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Yugoslavia

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June 15, 1939.
9:30 a.m.

Present: Mrs. Klotz
Mr. Bell
Mr. McReynolds
Dr. Haas
Dr. White
Mr. Duffield
Mr. Foley
Mr. Graves
Mr. Gaston

H.M.Jr: Why do you think those fellows wanted to arrest her? (Marlene Deitrich)

Graves: I don't believe he wanted to arrest her. It was her husband who is an alien. As an alien, he could have been detained pending the outcome of this. As a matter of fact, Cahill intended to get a warrant from the Customs but couldn't find, in the few minutes that he had available, any United States Marshall so he went down to arrest this man without a warrant and her lawyers prevented anything of that kind.

Foley: He called me at 4:30 and said he just came from the pier. He was disturbed because the Treasury was insisting on whose authority he had done this. He said he assumed the full responsibility for refusing to execute that order and was protesting mildly about the fact that he had no notice. He said he went up himself because he didn't want to trust any of his subordinates in having to carry out that suggestion on the part of the Treasury.

Graves: I didn't know it came from anybody in the Treasury.

Foley: I told him I didn't know anything about it and I hadn't heard anything about this.

H.M.Jr: It is just a matter of curiosity. Just so you might be - just to keep our records clear.
Graves: You mean find out exactly what happened?

H.M.Jr: Yes.

Foley: He said he wasn't making any claim. He said I could tell the Secretary that he didn't want it generally known that he wasn't criticizing Jim Hoey but he was putting it up to him that he didn't think the request was justified.

Graves: I will get a report.

H.M.Jr: I think so.

Graves: Mr. Hoey was very anxious to deal with this case because aliens frequently try to leave the country without satisfying their tax liability and he was afraid if these people were permitted to leave without any action, that would make his job just that much more difficult. He's correct about that.

Foley: Apparently she had a man by the name of Jaffey who was from Sol Rosenblatt's office. Jaffey was there. He had his talks only with Jaffey. He kept in the background and aloof because he was afraid of the publicity and the kick-back.

Gaston: Yes he was thoroughly afraid about that.

H.M.Jr: He is so afraid he won't get it.

Graves: In addition to the jewelry valued at somewhere between $75,000 and $100,000 some arrangement was made to qualify these attorneys to deal with her real estate on the Pacific Coast.

Foley: I asked John who had the jewelry and he said the agent had it. They turned the jewelry over to one of our agents.

Graves: The Collector has that in his safe.

Foley: They will have to be careful.
Graves: They had a conference about that yesterday afternoon - the results of which I don't know yet - fixing up an agreement to dispose of the jewelry.

H.M.Jr: Foley didn't tell you (Graves) that when Cahill called him up he said he (Foley) hadn't been consulted - Harold Graves was handling it personally.

(Laughter)

Foley: I simply told him I hadn't applied for the order of arrest and knew nothing about it.

Bell: And wouldn't. (Meaning - "and wouldn't" apply for the order of arrest.)

Graves: As a matter of fact what happened was this. MacQuillan called on her and said that Hoey had it in mind to do something about a pending agreement and we told MacQuillan that he should do nothing except on the advice of the United States Attorney.

H.M.Jr: O.K.

Mac, here is a letter from Ned Bruce to Mrs. Morgenthau in which he says that only part of the 80 art projects are receiving 1%. You might make one more effort. Give me an answer tomorrow morning.

You are going to be here when Keeshin comes?

McReynolds: Yes

H.M.Jr: And you?

Lochhead: Yes.

McReynolds: Chen was here. I just saw him outside.

H.M.Jr: Chen?

McReynolds: Yes.
We received a letter from the Reardon Furniture Company in Albany saying they are going to have an anniversary sale and they want to give purchasers United States Savings Bonds. Of course, they couldn't buy them direct and transfer them. I don't know whether that has ever been up before but Mr. Sloane has written a letter saying we can't permit the use of United States Savings Bonds in advertising campaigns.

All right. Tell them to use silver dollars instead.

(Laughter)

There have been a number of cases in which savings bonds have been used as prizes and we can't prohibit their use where they, for instance, give a check for the purchase of a bond in the name of the winner. They can do that. We can't stop that.

While we're talking about seizures - what about Customs?

Irey's boys are making a complete report. That thing is different from every Customs report and we get three or four different persons from different places. I gave Irey a special project of making a complete report and what happened to seized - Customs seizures - any connection with who sold it or what the limitation was.

Harold, when I first came in we checked up all the Internal Revenue agents in New York. We had to drop one out of four - they were in the stock market - one thing or another which they shouldn't be. I don't know whether that is done every year. If it isn't, it would be a good idea to do it again. No Revenue Agent should examine the same person's books two years running. We took 100 people in New York and found that in four or five years running the same man examined his books. It is unfair to the man to disclose his revenue.
Graves: That is a policy that has been departed from in recent years.

H.M.Jr: We found, in J. P. Morgan's case, the same man examined their books for four years running.

Now this moving picture case, he was examined by more than one agent.

When does the new Deputy come in?

Graves: The 17th

H.M.Jr: When he comes around I would like to meet him.

Graves: He will be here on the 1st of July on duty.

H.M.Jr: Where is Joe Cotton?

McReynolds: I presume he will be in my office. Did you make a definite arrangement? He said he was to report for work this morning.

H.M.Jr: What I want him to do is to be an understudy of Archie. Archie is to break him right in.

McReynolds: He telephoned this morning and will come to my office.

H.M.Jr: Are you through, Dan?

Bell: Yes. Well, that is all for the moment.

H.M.Jr: I saw in the paper that the loan comes due on July 1st.

Bell: Yes - Home Loan Banks and they will see that for they want to sell 10 million of governments. They have got about 35 million in cash to pay for.

H.M.Jr: Just out of curiosity how will you draw your salary?

Graves: I will draw it as Deputy Commissioner.
H.M.Jr: Then you are off my payroll?

Graves: I am on the regular payroll.

McReynolds: As a matter of fact, Revenue has been paying his salary ever since he has been on this revenue job.

Graves: There is one other thing I want to report to you. Mr. Wenchell and Mr. Irey have now gone over in detail this memo on Bioff and we are going to be ready to send that to Customs Monday as you asked.

H.M.Jr: Now on that case I may want to write a letter of recommendation. I think that is low-down stuff. I mean I am very much inclined in that case to write a letter recommending criminal prosecution.

Foley: I don't know. If it will be tied up to the bribery charge you ought to write a letter but if we can't tie it up to that then it is just an income tax matter.

H.M.Jr: If it is a hundred per cent bribery case I want to do it, but only if you say there is a hundred per cent chance of winning it.

Graves: Mr. Wenchell and I were planning to meet again this afternoon.

H.M.Jr: Let Hanes see it before it comes to me.

Lochhead: Exchange slightly uneasy - not on the Far Eastern thing but on those Czecho notes. The volume is not creeping up.

H.M.Jr: Anything on what the English will do in Tientsin?

Lochhead: There was an article in the New York Times this morning that the English will back down. They are not going to do anything in the Far East.

Dr. White: You asked to have this matter raised which is referred to in the letter of the Minister of Finance from Canada. He indicates that they are very happy to co-operate with you and do at least as much as the British have already done and if there are any further suggestions that you have with respect to any further regulations they would be very happy to consider it.
H.M.Jr: You people prepare an answer for my signature to-day and also write a letter, sending a copy of the letter, to the President and to Mr. Hull. I would like to get that off.

Dr.White: I think this might be pushed further by discussion. There are certain things that Canada could co-operate on. He apparently is desirous of going forward with it so rather than wait until the matter becomes more acute it is my request further discussions be had with him for something specific.

H.M.Jr: He might want to send someone down here or we could send someone up there.

Dr.White: If you could spare a few minutes sometime tomorrow to discuss the Japanese-Chinese situation as it might affect us - it could go over to Monday.

H.M.Jr: 2:30 to-day. For instance, on a thing like that wouldn't young Cotton sit in on that?

Dr.White: Yes, we should have him - you never know what turn it will take.

With reference to your previous remark, it is being said about that England is using these developments as a further appeasement in Europe. They are afraid of Germany and so they have to settle their affairs with Germany first.

