now the state was divided politically into Daly and Clark camps.¹¹ Daly's supporters championed the bid of the town of Anaconda, which Daly had founded as a smelter town. Clark and his supporters backed Helena. The battle was fierce and very expensive. One estimate holds that, all told, about \$1.5 million was spent on the campaign. Clark alleged that Daly spent over a million dollars; Daly responded that it had only been about \$350,000. In the end, Helena won out in a very close popular vote over the smelter city. One of Clark's chief, and perhaps most persuasive, arguments had been that a vote for Helena was a vote against domination of the state by a single corporate entity (i.e., Anaconda). Thus began a long tradition of populist or pseudo-populist, "anti-Company" politics in the state, ironically launched by a wealthy, conservative capitalist who essentially shared Daly's political philosophy. Although Clark's anti-Company argument undoubtedly played a significant role in the town of Anaconda's defeat in the capitol fight, as Western historian Michael Malone has written, "...beyond a doubt, it was only the free spending of Clark and [Samuel T.] Hauser that saved Helena from Daly's onslaught."¹² This points to the rise of another long-lasting trend in Montana politics: the tendency of free-spending mining interests to skew the state's political culture.

In 1899-1900 the Daly and Clark forces waged another round of their epic battle. This time the issue concerned Clark's efforts to fulfill his obsession of becoming a U.S.

¹¹ K. Ross Toole, *Montana: An Uncommon Land* (Norman, Ok.: University of Oklahoma Press, 1959), 182.

¹² Malone, *Battle for Butte*, 104.

senator, and once again, Montana was the backdrop for a huge, expensive political drama. According to Michael Malone, the contest would become infamous as, "one of the most remarkable, most sordid political spectacles in the history of the United States."¹³ By this time Anaconda had acquired and developed a substantial newspaper, the *Anaconda Standard*; to rival Clark's *Butte Miner*. Determined to best Clark's *Miner*, Daly hired a "capable" and experienced, Yale-educated journalist named John H. Durston to mold the newspaper. According to Montana historian Michael Malone, "...Durston made Daly's *Anaconda Standard* into the state's best newspaper."¹⁴ As the campaign progressed it became clear that both sides would deploy the papers as political weapons. At the time the state legislature selected Montana's U.S. senators and the *Standard* began busily spreading reports that Clark's agents were bribing legislators. Indeed, in Helena rumors abounded regarding Clark's willingness to spend freely to achieve his political objective. It was said that Clark intended to "lay out \$1,000,000, if necessary" to get elected and that legislators individually could make "a cool \$10,000" if they would come

¹³ Malone, *Battle for Butte*, 111.

¹⁴ Michael P. Malone, Richard B. Roeder, and William L. Lang, *Montana: A History of Two Centuries* (Seattle, University of Washington Press, 1991), 367. The *Standard* would become the first of many "Company newspapers" in the state. By the late 1910s, the Anaconda Company exercised effective control over a number of other Montana dailies, including the *Missoulian*, the *Helena Independent*, the *Livingston Enterprise*, and the *Billings Gazette*. The *Butte Miner* and the *Great Falls Tribune* were independently owned at that time, but both were quite conservative and usually sided with "the Company" on political questions. Together, these Company-owned, Company-influenced, and Company-allied newspapers were commonly referred to as the "interlocking press." By 1929, the Anaconda Company had purchased outright eight Montana dailies and commanded 55-60% of the statewide newspaper circulation. The Company controlled this in-state newspaper empire through its subsidiary, the Fairmont Corporation, until 1959 when it sold its Montana newspapers to the Lee Newspaper chain. In the course of this thesis, I will sometimes use the term "interlocking press" to refer to the Anaconda-owned, -influenced, and -allied newspapers of the state, particularly of the pre-1929 era. The term "Company press" will be used specifically to refer to those newspapers that were owned outright by the Anaconda Company, and often will be employed in reference to Anaconda's newspaper empire circa 1929-59. For more information on the subject of Anaconda's newspapers, see Malone, Roeder, and Lang, 366-69.