H.M.Jr: Germany might have asked Japan to bring a little pressure to bear.

Lochhead: That Times article is good.

H.M.Jr: I'll read it.

Haas: I have never informed you on that matter that Lubin had talked with Miss Lonigan - I mean someone was there but not Lubin and the material is there but it will take a week to tabulate four thousand items.

H.M.Jr: Keep Cotton informed on that scientific information.
Haas: He has already given me some information.

(Laughter)

Gaston: About balancing the budget?

(Laughter)

Bell: That's not scientific.

H.M.Jr: That was a very good report on the business situation this week. The automobile situation is really quite encouraging.

Haas: Potentially, it looks very good. They were in a quandry just what to do for fear they would get in that situation. Stocks are going down. This foreign situation is dragging our situation.


Haas: I'd like to.

Duffield: I have one or two little things I would like to talk to you about.

Gaston: The stage is set for Finland. The installment has already been paid in New York.

H.M.Jr: He is just going to have a piece of paper. He has only been here a short time and in that time he has gotten himself better acquainted with all of us people. We will give him a little show.

Klotz: It's time.

Gaston: The check was delivered to the Federal Reserve Bank this morning.

H.M.Jr: (To Bell) Put the check in your vest pocket.

I was sitting with the Russians last night. They were talking in about six different languages - Czech, Swedish, French, etc. Key Pittman was sitting right across the way from me. They were talking all these languages that Mrs. Steinhardt talks. Key Pittman asked her to say in Russian, "I love you". She looked him right in the eye and said, "I LOVE YOU".
Incidentally, he only has 16 votes.

Senator Wagner called me up and said the bill was coming on the floor Monday.

They reported it out.

Maybe after six years we will find out what the policy is.

I think the Treasury ought to be represented. We might take it up with Senator Wagner.

It is the Senate Committee.

Well you and Cy Upham would make an ideal pair.

It would have to be a loan of some sort.

Well keep after me.

Warren Pierson called up and said he didn't have anybody to draw papers so I took the liberty of helping him out. The cut-off date on Italian silk is the 21st of June. This would be the first free day after the 45 days had expired.

O.K.

Moses called up yesterday and wanted to know about legislation to authorize easement on your part. Mac and I got out a bill draft which we sent him last night. I sent it to Louis,(Delafield) Counsel for the Bridge Authority. I told him we would have to have assurances satisfactory to us as to what they were going to do in the way of consideration and the power to carry it out. He called up this morning and said they had to have legislation—there wasn't time to determine what they could do. I told him we had to have something in writing from the Mayor or Moses. He said they would have to have a local law from the Council and maybe they couldn't get it there. I told him we would have to have something satisfactory here before we went ahead and we wanted to know if that was what they intended to do and we wanted it in writing. He said he would talk to Moses.
H.M.Jr: I defy anybody in the room to guess what his (Foley's) excuse was why he was late this morning. He had to say good-bye to his mother.

(Laughter)

Foley: True too.

H.M.Jr: Anything else, Ed?

Foley: No sir.

H.M.Jr: I will call up your sister tonight and find out whether your mother is still in town.

Herbert?

Gaston: Nothing.
Treasury Department

TELEGRAPH OFFICE

6W M 52 RADIO VIA RCA

SS NORMANDIE N CHATHAM JUN 14 1939

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MR MORGENTHAU
SECRETARY OF TREASURY WASHN-DC

I AM GRATEFUL TO YOU FOR LISTENING TO MY TALE OF WOE THIS MORNING BUT WHAT IS A POOR CREATURE TO DO WHEN CONFRONTED BY TWO HUGE REPRESENTATIVES OF YOUR DEPARTMENT WITH ORDERS TO SHOOT ON SIGHT THREE HOURS BEFORE MY SAILING. THANKS AGAIN.

MARLENE DEITRICH

750A
I don't know whether Harold Graves reported to you the upshot of the Marlene Dietrich case.

They first seized her baggage, then sought a warrant for the detention of her husband, Rudolph Sieber, since he is an alien.

The Normandie was held 45 minutes. Finally, Marlene, in the presence of her attorneys, disclaimed the jewelry she had with her, worth $75,000 to $100,000, and gave power of attorney with respect to her real estate in California, all of this appearing to be adequate security for the tax.

The baggage was then released and they sailed.

The purpose of this bill is to provide for the separation of the self-liquidating portion of the public debt from the remainder. This is accomplished by capitalizing self-liquidating investments through the issuance of bonds by a governmental corporation. The bonds of the corporation are made payable from an amount equivalent to the revenues of the undertakings in anticipation of the earnings of which they are issued. In the event of a deficiency in such revenues the bonds would be payable by the United States.

The Secretary of the Treasury is given the direction and control of the Corporation and all matters of policy must be determined by him. Provision is made for the appointment by the President of a Manager of the Corporation with such duties as the Secretary of the Treasury may prescribe.

The bonds of the Corporation will be direct and general obligations of the Corporation and will be guaranteed by the United States. The duty of establishing and maintaining rates for the services rendered by such facilities in an amount sufficient to pay the bonds and the interest is placed in the agency or department having jurisdiction of the project. Provision is made for annual reports as to the status of the projects to be submitted to the President and Congress.

In order that the Secretary of the Treasury may be protected in his determination as to the amount of bonds to be issued, the bill permits the Corporation to call upon other agencies of the Government, such as the Federal Power Commission, to submit to the Corporation such reports and other assistance as it may require. Upon the basis of the data, including the estimated net earnings, the Secretary of the Treasury will decide whether he will authorize the Corporation to issue bonds and in what amounts. No bonds may be issued in excess of the allocated cost of the revenue-producing portions of the facilities, less the net amount of capital investment which may have already been returned to the Treasury.

I should recommend that the change indicated in the footnote of section 9 should be incorporated in the proposed bill. The fiscal policy, which justifies the issuance of bonds in anticipation of the earnings of self-liquidating facilities that are operating and have a proved earning power, justifies as well the issuance of bonds in anticipation of the earnings of facilities that are not in operation. The proposed separation of the self-liquidating portion of the public debt from the remainder would not be clean-cut or complete unless the change is made.
A BILL

To create a Federal Revenue Finance Corporation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Federal Revenue Finance Corporation Act of 1939.

Purpose or Policy of the Act

SEC. 2. The purpose or policy of this Act is to provide a sound method of financing which, without burdening the national taxing power or increasing the public debt, will make it possible to capitalize the earnings of self-liquidating investments through the issuance of bonds of a governmental corporation supported by the earnings thereof.

Creation of Corporation

SEC. 3. There is hereby created in the Department of the Treasury and under the direction and control of the Secretary of the Treasury a body corporate of perpetual duration to be known as the Federal Revenue Finance Corporation which shall be an agency and instrumentality of the United States with its office in the District of Columbia, and may exercise all or any of its powers in any place.

Definitions

SEC. 4. Whenever used in this Act, unless a different meaning clearly appears from the context:

(a) The term "Corporation" shall mean the Federal Revenue Finance Corporation;
(b) The term "self-liquidating facilities" or "facilities" shall mean all or any part of any or all work-, undertakings, structures, projects or properties real or personal, including appurtenances thereto and rights and interests therein, to which the United States or any Agency now has or hereafter acquires title in fee simple absolute or any lesser interest or which it now or hereafter possesses, leases, or operates and which now or hereafter provides revenues to the Government of the United States or to any Agency through the furnishing of services, facilities or commodities for public or private uses;

(c) The term "Agency" shall mean any agency or agencies or department or departments or instrumentality or instrumentalities, corporate or otherwise, of the United States, which heretofore had or will hereafter have complete or partial charge of self-liquidating facilities;

(d) The term "bonds" shall mean the bonds, notes, debentures, interim certificates, and other obligations and evidences of indebtedness issued by the Corporation under this Act.

General Corporate Powers

SEC. 5. To the extent necessary or appropriate to carry out its functions under this Act, the Corporation shall have power:
(a) To sue and be sued in its corporate name;
(b) To adopt, alter, and use a corporate seal, which
    shall be judicially noticed;
(c) To acquire, hold, and dispose of real and personal
    property;
(d) To use the United States mails in like manner as
    the executive departments of the Government;
(e) To borrow money, incur indebtedness, and issue
    negotiable bonds and provide for the payment
    thereof;
(f) To enter into such contracts and agreements and
    do all such acts and things, as the Corporation
    deems desirable to carry out the powers now or
    hereafter conferred by law.

Exercise of Corporate Power

SEC. 6. The powers of the Corporation shall be vested in and exer-
cised by the Secretary of the Treasury who may delegate to an officer to
be known as the Manager any powers and duties provided for in this Act.
All matters of policy shall be considered and determined by the Secretary
of the Treasury. It shall be the duty of the Manager in carrying out the
provisions of this Act to act in accordance with such determinations.

Personnel

SEC. 7. (a) The Manager of the Corporation shall be appointed by
the President, with the advice and consent of the Senate, and shall re-
ceive a salary of $12,000 a year to be paid by the Corporation.
(b) The Secretary of the Treasury is authorized, subject to the civil service laws and the Classification Act of 1923, as amended, to appoint and fix the compensation of such employees, other than the Manager, as may be necessary for the proper performance of the duties of the Corporation under this Act; except that without regard to the civil service laws he may appoint such officers, attorneys, and experts as may be necessary to carry out the purpose of this Act.

Submission of Financial Statement

SEC. 8. It shall be the duty of every Agency, not later than ninety days after the enactment of this Act, to submit to the Corporation a list of its self-liquidating facilities as of the date of such enactment together with a comprehensive and complete financial statement in such form as the Corporation may request with reference thereto, including but without limitation:

(a) Balance sheets and profit and loss statements;

(b) The cost of the facilities, or, if the facilities have multiple purposes, the cost allocated or allocable under law to the revenue-producing portions thereof;

(c) A detailed and complete analysis indicating what, in its judgment, the annual earnings of the facilities from whatever source derived will amount to over a reasonable period of time, having due regard to the possibility of a margin of error in the estimated revenues and expenses, making due allowance
for operation and maintenance expenses and for
depreciation, obsolescence, and other contingencies, and determined upon a conservative basis.

Authorization of Bonds

SEC. 9. (a) The Corporation is hereby authorized from time to time
to issue bonds to carry out the purpose or policy of this Act.

(b) No bonds shall be issued in anticipation of the earnings of
self-liquidating facilities unless and until the facilities are operating and have a proved earning power satisfactory to the Corporation, and
then only in such an amount as,* in the judgment of the Secretary of the
Treasury, may reasonably be expected to be paid, with interest thereon,
out of such earnings. In no event shall the Corporation issue bonds in
an amount exceeding the cost of the facilities (or in the case of multiple
purpose facilities, the cost allocated or allocable under law to the
revenue-producing portions thereof), less the net amount of capital in-
vestment theretofore returned to the Treasury.

Agency Progress Reports

SEC. 10. It shall be the duty of an Agency, not later than ninety
days after the close of each governmental fiscal year, to submit to the
Congress and the Corporation a financial statement concerning the status,
business, progress, and earning power of the self-liquidating facilities

*If it is deemed desirable to permit the issuance of bonds based wholly
on estimated earnings prior to the end of the construction or develop-
ment periods, the underlined clause should be deleted and in lieu thereof
the following phrase inserted: "in excess of an amount which".
operated by the Agency in anticipation of the earnings of which bonds have been issued or the construction of which has been authorized in the Congress since the date of its last financial statement, indicating the estimated annual earnings thereof and the actual earnings, if any, since such date.

Adjustment in Bonds Outstanding

SEC. 11. (a) If the earnings shown in such reports of an Agency are sufficient, in the judgment of the Secretary of the Treasury, to warrant the issuance of bonds in addition to the bonds previously issued, the Corporation may issue such bonds to an amount within the limitations otherwise provided by this Act.

(b) If the actual earnings shown in such reports should be less than the amount estimated for three successive fiscal years, the Secretary of the Treasury shall reduce the principal amount of bonds then outstanding to the extent deemed desirable to assure that all outstanding bonds and interest thereon can be paid or payment provided for out of an amount equal to the earnings of the self-liquidating facilities. To accomplish such reduction the Secretary of the Treasury is authorized to issue to the Holders of the bonds direct obligations of the United States, or to purchase the excess outstanding bonds and cancel the same.

Security of Bonds

SEC. 12. (a) The bonds shall be direct and general obligations of the Corporation, fully and unconditionally guaranteed, as to both principal and interest by the United States, and such guaranty shall be expressed on the face thereof.
(b) In the event that the Corporation shall be unable to pay upon
demand, when due, the principal of, or interest on, such bonds, the Secre-
tary of the Treasury shall pay to the holder the amount thereof which is
hereby authorized to be appropriated, out of any money in the Treasury not
otherwise appropriated, and thereupon to the extent of the amount so paid
the Secretary of the Treasury shall succeed to all the rights of the hold-
ers of such bonds.

Terms of Bonds

SEC. 13. (a) The bonds may be issued from time to time in one or
more series, may bear such date or dates, may mature at such time or times,
may bear interest at such rate or rates payable at such time or times, may
be in such denomination or denominations, may be in such form, may carry
such registration, conversion, or inter-changeability privileges, may be
subject to such terms of redemption, with or without premium, may be pay-
able at such place or places, may provide for the replacement of mutilated,
destroyed, stolen, or lost bonds, may be executed and delivered in such
manner, and may contain and be subject to such terms, covenants, and con-
ditions, as may be prescribed by the Corporation.

(b) Each bond shall contain a provision substantially to the effect
that the holder thereof agrees to accept in exchange therefore whenever re-
quested to do so by the Secretary of the Treasury a note, bond, or other
evidence of indebtedness constituting a direct obligation of the United
States having the same maturity, being in the same denomination, bearing
the same rate of interest payable at the same time, and otherwise of like
tenor, as the bond of the Corporation.
Sale of Bonds

SEC. 14. The Corporation may sell the bonds at such price or prices as it may determine to be in the best interest of the Corporation. The Secretary of the Treasury may market the bonds for the Corporation, utilizing all the facilities of the Department of the Treasury now or hereafter authorized by law for the marketing of obligations of the United States. The Corporation may at any time with the approval of the Secretary of the Treasury issue bonds in exchange for, or to retire from the proceeds thereof, any of the bonds then outstanding.

Purchase of Bonds

SEC. 15. (a) The bonds shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers or agency or agencies thereof.

(b) The Secretary of the Treasury is authorized to purchase the bonds for investment or cancellation as provided in this Act, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended. The purposes for which securities may be issued under said Act, as amended, are hereby extended to include issuing such securities for the purpose of purchasing bonds of the Corporation, or in exchange for bonds of the Corporation as provided in this Act. The Secretary of the Treasury may at any time sell any bonds acquired by him for investment under this section.

(c) All redemptions, retirements, purchases, and sales by the
Secretary of the Treasury of the bonds shall be treated as public debt transactions of the United States.

(d) The Corporation may purchase out of any funds available therefor any obligations of the United States at any price and may sell such obligations at any time. If the Corporation purchases its own bonds it may hold the same for investment or retire and cancel them, as it shall determine to be in its best interests.

**Temporary Financing**

SEC. 16. Pending the preparation of definitive bonds, the Corporation may issue interim receipts or certificates to the purchaser or purchasers of the bonds, or, in anticipation of the issuance of permanent bonds, the Corporation may issue temporary notes or bonds.

**Preparation of Bonds**

SEC. 17. In order that the Corporation may be supplied with such forms of bonds as may be needed, the Secretary of the Treasury is authorized to prepare such forms, including engraved plates, dies, bed pieces, and other material as shall be suitable for such purpose. The Corporation shall reimburse the Department of the Treasury for any expenses incurred in the preparation, custody, and delivery of bonds.

**Disposition of Bond Proceeds**

SEC. 18. (a) The Corporation is hereby authorized and directed to deposit all proceeds realized from the sale of bonds with the Treasurer of the United States to the credit of the Corporation. The Treasurer of the United States is hereby authorized and directed to receive such moneys and hold the same in a special account to the credit of the Corporation, and
to charge such special account from time to time, in such amounts as the Corporation may direct, to reimburse the Treasury of the United States for (1) any payments heretofore or hereafter made pursuant to appropriations or allotments of funds to finance or to aid in financing the cost of the self-liquidating facilities in anticipation of the earnings of which such bonds may have been issued (or, in the case of multiple-purpose facilities, the cost allocated or allocable under law to the revenue-producing portions thereof), and for (2) any advances, together with deferred interest thereon, for the account of such facilities.