to terms with the senate-obsessed tycoon.¹⁵ Then came the real shocker. A state senator, Fred Whiteside, rose on the floor of the legislature and produced four envelopes containing \$30,000 in currency. He claimed that they had been given to him by agents of W.A. Clark, for the purpose of buying his' and four other legislators' votes. The newspapers now each went into high gear, with the *Standard* trumpeting that "Clark's bribers" had been "caught red handed" and the *Miner* reporting that the "Daly crowd" had sprung "a damnable conspiracy" upon the good Mr. Clark. In the statewide press war that ensued, the Clark forces appeared to gain the upper hand, as "the large majority of Montana papers defended Clark and disparaged his accusers."¹⁶ Even Senator Whiteside's hometown newspaper, the *Kalispell Inter Lake*, joined in the widespread attack on him. This trend in the press apparently owed to the Clark forces' skillful cultivation of the media in the months preceding the legislative session. According to Malone, "During the months prior to the opening of the legislative session, the Clark people had carefully groomed the state press, subsidizing and investing in some papers and even treating editors to free "informational" trips to Helena."¹⁷ Meanwhile, a grand jury was selected to investigate the whole affair and balloting for the senate seat continued. The Daly forces were shocked when the grand jury reported that there was not enough evidence to return an indictment against Clark; eighteen days later Clark was elected to the Senate.

¹⁵ Malone, *Battle for Butte*, 113.

¹⁶ *Ibid.*, 116.

¹⁷ *Ibid.*

Although Clark appeared to have bested Daly in the third round of their struggle, Daly was not done yet. Although gravely ill in New York, Daly began a fight to have Clark removed from his Senate seat on the grounds that he had obtained it through fraud. He had the Anaconda Co. hire a detective to dig up evidence against Clark. Extensive hearings were held by the Senate's Committee on Privileges and Elections. In the end, the Committee reported against Clark, and on May 15, 1900 he resigned from the Senate. Clark, however, had one final trick up his sleeve. While the pro-Daly governor was out of state, Clark arranged for the lieutenant governor, a Clark loyalist, to appoint him to fill the Senate vacancy that had just been created by his own resignation. The pro-Daly governor, Robert B. Smith, was informed promptly of the plot. He rushed back to the state, and rescinded Clark's appointment. At this point, W.A. Clark's desperate bidding for a senate seat appeared to have been forever thwarted.

Enter F. Augustus Heinze, the third leg of the triangle in the famous "war of the copper kings." Heinze, who has been alternately described as a "buccaneer," an "adept pirate," and an "industrial desperado," would employ a clause in federal mining law known as the Apex Law to challenge Anaconda's claim to much of the Butte Hill, at the time the source of its vast copper riches. Heinze also would use his powerful oratorical abilities to appeal to miners' resentments of Anaconda and to widespread public suspicions regarding Anaconda's new owners' (i.e., Amalgamated's) ties to the much-dreaded Standard Oil monopoly. In the young Heinze, Clark spied an effective means of striking out at his old nemesis, Marcus Daly, along with his empire, the Anaconda Company. Thus was the Clark-Heinze alliance born. The "odd couple" of Clark and

Heinze proved to be unusually effective when working in harness. Malone writes, "Clark and Heinze formed an unlikely team: the former graying, trim, and reserved; the latter stocky, young and brash. But each brought strengths to the alliance."¹⁸ In 1900, the duo attempted to appeal to workers and undercut Daly's longstanding popularity with them by enacting the eight hour day in their mines. To Clark's *Miner* was added the stridently anti-Anaconda voice of Heinze's own *Reveille*. The goal was the election of a pro-Clark legislature that fall. Of course, Anaconda struck back, setting up a large "war fund" and using newspapers all over the state to disseminate their message, but with Daly now dying at the Netherlands hotel in New York, they were somewhat slow to respond. In November an overwhelmingly pro-Clark legislature was elected. Clark's election to the U.S. Senate was finally guaranteed, as Daly well-knew. Five days later Daly died.

With the death of Daly and his election to the senate, Clark's reasons for cooperation with Heinze largely vanished. Not surprisingly, both Clark's alliance with Heinze and his opposition to the Company began to diminished substantially at this time. Anaconda was now free to train its full fire upon the upstart Heinze. The fight between the Company and Heinze was played for very high stakes, indeed: control of the enormously valuable riches of the Butte Hill. It would be fought in the courts of Butte, at the bar of public opinion, and ultimately, at the Montana Legislature. Heinze's ultimate "ace in the hole" during this struggle was his control of Butte's two state district court judges, who consistently ruled in Heinze's favor in his Apex suits. Amalgamated attempted to remedy the situation by attempting to buy away, and then failing that, to blackmail, one of

¹⁸ Malone, *Battle for Butte*, 149.