(b) Except as such proceeds may be used for reimbursing the general funds of the Treasury as above provided, the moneys to the credit of the Corporation in such special account shall be used exclusively for the payment of interest on the bonds as the same shall become due, and for the purchase, retirement, or redemption of the bonds.

**Permanent Appropriation**

SEC. 19. There is hereby permanently appropriated to the Corporation, commencing with the fiscal year 1940 out of any money in the Treasury not otherwise appropriated, to be continuously available to the Corporation without further appropriation, an amount equal to the earnings of the self-liquidating facilities in anticipation of the earnings of which bonds of the Corporation shall have been issued. The moneys thus appropriated shall be paid to the Corporation for credit to its account with the Treasurer of the United States and shall be available for expenditure by the Corporation exclusively for the payment of interest on the bonds as the same shall become due and for the purchase, retirement, or redemption of the bonds.
Assistance by Government Departments

SEC. 20. The Corporation may request reports, records, and other assistance from any department, commission, or agency of the Government of the United States in carrying out any of its functions under this Act, and it shall be the duty of the department, commission, or agency to comply promptly with every such request. The Corporation shall reimburse any such department, commission, or agency for all expenses incurred in the performance of the duties imposed by this section in an amount to be approved by the Bureau of the Budget.

Certification to Federal Agencies

SEC. 21. The Corporation shall from time to time certify to the Agency concerned the amounts required to amortize its share of the bonds, including interest thereon, at that time outstanding. Thereafter when no other standards are provided by law for establishing and collecting rates and other charges, rates and other charges shall be established and collected to produce earnings sufficient (after making reasonable allowances for operation and maintenance expenses, for depreciation to the extent not provided for by amortization, and for obsolescence and other contingencies) to cover the amount certified by the Corporation to the Agency pursuant to this section. The Agency shall point out in its annual progress report provided for by this Act any surplus or deficiency in earnings in relation to the amount so certified.

Federal Reserve Banks

SEC. 22. The Corporation is authorized to utilize the Federal Reserve banks for, and, with the approval of the Secretary of the Treasury, the
Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the performance of its functions under this Act, and the Corporation may reimburse any such bank for its services in such manner as may be agreed upon.

**Reports**

SEC. 23. The Corporation shall submit to the President and to Congress, in January of each year, (1) a financial statement and complete report of the Corporation for the preceding governmental fiscal year, and (2) a complete report on the status, progress, and business of all facilities financed by it since the creation of the Corporation or the date of its last such report. The Corporation shall at all times keep complete and accurate accounts of all its operations, including all funds expended or received for the account of the Corporation.

**Penal Provisions**

SEC. 24. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or improper handling, retention, use or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of the United States entrusted to it, and all laws for the prevention of counterfeiting, whether penal or otherwise, shall apply to the bonds of the Corporation.

(b) It shall be unlawful for any person to do any act or thing, or to enter into any conspiracy, collusion, or agreement, express or
implied, with intent to defraud the Corporation or wrongfully or unlawfully to defeat its purposes. It shall be unlawful for any individual, association, partnership, trust, or corporation to use the words "Federal Revenue Finance Corporation", or any combination of these four words, as the name, or part of a name, under which he or it shall do business. Any person who violates any provision of this subsection shall be guilty of an offense against the United States, and, upon conviction thereof, shall be subject to a fine not more than $10,000 or imprisonment not exceeding ten years, or both.

(c) The Corporation and any Agency may transmit such evidence as may be available concerning any act or thing in violation of any provision of this section to the Attorney General, who, in his discretion, may institute the appropriate criminal proceedings under this Act.

(d) Any violation of any of the provisions of this Act may be enjoined by the district court of the United States having jurisdiction at the instance of any United States district attorney or the Corporation.

Construction of Act

SEC. 25. The powers conferred by this Act are in addition to the powers conferred by any other law and nothing herein shall be construed to alter, amend, or repeal any powers conferred upon an Agency by any other law, including the right to use or dispose of funds collected by or credited to an Agency.

Appropriations

SEC. 26. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this
Act, including administrative expenses of the Corporation and the reimbursement of departments, commissions, agencies, and Federal reserve banks assisting the Corporation in carrying out its functions.
Summary of proposed Rural Security and
Electrification Financing Corporation Act of 1939.

This bill is intended to provide funds to carry out a frontal attack on the farm tenancy problem and to expand the rural electrification program. The bill does not limit powers of the Secretary of Agriculture under the Bankhead-Jones Farm Tenant Act or the powers of the Rural Electrification Administration. It is purely a financing measure to provide the Secretary of Agriculture and Rural Electrification Administrator with much-needed funds on a self-liquidating basis.

In view of the fact that under Reorganization Plan No. 2, the Rural Electrification Administration has been placed under the Secretary of Agriculture (who also administers the Bankhead-Jones Farm Tenant Act) the bill creates in the Department of Agriculture a body corporate to be known as the Rural Security and Electrification Financing Corporation.

The corporation has a twofold purpose: First, to issue bonds to provide the Rural Electrification Administration with $250,000,000 immediately plus $40,000,000 each year to complete the present ten year program of the Rural Electrification Administration which has seven years to run (including fiscal year 1940); and second, to issue bonds not exceeding $1,000,000,000 to provide the Secretary of Agriculture with funds to loan to farm tenants, share croppers, and migratory farmers for the purchase of farms, live stock, seeds, and other necessary equipment.

The corporation will have a capital stock of $150,000,000 to be paid for by the Secretary of the Treasury when requested by the Secretary of Agriculture. An appropriation for the $150,000,000 is authorized. Provision is made for an appraisal annually by the Secretary of the Treasury of the assets and liabilities of the corporation and for the restoration to the corporation of an amount equal to any capital impairment found to exist. In this way the corporation is kept sweet by appropriations by Congress to make up for any deficiencies resulting from defaults on loans.

The bonds of the corporation are its obligations and are also guaranteed by the United States. All moneys realized by the Rural Electrification Administration from the repayment of any loans made to farmers' cooperatives and membership corporations are required to be paid to the corporation and applied by the corporation to the payment of any of its bonds and interest thereon. Likewise, any moneys collected by the Secretary of Agriculture and the Farmers' Home Corporation (created under the Bankhead-Jones Farm Tenant Act) shall be paid to the corporation and used only for the purpose of discharging its obligations.
Summary of proposed Construction Act of 1939.

This bill, if enacted into law, will create in the new Federal Works Agency a corporation called the United States Construction Corporation. Its chief corporate purpose will be to construct self-liquidating toll highways, bridges, tunnels, airports, waterways and similar transportation facilities. It is contemplated that the corporation will be primarily concerned with the construction of toll highways such as those included in the report of the Bureau of Public Roads prepared pursuant to the Act of June 8, 1938 and subsequent revisions of this report.

Before the corporation may construct any improvement the bill requires that the Commissioner of Public Roads submit a detailed analysis indicating the annual net earnings of the improvement and that the Secretary of the Treasury certify that it appears to him on the basis of the analysis that the improvement can reasonably be said to be of the self-liquidating type.

The corporation obtains its funds for carrying out its purposes by the issuance of its bonds payable in the first instance from tolls for the use of the facilities built by it but guaranteed by the United States. No more than $1,000,000,000 of bonds of the corporation may be outstanding at any one time.

The bill authorizes an appropriation of $200,000,000 to enable the Secretary of the Treasury to pay for the capital stock of the corporation. Every year beginning with March 31, 1942 the Secretary of the Treasury is directed to appraise the net worth of the corporation. If the appraisal reveals that the net worth of the corporation is less than the amount subscribed by him for stock, the Secretary of the Treasury may restore the capital of the corporation.

Except for the issuance of bonds over which the Secretary of the Treasury is given control, all powers of the corporation are vested in the new Federal Works Administrator. The corporation has the usual corporate powers to make contracts and acquire real and personal property in connection with its undertakings. It is empowered to charge tolls, adopt rules and regulations for the operation of its projects, organize corporations under the laws of the several states to aid it in carrying out its powers, and to utilize state and local officials and organizations and to make surveys for the formulation of a long-range program of national road construction.

The bill also contains a provision under which the corporation by filing a declaration of taking and depositing the estimated just compensation can enter upon lands immediately, leaving for subsequent decision the amount of the compensation to which the property owner is entitled. This is similar to the system used by New York City and will materially aid the corporation in negotiating for the purchase of property needed for its roads.

GLK/Lw
6-15-39
JUN 15 1939

My dear Mr. President:

I am attaching drafts of the following:

(a) A Bill to create a Federal Revenue Finance Corporation, and for other purposes.

(b) A Bill to create a Rural Security and Electrification Finance Corporation, and for other purposes.

(c) A Bill to provide for the construction of self-liquidating post-road projects, and for other purposes.

On the front of each of the drafts is a one-page summary of the bill.

Please let me know if there is anything further you desire me to do in this connection.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

The President

The White House.

EHF, JR. BJ 6/15/39
A BILL

To create a Rural Security and Electrification Financing Corporation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Rural Security and Electrification Financing Corporation Act of 1939.

Purpose and Policy of the Act

SEC. 2. The purpose and policy of this Act is to provide a method of financing which will make it possible by the issuance of bonds of a governmental corporation to promote the occupancy of farms and farm homes and the use of electricity thereon.

Creation of Corporation

SEC. 3. There is hereby created in the Department of Agriculture and under the direction and control of the Secretary of Agriculture a body corporate of perpetual duration to be known as the Rural Security and Electrification Financing Corporation (herein called the "Corporation") which shall be an agency and instrumentality of the United States with its office in the District of Columbia, and with power to function in any place.

General Corporate Powers

SEC. 4. To the extent necessary or appropriate to carry out its functions under this Act, the Corporation shall have power:

(a) To sue and be sued in its corporate name;
(b) To adopt, alter, and use a corporate seal, which shall be judicially noticed;
(c) To acquire, hold, and dispose of real and personal property;
(d) To use the United States mails in like manner as the executive departments of the Government;

(e) To borrow money, incur indebtedness, and issue negotiable bonds and provide for the payment thereof;

(f) To enter into such contracts and agreements and do all such acts and things, as the Corporation deems desirable to carry out the powers now or hereafter conferred by law.

Exercise of Corporate Power

SEC. 5. The powers of the Corporation shall be vested in and exercised by the Secretary of Agriculture who may delegate to an officer to be known as the Manager any powers and duties provided for in this Act. But all matters of policy relating to the issuance of bonds under this Act shall be considered and determined by the Secretary of the Treasury. It shall be the duty of the Manager in carrying out the provisions of this Act to act in accordance with such determinations.

Personnel

SEC. 6. (a) The manager of the Corporation shall be appointed by the Secretary of Agriculture, and shall receive a salary of $10,000 a year to be paid by the Corporation.

(b) The Secretary of Agriculture is authorized, subject to the civil service laws and the Classification Act of 1923, as amended, to appoint and fix the compensation of such employees, other than the Manager, as may be necessary for the proper performance of the duties of the Corporation under this Act; except that without regard to the civil service laws he may appoint such officers, attorneys, and experts as may be necessary to carry out the purpose of this Act.

Capital Stock

SEC. 7. The Secretary of the Treasury is hereby authorized to subscribe on behalf of the United States for capital stock of the
Corporation in the amount of $150,000,000. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, said sum which shall be available for payment for such stock by the Secretary of the Treasury. Payments upon such subscription shall be made when requested by the Secretary of Agriculture. Receipts for payments by the United States for such stock shall be issued by the Corporation to the Secretary of Agriculture and shall be evidence of the stock ownership of the United States.

Maintenance of Capital Unimpaired

SEC. 8. The Secretary of the Treasury shall cause an appraisal of all the assets and liabilities of the Corporation to be made as of the last day of March in each year beginning with March 31, 1942. The Secretary of the Treasury shall submit a report of such appraisal to the President and to the Congress promptly after it has been made. If the Secretary of the Treasury shall find that such appraisal establishes that the net worth of the Corporation is less than the amount subscribed by him, the Secretary of the Treasury on behalf of the United States shall restore the capital of the Corporation by paying to the Corporation a sum equal to the amount of such capital impairment. There is hereby authorized to be appropriated annually commencing with the fiscal year 1942, out of any money in the Treasury not otherwise appropriated, a sum equal to the amount needed to enable the Secretary of the Treasury to make such restoration of capital to the Corporation.

Authorization of Bonds

SEC. 9. (a) The Corporation is hereby authorized to issue bonds for the purpose of financing rural electrification and the furnishing of electric energy to persons in rural areas who are not receiving central station service as provided in the Rural Electrification Act of 1936, approved May 20, 1939. The amount of bonds issued for such purposes which the Corporation may have outstanding at any one time shall never exceed the sum of $250,000,000 plus a sum in each fiscal
year equal to the amount for such year authorized to be appropriated by the Rural Electrification Act of 1936.

(b) The Corporation is hereby authorized to issue bonds for the purpose of financing loans to farm tenants, farm laborers, share croppers, and other individuals who obtain, or who have in the past obtained, the major portion of their income from farming operations as provided in The Bankhead-Jones Farm Tenant Act, approved July 22, 1937. The amount of bonds issued for such purposes which the Corporation may have outstanding at any one time shall never exceed the sum of $500,000,000.

Security of Bonds of the Corporation

SEC. 10. (a) The bonds shall be direct and general obligations of the Corporation, fully and unconditionally guaranteed, as to both principal and interest by the United States, and such guaranty shall be expressed on the face thereof.

(b) In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds.

Terms of Bonds

SEC. 11. (a) The bonds may be issued from time to time in one or more series, may bear such date or dates, may mature at such time or times, may bear interest at such rate or rates payable at such time or times, may be in such denomination or denominations, may be in such form, may carry such registration, conversion, or inter-changeability privileges, may be subject to such terms of redemption, with or without premium, may be payable at such place or places, may provide for the replacement of mutilated, destroyed, stolen, or lost
bonds, may be executed and delivered in such manner, and may contain and be subject to such terms, covenants, and conditions, as may be prescribed by the Corporation.

(b) Each bond shall contain a provision substantially to the effect that the holder thereof agrees to accept in exchange therefor whenever requested to do so by the Secretary of the Treasury a note, bond, or other evidence of indebtedness constituting a direct obligation of the United States having the same maturity, being in the same denomination, bearing the same rate of interest payable at the same time, and otherwise of like tenor, as the bond of the Corporation.

Sale of Bonds

SEC. 12. The Corporation may sell the bonds at such price or prices as it may determine to be in the best interest of the Corporation. The Secretary of the Treasury may market the bonds for the Corporation, utilizing all the facilities of the Department of the Treasury now or hereafter authorized by law for the marketing of obligations of the United States. The Corporation may at any time with the approval of the Secretary of the Treasury issue bonds in exchange for, or to retire from the proceeds thereof, any of the bonds then outstanding.

Purchase of Bonds

SEC. 13. (a) The bonds shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers or agency or agencies thereof.

(b) The Secretary of the Treasury is authorized to purchase the bonds for investment or cancellation as provided in this Act, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any
securities hereafter issued under the Second Liberty Bond Act, as amended. The purposes for which securities may be issued under said Act, as amended, are hereby extended to include issuing such securities for the purpose of purchasing bonds of the Corporation, or in exchange for bonds of the Corporation as provided in this Act. The Secretary of the Treasury may at any time sell any bonds acquired by him for investment under this section.

(c) All redemptions, retirements, purchases, and sales by the Secretary of the Treasury of the bonds shall be treated as public debt transactions of the United States.

(d) The Corporation may purchase out of any funds available therefor any obligations of the United States at any price and may sell such obligations at any time. If the Corporation purchases its own bonds it may hold the same for investment or retire and cancel them, as it shall determine to be in its best interests.

Temporary Financing

SEC. 14. Pending the preparation of definitive bonds, the Corporation may issue interim receipts or certificates to the purchaser or purchasers of the bonds, or, in anticipation of the issuance of permanent bonds, the Corporation may issue temporary notes or bonds.