Heinze's judges, Judge Edward W. Harney.¹⁹ The Company's efforts to end Heinze's control of Butte's local judiciary proved unsuccessful, however, as Judge Harney spurned their overtures. The Company then decided to pursue political avenues in its pursuit of an end to the problems caused by Heinze. According to Montana historian K. Ross Toole it was at this time, in the 1901-03 period, that Anaconda began to develop into a powerful political force throughout the state. Toole writes that the Company "began to extend its influence to nearly every state and county official, with particular emphasis on legislators...But Amalgamated did not ignore judges, sheriffs, county commissioners, and assessors. It began to develop a vast, state-wide political network."²⁰

But Heinze would not simply "go away" without a fight. His anti-monopoly, pro-worker rhetoric and spellbinding oratory had made him a political force to be reckoned with. He was particularly popular with the miners of Butte, even though 75% of them worked for Amalgamated. In the "newspaper wars" between the opposing sides, Heinze was severely outgunned, however, as he was in all questions of resources. He had only the *Reveille*, while the Company had just purchased a statewide network of papers to go along with Daly's old *Anaconda Standard*.²¹ In the end, though, Anaconda used its economic might to achieve its political goals. On October 22, 1903, it announced the closing of all its enterprises in Montana except its newspapers. As a testament to the company's economic clout in "the Treasure State," within a week four-fifths of the state's

¹⁹ Toole, *Uncommon Land*, 202-04.

²⁰ *Ibid.*, 205.

²¹ *Ibid.*, 112. In order to more effectively win public opinion to their side in their battle with Heinze, Amalgamated purchased all of the daily newspapers in the state but one. It sold off all of these papers except the *Anaconda Standard* following Heinze's departure from the state in 1906.

wage earners were unemployed. Not surprisingly, in response to this devastating show of economic force, the state's political actors came to heel. On October 31, the Company gave its terms for a resumption of business in the state, demanding passage of a "Fair Trials" law that would "provide for the simple disqualification of a district judge upon charge of bias by a litigant and would allow for bringing in another judge to replace him."²² Michael Malone writes of this Company move, saying, "This, of course, was blackmail; for only after the legislature pulled the fangs of Heinze's judges would Amalgamated put Montana back to work."²³ The Governor, Joseph K. Toole, reluctantly called a special session of the legislature, which then quickly passed the desired legislation. With passage of this act, Heinze's only source of real leverage over the Company was stripped away, and he was essentially defeated. Although he remained on to conduct rearguard actions against the Company for a few more years, the "mining buccaneer" eventually realized his defeat. He left the state in 1906 after selling the *Reveille* along with his mining assets (and the consequent dropping of roughly eighty pending lawsuits) to the Company for \$10 million. In addition to its victory over a pesky challenger, the Company had made a vivid demonstration of its willingness to use its raw economic might in order to achieve its political ends.

With the departure of Heinze, the turbulent "copper kings' war" was at a close. For Anaconda, this meant that the consolidation of all mining activities on the Butte Hill was an achievable near term goal. It also meant the emergence of its status as Montana's

²² Malone, *Battle for Butte*, 177.

²³ *Ibid.*

unchallenged industrial giant, a position the Company would retain into the 1950s. Instead of focusing its energies on "protecting its turf" in Montana, Anaconda now could focus upon expanding its industrial empire around the country and, indeed, throughout the world. But the Company would never forget the lessons it had learned from its wars with Clark and Heinze, the chief one of which was never to take the political situation of its native state for granted.

The departure of Heinze certainly did not signal the end of the Company's political battles in its native state. Indeed, the Company would face numerous additional political challenges in Montana over the years. Often the most heated of these contests involved direct electoral or legislative challenges to the Company's prerogatives in the state or to its "bottom line," generally speaking (e.g., Joseph Dixon's efforts to repeal the "net proceeds" tax on mines in the early 1920s). But the Company also was notable for its consistent involvement in Montana elections ranging from the school board and city council races in "Company towns" (e.g., Anaconda and Great Falls) to those for the U.S. senate and house. As a rule, the Company became involved in all local and state elections that promised to have an important bearing on its interests. It almost universally supported candidates who could be labeled as "conservatives" over those who would be classed as "liberals" or "progressives," although at times the Company found it expedient to make temporary alliances with such prominent "progressives" as Joseph M. Dixon, Thomas Walsh, and Burton K. Wheeler. Generally though, the Company preferred conservative candidates from either political party (this was particularly true for powerful in-state positions such as Governor) who favored little government regulation of business

or involvement in the economy, low taxes, and little if any interference in the relations between management and labor. Naturally, maintaining a laissez faire economic system was in the Company's own self-interest, and it would endeavor to preserve as much of this late 19th Century system as it could for as long as possible. The state's political liberals and progressives, on the other hand, tended to favor such measures as: government regulation of the economy and big business as a means to protect workers and consumers, a progressive tax system and the equalization of the tax burden so that all paid their "fair share," the right of workers to form unions and to bargain collectively with employers, and the conservation of scarce natural resources as an aspect of protecting the environment. Such attitudes placed the state's progressives and liberals squarely on the opposing side of the Company's position on most significant policy issues. Thus it is not surprising that the Company tended overwhelmingly to support conservatives and oppose liberals in its electoral activities.

In addition to its focus on electoral activities, however, the Company also displayed an interest in the state's social and intellectual climate. Always on guard for outbreaks of any sorts of "radical" thought in the state, the Company was particularly concerned about the "menace" of "socialist" or "red" thinking. Particularly after the 1918 Bolshevik Revolution, the Company employed "red scare" tactics to tar many whose liberal or progressive ideas threatened its corporate interests with the brand of "communism," while always making sure to align itself squarely on the "patriotic side" of any question. Always keenly aware of the importance of the battle for public opinion in its efforts to maintain the status quo in the state – this was undoubtedly a major reason for Anaconda's

involvement in the newspaper business – the Company was not about to cede control of the state’s political discussion agenda to “the liberals” without a fight. It tended to be particularly watchful of the state’s universities, perhaps owing to their relatively unfettered intellectual environment and “truth-seeking” mission. The Company undoubtedly did not wish to see studies, papers, or ideas challenging Company interests put forth by “impudent college professors.” Once advanced, such ideas could develop popular support, and might even end up as proposed legislation. From the Company’s standpoint, it undeniably was preferable, if possible, to “nip such things in the bud,” much in the same way that it was preferable to discredit a politician or newspaper editor as a “radical” or a “communist” (e.g., “Bolshevik Burt” Wheeler), or to blacklist a radical union organizer so that he could not join the company’s workforce. It is in this sense that the Company’s general involvement in the social and intellectual currents of the state, and specifically its role in the “Levine affair” at Montana State College (now known as the University of Montana), will be discussed.

Another “political issue” that was always of principal importance to the Company, but which did not directly involve electoral politics, was the issue of its labor relations. The Company employed many thousands of workers in the state; the relative power and stridency of its workforce constituted a fundamental “bottom line” issue for the Company. A strong, demanding unionized workforce could force labor costs to rise greatly for the Company, eroding profits and distributions to shareholders. In addition, the Company undoubtedly realized that the base of the state’s liberal movement traditionally came from Company workers. If the company’s unions were strong and

effective, this would energize the state's liberal political classes. The Company then likely would be forced to deal with a more potent and demanding liberal movement at the statewide political level. Clearly then, the Company had a vested interest in keeping its unions relatively weak and quiescent, or broken up altogether. From 1914-18, the Anaconda Company faced severe labor unrest, primarily centered in Butte, which resulted in the blowing up of the Miners Union Hall and the imposition of martial law in that city, and ultimately in the destruction of the company's vaunted unions. The Anaconda Co's. workers would not regain their unionized status until New Deal reforms led to their reacquisition of collective bargaining and closed shop rights in 1934. The New Deal and the post-World War Two era brought a resurgent unionism to the Anaconda Company's workforce, and also manifested itself in a potent post-war liberal movement in the state. The Company's efforts to alternately control, intimidate, appease, and co-opt its labor force are yet another aspect of its "political activities" and, as such, will be another focus of this thesis.

In 1910, the Company and its conservative allies, which included their old friend senator Thomas Carter, worked to ensure the defeat of Thomas J. Walsh, an independent-minded, progressive Democrat who was running for one of Montana's U.S. Senate seats. In 1912, the Company and its conservative friends were faced with a difficult situation, as the Republican Party split between its progressive and conservative factions and the Democrats nominated Walsh. The conservative Republicans managed to nominate Henry C. Smith, while the Progressive Party nominated the sitting Republican senator, Joseph M. Dixon, as their candidate. With the Progressive Party's "radical" positions (one of its

slogans was “Put the Amalgamated out of Montana Politics”), Dixon was clearly the candidate who most worried the Company in 1912. Evidence of the Company’s “concern” about Dixon can be seen in its 1912 purchase of a daily newspaper, the *Missoula Sentinel*, which then was employed as an anti-Dixon organ.²⁴ Moreover, as Anaconda no doubt was aware, it was most likely that the Republicans would split their votes and that Walsh would win the senate seat, regardless of what was done. Thus it is probable that the Company did not actively oppose Walsh following his Democratic nomination in 1912, viewing him both as the likely winner and as the “lesser of two evils” compared with Dixon. In any event Walsh did win the election and became a senator in 1913.