Preparation of Bonds

SEC. 15. In order that the Corporation may be supplied with such forms of bonds as may be needed, the Secretary of the Treasury is authorized to prepare such forms, including engraved plates, dies, bed pieces, and other material as shall be suitable for such purpose. The Corporation shall reimburse the Department of the Treasury for any expenses incurred in the preparation, custody, and delivery of bonds.
Moneys of the Corporation

SEC. 16. (a) The Corporation is hereby authorized and directed to deposit all moneys from any source whatever with the Treasurer of the United States to the credit of the Corporation. The Treasurer of the United States is hereby authorized and directed to receive such moneys, to hold the same in a special account to the credit of the Corporation, and to transfer, pay out, and otherwise dispose of the same as the Corporation may direct.

(b) The Corporation shall make available to or for the account of the Rural Electrification Administration such sums as the Administrator thereof may request within the limitations of this Act. The funds so made available shall be transferred by said Treasurer from the account of the Corporation to the Treasury, which shall establish a special appropriation account, as though such funds had been appropriated to the Rural Electrification Administration for loans in accordance with sections 3, 4, and 5 and the purchase of property in accordance with section 7 of the Rural Electrification Act.

(c) The Corporation shall make available to or for the account of the Secretary of Agriculture such sums as he may request within the limitations of this Act. The funds so made available shall be transferred by said Treasurer from the account of the Corporation to the Treasury, which shall establish a special appropriation account as though such funds had been appropriated to the Secretary of Agriculture to enable him or the Farmers' Home Corporation to carry out the provisions for the making of loans under Title I and Section 43 of Title IV of The Bankhead–Jones Farm Tenant Act.
(d) Vouchers approved by the Secretary of Agriculture for the transfer of its moneys to accounts in the Treasury as provided in this section shall be final and conclusive upon all officers of the Government, but all expenditures from such accounts in the Treasury after such transfer shall be accounted for and audited in accordance with the terms and provisions of the Budget and Accounting Act of 1921, as amended.

Repayments of Loans

SEC. 17. (a) All moneys realized by the Rural Electrification Administration from the payment of the interest on or principal of any notes, securities, or other obligations evidencing loans made by the Administrator under the Rural Electrification Act of 1936, which do not constitute the security for loans made by the Reconstruction Finance Corporation to the Administrator, shall be paid to the Corporation created by this Act and shall be applied by the Corporation solely to the payment of the interest on or principal of its bonds, and the provisions of section 3(f) of the Rural Electrification Act of 1936 shall not apply to the disposition of such moneys.

(b) All moneys realized by the Secretary of Agriculture and the Farmers' Home Corporation from the payment of the interest on or principal of any notes, securities, or other obligations evidencing loans made by the said Secretary and said Corporation under The Bankhead-Jones Farm Tenant Act shall be paid to the Corporation created by this Act and shall be applied by the Corporation solely to the payment of the interest on or principal of its bonds, anything in any other law to the contrary notwithstanding.

Federal Reserve Banks

SEC. 18. The Corporation is authorized to utilize the Federal Reserve banks for, and, with the approval of the Secretary of the
Treasury, the Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the performance of its functions under this Act, and the Corporation may reimburse any such bank for its services in such manner as may be agreed upon.

Reports

SEC. 19. The Corporation shall submit to the President and to Congress, in January of each year, a financial statement and complete report of the Corporation for the preceding governmental fiscal year. The Corporation shall at all times keep complete and accurate accounts of all its operations, including all funds expended or received for the account of the Corporation.

Penal Provisions

SEC. 20. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or improper handling, retention, use or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of the United States entrusted to it, and all laws for the prevention of counterfeiting, whether penal or otherwise, shall apply to the bonds of the Corporation.

(b) It shall be unlawful for any person to do any act or thing, or to enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Corporation or wrongfully or unlawfully to defeat its purposes. It shall be unlawful for any individual, association, partnership, trust, or corporation to use the words "Federal Revenue Finance Corporation", or any combination of these four words, as the name, or part of a name, under which he or it shall do business. Any person who violates any provision of this
subsection shall be guilty of an offense against the United States, and, upon conviction thereof, shall be subject to a fine not more than $10,000 or imprisonment not exceeding ten years, or both.

(c) The Corporation and any Agency may transmit such evidence as may be available concerning any act or thing in violation of any provision of this section to the Attorney General, who, in his discretion, may institute the appropriate criminal proceedings under this Act.

(d) Any violation of any of the provisions of this Act may be enjoined by the district court of the United States having jurisdiction at the instance of any United States district attorney or the Corporation.

Appropriations

SEC. 21. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this Act, including administrative expenses of the Corporation.

Interpretation of Act

SEC. 22. The powers conferred by this Act are in addition and supplemental to the powers conferred by any other law and nothing herein shall be construed to alter, amend, or repeal any powers heretofore or hereafter conferred upon the Secretary of Agriculture, the Rural Electrification Administration, the Farmers' Home Corporation, the Farm Security Corporation, or any other agency or instrumentality, corporate or otherwise, of the United States. In so far as the provisions of this Act are inconsistent with the provisions of any other law, the provisions of this Act shall be controlling, and except as otherwise provided herein, the powers of the Corporation may be exercised without regard to the requirements, restrictions, limitations, or other provisions of any other law.
To provide for the construction of self-liquidating post-road projects and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Construction Act of 1939."

Purpose and Policy of this Act

SEC. 2. The purpose and policy of this Act is to increase employment quickly by providing a method for constructing and financing on a self-liquidating basis federal express post-roads and other transportation facilities for the promotion of interstate commerce and the use of the mails, and revenue-producing undertakings incidental thereto.

Creation of Corporation

SEC. 3. There is hereby created in the Federal Works Agency and under the direction and control of the Federal Works Administrator a body corporate of perpetual duration to be known as the United States Construction Corporation (herein called the "Corporation") which shall be an agency and instrumentality of the United States with its office in the District of Columbia and with power to function in any place.

Exercise of Corporate Power

SEC. 4. All matters of policy relating to the issuance of bonds of the Corporation shall be submitted to the Secretary of the Treasury for his advice and approval. Subject to this limitation, all powers of the Corporation shall be vested in and exercised by the Federal Works Administrator. Any of the powers and duties of the Federal Works Administrator may be delegated by him to officers, agents, and employees of agencies consolidated into the Federal Works Agency.

Capital Stock

SEC. 5. The Secretary of the Treasury is hereby authorized to subscribe on behalf of the United States for capital stock of the
Corporation in the amount of $200,000,000. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, said sum which shall be available for payment for such stock by the Secretary of the Treasury. Payments upon such subscription shall be made when requested by the Federal Works Administrator. Receipts for payments by the United States for such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States.

**Maintenance of Capital Unimpaired**

SEC. 6. The Secretary of the Treasury shall cause an appraisal of all the assets and liabilities of the Corporation to be made as of the last day of March in each year beginning with March 31, 1942. The Secretary of the Treasury shall submit a report of such appraisal to the President and to the Congress promptly after it has been made. If the Secretary of the Treasury shall find that such appraisal establishes that the net worth of the Corporation is less than the amount subscribed by him, the Secretary of the Treasury on behalf of the United States shall restore the capital of the Corporation by paying to the Corporation a sum equal to the amount of such capital impairment. There is hereby authorized to be appropriated annually commencing with the fiscal year 1942, out of any money in the Treasury not otherwise appropriated, a sum equal to the amount needed to enable the Secretary of the Treasury to make such restoration of capital to the Corporation.