In 1917, the issue of tax equalization, the subject that would become the focus of Governor Dixon’s conflict with Anaconda a few years later, came to the fore in the state legislature. In 1916, the state Republican Party platform, echoing Dixon’s Progressive Party platform of 1912, called for reform of the state’s tax structure and threatened a constitutional amendment if legislation to such effect was not passed. The following year the legislature, facing a large deficit and seeking new sources of revenue, appointed a Tax Investigation Committee. The Committee issued a report which showed that although the mining industry’s gross proceeds in Montana were nearly double that of farming, the second largest industry in the state, the mines paid only 8.79% of the taxes paid by the state’s industries while farming paid 32.14%. The Committee concluded that “the large

²⁴ Dennis Swibold [University of Montana Professor of Journalism], telephone interview by author, 7 January 2003.

mining companies, the Hydro Electric Companies and the Pullman Car Companies are not paying their proportionate share of the state's taxes."²⁵ The Company immediately spun its legislative lobbying and public relations operation into action to oppose any tax increase or change in the net proceeds taxation formula for the mining industry. Not surprisingly, the Committee report was not published in the Company-owned newspapers. Several proposed tax reform bills were all defeated easily in the legislature.

At about the same time, the Chancellor of the Montana University System, Edward Elliott, decided to try to do something about the perennial shambles of the state's university budgets. Believing that fundamental reform of the state's tax system was required if the university system was ever to be funded at anywhere near adequate levels, he asked a talented young economics professor named Louis Levine to make a study of the state's entire tax structure with an eye to making recommendations for reform. Dr. Levine, who was then a professor at Montana State University in Missoula (since renamed the University of Montana), agreed to make the study for Chancellor Elliott. After studying the state's tax structure, Levine concluded that the exemption on the taxation of the mining industry's gross proceeds was at the heart of the state's revenue problems. In the spring of 1918, at the Farmers Tax Conference in Lewistown, Levine presented his case for tax reform and for an increase of taxation levels for the mining industry. Unluckily for him, and for Elliott, Anaconda had sent some of its "heavy hitters" to the Conference as well: L.O. Evans, its Chief Western Counsel, Dan Kelly, its

²⁵ K. Ross Toole, *Twentieth Century Montana: A State of Extremes* (Norman, Ok.: University of Oklahoma Press, 1972), 209.

General Counsel, along with the Company's close ally, attorney and Democratic politico J. Bruce Kremer, a member of the State Board of Education. A few months later, on June 18, 1918, at a regular meeting of the Board of Education, Kremer demanded the investigation of two University professors who were "espousing socialism." One of these professors was Louis Levine. In mid-November Levine presented the first draft of his monograph, "Taxation of Mines in Montana," to Chancellor Elliott. The paper contained a strong endorsement, in the form of a forward, by Montana State University's President Sisson.

Soon thereafter, however, Elliott became aware that major political forces in the state were shifting against both him and the Levine study. Governor Samuel Stewart, viewed as a strong supporter of the Company, asked Elliott why the investigation of Levine's politics had not been pursued and also asked fellow Board of Education Member J. Bruce Kremer to present his evidence against Levine at the next Board meeting. In the following months, Kremer continued to keep up the pressure against Levine's "socialistic ideas" and also against the University that had been an apparent seedbed for such ideas. Chancellor Elliott now began to shift his stance regarding the publication of Levine's monograph. First, he informed Levine that the publication could not be printed by the University Press. Later, he strongly tried to dissuade Levine from publishing the monograph independently. Levine went ahead and did so anyway, however, and in

February 1919, the Chancellor suspended Levine "for insubordination and conduct prejudicial to the interests of the University."²⁶

The suspension of Professor Levine brought widespread national attention to the Montana University System, Montana politics, and naturally to the Anaconda Company, which many believed had a hand in the "Levine affair." Realizing that this publicity was causing people to read Levine's work, the Company press initiated a sudden silence on the whole subject. National publications such as *the New Republic*, *the Nation*, and *the New York Times* supported Levine's research as serious, solid and highly qualified (albeit somewhat dull as reading material) and painted the case as one of academic freedom versus the bullying tactics of a self-interested corporation and its political minions. New pressures mounted on Chancellor Elliott as the American Association of University Professors (AAUP) and a state senate committee both prepared to investigate Levine's suspension. In addition, some of the nation's leading authorities on taxation chimed in with their support of Levine's monograph. The state Senate Investigating Committee soon reported that there was no evidence that Levine, or any University System faculty, "taught socialism." In the spring of 1919 both a Montana State University service committee that had been appointed to investigate the Levine suspension and the AAUP investigating committee made their reports. Both committees strongly condemned the Levine suspension and criticized the Board of Education's policy that forbade faculty members from participating in public controversies. Implicit in the AAUP's report was the "blacklisting" of the University if Levine were not reinstated. All of this pressure was

²⁶ Toole, *State of Extremes*, 215.