**General Corporate Powers**

SEC. 7. The Corporation shall have power:

(a) To sue and be sued in its corporate name;

(b) To adopt, alter, and use a corporate seal, which shall be judicially noticed;

(c) To use the United States mails in like manner as the executive departments of the Government;
(d) To acquire by purchase, exchange, or by the exercise of the power of eminent domain, or otherwise, and to hold, lease (as lessor or as lessee), use, sell, exchange or otherwise dispose of real property necessary or convenient for carrying out any of its functions hereunder;

(e) To acquire, hold, and dispose of personal property for any corporate purpose, including the power to purchase prospective or tentative awards in connection with the taking of real property by the exercise of the power of eminent domain;

(f) To enter on any lands and premises for the purpose of making surveys and examinations;

(g) To make contracts and to execute all instruments necessary or convenient to carry out any corporate purpose;

(h) To incur indebtedness, to borrow money and to issue debentures, bonds or other obligations, including interim receipts and certificates, as hereinafter provided (any of the foregoing instruments being herein called the "bonds"), to provide for the payment of the bonds and the interest thereon and to provide for the rights of the holders thereof;

(i) To perform all acts and to do all things necessary or convenient or desirable to carry out the purpose and policy of this Act;
Specific Powers as to Post-road Improvements

SEC. 8. The Corporation shall have power:

(a) To construct, reconstruct, alter, better, extend, improve, repair, maintain, and operate post-roads, highways, waterways, bridges, tunnels, airports, traffic terminals, and other transportation facilities for the promotion of interstate commerce and the use of the mails and works, undertakings or projects incidental thereto or to encourage the use thereof (all or any part of any of the foregoing and appurtenances thereto, such as land, rights in land, water rights, buildings, equipment, and machinery, being herein called a "post-road improvement");

(b) To fix, maintain, and collect tolls and other charges for the use of any post-road improvement;

(c) To adopt rules and regulations for the management and operation of post-road improvements;

(d) To organize under the laws of the District of Columbia or of any State or Territory and to make loans and advances to a corporation or corporations (herein called "leasing corporations") to aid the Corporation in carrying out the purpose and policy of this Act with powers in addition to the usual powers of a private business corporation under such laws, (1) to conduct and carry on the business of building and construction in all its phases, (2) to construct and lease on such terms as it may approve revenue producing
works, undertaking, and projects which further the interests of the Corporation and (3) to acquire, make, produce, buy, and sell building materials, supplies, and equipment and use or lease the same as may be provided in its corporate charter.

(e) To exercise all or any of its functions either through (1) its own officers, agents, and employees or (2) leasing corporations or the officers, agents, and employees thereof or (3) agencies consolidated into the Federal Works Agency or officers, agents, and employees thereof or (4) any State, Territory, possession, or any political subdivision or municipality thereof, or any agency or instrumentality of any one or more of the foregoing (herein called a "public body") or officers, agents, and employees thereof;

(f) To make studies and surveys of unemployment and related matters and to formulate plans and designs for the relief thereof through the construction of post-road improvements of every kind and character, with a view to the alleviation of seasonal and recurrent unemployment and the carrying out of long-range and integrated programs of useful revenue-producing national works.

Limitations on Post-road Improvements

SEC. 9. The Corporation shall not construct any post-road improvement, unless

(a) The Commissioner of Public Roads has submitted to it a complete and detailed...
analysis indicating what in his judgment the annual earnings of such post-road improvement from all sources will amount to over a reasonable period of time, having due regard to the possibility of a margin of error on the estimated revenues and expenses, making due allowance for operation and maintenance expenses and for depreciation to the extent not provided by amortization, and contingencies:

(b) The Secretary of the Treasury has certified that it appears to him on the basis of such analysis that the post-road improvement can reasonably be said to be of the self-liquidating type.

Limitations on Bonds of the Corporation

SEC. 10. The Corporation shall never have outstanding at any one time bonds in an aggregate amount in excess of the sum of $1,000,000,000. The corporation shall submit to the President and to the Congress in January of each year a complete report of the activities of the Corporation for the preceding governmental fiscal year and a detailed financial analysis of all post-road improvements undertaken. If the earnings of the Corporation reflected in said reports should after the period of construction and development of such post-road improvements be less than the amount required to provide for the payment of the interest or principal of the Corporation for three successive fiscal years, whether or not the Secretary of the Treasury has found it necessary to replenish the capital of the Corporation, the Secretary of the Treasury may reduce the principal amount of bonds of the Corporation then outstanding to the extent deemed desirable to assure that payment of all of its outstanding bonds and interest thereon can be provided for from such earnings. To accomplish such reduction in the principal amount of outstanding bonds the Secretary...
of the Treasury is authorized to issue to the holders of bonds of the Corporation direct obligations of the United States, or to purchase the excess outstanding bonds and cancel the same.

Security of Bonds

SEC. 11. The bonds of the Corporation shall be direct and general obligations of the Corporation, fully and unconditionally guaranteed, as to both principal and interest by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds.

Terms of Bonds

SEC. 12. The bonds may be issued from time to time in one or more series, may bear such date or dates, may mature at such time or times, may bear interest at such rate or rates payable at such time or times, may be in such denomination or denominations, may be in such form, may carry such registration, conversion, or interchangeability privileges, may be subject to such terms of redemption, with or without premium, may be payable at such place or places, may provide for the replacement of mutilated, destroyed, stolen, or lost bonds, may be executed and delivered in such manner, and may contain and be subject to such terms, covenants, and conditions, as may be prescribed by the Corporation.

Sale of Bonds

SEC. 13. The Corporation may sell the bonds at such price or prices as it may determine to be in the best interest of the Corporation. The Secretary of the Treasury may market the bonds for the Corporation, utilizing all the facilities of the Department of the Treasury now or hereafter authorized by law for the marketing of obligations of the United States. The Corporation may at any time with the approval of the
Secretary of the Treasury issue bonds in exchange for, or to retire from the proceeds thereof, any of the bonds then outstanding.

Purchase of Bonds

SEC. 14. (a) The bonds shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers or agency or agencies thereof.

(b) The Secretary of the Treasury is authorized to purchase the bonds for investment, cancellation, or collection as provided in this Act, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended. The purposes for which securities may be issued under said Act, as amended, are hereby extended to include issuing such securities for the purpose of purchasing bonds of the Corporation, or in exchange for bonds of the Corporation as provided in this Act. The Secretary of the Treasury may at any time sell any bonds acquired by him for investment under this section.

(c) All redemptions, retirements, purchases, and sales by the Secretary of the Treasury of the bonds shall be treated as public debt transactions of the United States.

(d) The Corporation may purchase out of any funds available therefor any obligations of the United States at any price and may sell such obligations at any time. If the Corporation purchases its own bonds it may hold the same for investment or retire and cancel them, as it shall determine to be in its best interests.

Temporary Financing

SEC. 15. Pending the preparation of definitive bonds, the Corporation may issue interim receipts or certificates to the purchaser or purchasers of the bonds, or, in anticipation of the issuance of permanent bonds, the Corporation may issue temporary notes or bonds.
Preparation of Bonds

SEC. 16. In order that the Corporation may be supplied with such forms of bonds as may be needed to carry out this Act, the Secretary of the Treasury is authorized to prepare such forms, including engraved plates, dies, bed pieces, and other material as shall be suitable for such purpose. The Corporation shall reimburse the Department of the Treasury for any expenses incurred in the preparation, custody, and delivery of bonds.
Moneys of the Corporation

SEC. 17. Moneys of the Corporation from whatever source derived shall be deposited by it with the Treasurer of the United States or with any Federal Reserve Bank. The said Treasurer and the Federal Reserve Banks are hereby authorized to receive and hold the same in a special account or accounts in the name of the Corporation and to disburse the same upon the check or other order of the Corporation. Vouchers approved by the Federal Works Administrator for expenditures from such accounts shall be final and conclusive upon all officers of the Government, except that (a) no funds made available for administrative expenses of the Corporation shall be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or a covering warrant, and all such expenditures for administrative expenses shall be accounted for and audited in accordance with the terms and provisions of the Budget and Accounting Act of 1921, as amended, and (b) all financial transactions of the Corporation, subject to the above limitations, shall be examined by the Comptroller General of the United States at such times and in such manner as he shall prescribe for the sole purpose of making a report to the Congress of any supposed departure from the provisions of this Act, together with his specific recommendations with respect thereto. The Federal Reserve Banks shall also act as fiscal agents or custodians for the Corporation upon such terms as may be agreed upon with the Corporation.

Mode for Exercise of Eminent Domain

SEC. 18. (a) The Corporation may condemn real property authorized to be acquired under this Act by the exercise of the power of eminent domain in any manner authorized by the law of the State or Territory within the territorial boundaries of which the real property is located, or the Attorney General on behalf of the United States may institute such proceedings and acquire title in the name of the United States, as provided by law, or the
Corporation may exercise its right of eminent domain by instituting proceedings under this Act in the manner provided in this section.

(b) Such proceedings may be instituted in the Federal District Court for the district in which any part of the real property or of the post-road improvement is situate. The Court, whether during a term or during a vacation, shall cause such proceedings to be heard and determined without delay.

(c) The mode or method of procedure to be followed for proceedings instituted hereunder shall conform as nearly as may be feasible to the provisions for the condemnation of real property of an act entitled, "An Act To expedite the construction of public buildings and works outside of the District of Columbia by enabling possession and title of sites to be taken in advance of final judgment in proceedings for the acquisition thereof under the power of eminent domain", approved February 26, 1931, as amended.

(d) At any time after filing the petition in such proceedings and declaring that the property described therein is being taken thereby for the use of the Corporation, and before final judgment, the Corporation may deposit with the Federal District Court, with which such petition is filed, to the use of the persons entitled thereto, the amount of the estimated compensation which shall be stated in the petition, and upon such deposit title to the estate or interest sought in the property described in such petition shall vest in the Corporation, and all the rights and interests of persons in such property and all liens thereon shall be divested immediately, and such persons shall thereafter be entitled only to receive compensation for such rights, interests, and liens, and the right to just compensation for the same shall vest in the persons thereto. When the deposit is made, the Federal District Court shall enter an order designating a day (not exceeding 30 days after such filing, except
upon good cause shown) on which the person in possession must surrender possession to the Corporation.

(e) Except as otherwise provided herein, no limitations or restrictions in any other statute upon the taking of property by the United States for its use shall be applicable to the proceedings instituted under the provisions of this Act, but the Federal District Court having jurisdiction may, in its discretion make such orders, decrees, and rules as will assure full protection to the constitutional rights of all persons having an interest in such proceedings.

Employees and Services

SEC. 19. Subject to the Civil Service Laws and the Classification Act of 1923, as amended, the Federal Works Administrator is authorized to appoint and fix the compensation of such employees as in his judgment may be necessary to carry out the purpose and policy of this Act, except that without regard to the civil service laws he may appoint such officers, attorneys, and experts as may be necessary to carry out the purpose of this Act. The Federal Works Administrator may also request reports, records, and other assistance from any department, commission, or agency of the Government of the United States in carrying out any of his functions under this Act, and it shall be the duty of the department, commission, or agency to comply promptly with every such request. The Corporation shall reimburse any such department, commission, or agency for all expenses incurred in the performance of the duties imposed by this section in an amount to be approved by the Bureau of the Budget.

Appropriations

SEC. 20. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this Act, including administrative expenses of the Corporation and the reimbursement of departments, commissions, agencies, and Federal Reserve banks assisting the
Corporation in carrying out its functions and including such items as may with the approval of the Bureau of the Budget be charged to administrative expense rather than operating cost of any post-road improvement.

**Penal Provisions**

SEC. 21. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or improper handling, retention, use or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of the United States entrusted to it, and all laws for the prevention of counterfeiting, whether penal or otherwise, shall apply to the bonds of the Corporation.

(b) It shall be unlawful for any person to do any act or thing, or to enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Corporation or wrongfully or unlawfully to defeat its purposes. It shall be unlawful for any individual, association, partnership, trust, or corporation to use the words "United States Construction Corporation", or any combination of these four words, as the name, or part of a name, under which he or it shall do business. Any person who violates any provision of this subsection shall be guilty of an offense against the United States, and, upon conviction thereof, shall be subject to a fine not more than $10,000 or imprisonment not exceeding ten years, or both.

(c) The Corporation may transmit such evidence as may be available concerning any act or thing in violation of any provision of this section or of an act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July 2, 1890, and acts amendatory thereof and supplemental thereto to the Attorney General, who shall institute the appropriate criminal proceedings.
(d) Any violation of any of the provisions of this Act may be enjoined by the district court of the United States having jurisdiction at the instance of any United States district attorney of the Corporation, and the Corporation in every proper case shall sue in the District Court of the United States for the District of Columbia, for the recovery of three-fold damages under section 7 of said Act of July 2, 1890.
Secretary Morgenthau

E. H. Foley, Jr.

I am attaching drafts of the following:

(a) A Bill to create a Federal Revenue Finance Corporation, and for other purposes.

(b) A Bill to create a Rural Security and Electrification Finance Corporation, and for other purposes.

(c) A Bill to provide for the construction of self-liquidating post-road projects, and for other purposes.

On the front of each of the drafts is a one-page summary of the bill.

These are duplicates of the papers you sent to the White House today.

E.H.

Attachments
The purpose of this bill is to provide for the separation of the self-liquidating portion of the public debt from the remainder. This is accomplished by capitalizing self-liquidating investments through the issuance of bonds by a governmental corporation. The bonds of the corporation are made payable from an amount equivalent to the revenues of the undertakings in anticipation of the earnings of which they are issued. In the event of a deficiency in such revenues the bonds would be payable by the United States.

The Secretary of the Treasury is given the direction and control of the Corporation and all matters of policy must be determined by him. Provision is made for the appointment by the President of a Manager of the Corporation with such duties as the Secretary of the Treasury may prescribe.

The bonds of the Corporation will be direct and general obligations of the Corporation and will be guaranteed by the United States. The duty of establishing and maintaining rates for the services rendered by such facilities in an amount sufficient to pay the bonds and the interest is placed in the agency or department having jurisdiction of the project. Provision is made for annual reports as to the status of the projects to be submitted to the President and Congress.

In order that the Secretary of the Treasury may be protected in his determination as to the amount of bonds to be issued, the bill permits the Corporation to call upon other agencies of the Government, such as the Federal Power Commission, to submit to the Corporation such reports and other assistance as it may require. Upon the basis of the data, including the estimated net earnings, the Secretary of the Treasury will decide whether he will authorize the Corporation to issue bonds and in what amounts. No bonds may be issued in excess of the allocated cost of the revenue-producing portions of the facilities, less the net amount of capital investment which may have already been returned to the Treasury.

I should recommend that the change indicated in the footnote of section 9 should be incorporated in the proposed bill. The fiscal policy, which justifies the issuance of bonds in anticipation of the earnings of self-liquidating facilities that are operating and have a proved earning power, justifies as well the issuance of bonds in anticipation of the earnings of facilities that are not in operation. The proposed separation of the self-liquidating portion of the public debt from the remainder would not be clean-cut or complete unless the change is made.
FEDERAL REVENUE FINANCE CORPORATION ACT OF 1939

CONFIDENTIAL

A BILL

To create a Federal Revenue Finance Corporation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Federal Revenue Finance Corporation Act of 1939.

Purpose or Policy of the Act

SEC. 2. The purpose or policy of this Act is to provide a sound method of financing which, without burdening the national taxing power or increasing the public debt, will make it possible to capitalize the earnings of self-liquidating investments through the issuance of bonds of a governmental corporation supported by the earnings thereof.

Creation of Corporation

SEC. 3. There is hereby created in the Department of the Treasury and under the direction and control of the Secretary of the Treasury a body corporate of perpetual duration to be known as the Federal Revenue Finance Corporation which shall be an agency and instrumentality of the United States with its office in the District of Columbia, and may exercise all or any of its powers in any place.

Definitions

SEC. 4. Whenever used in this Act, unless a different meaning clearly appears from the context:

(a) The term "Corporation" shall mean the Federal Revenue Finance Corporation;
(b) The term "self-liquidating facilities" or "facilities" shall mean all or any part of any or all works, undertakings, structures, projects or properties real or personal, including appurtenances thereto and rights and interests therein, to which the United States or any Agency now has or hereafter acquires title in fee simple absolute or any lesser interest or which it now or hereafter possesses, leases, or operates and which now or hereafter provides revenues to the Government of the United States or to any Agency through the furnishing of services, facilities or commodities for public or private uses;

(c) The term "Agency" shall mean any agency or agencies or department or departments or instrumentality or instrumentalities, corporate or otherwise, of the United States, which heretofore had or will hereafter have complete or partial charge of self-liquidating facilities;

(d) The term "bonds" shall mean the bonds, notes, debentures, interim certificates, and other obligations and evidences of indebtedness issued by the Corporation under this Act.

General Corporate Powers

SEC. 5. To the extent necessary or appropriate to carry out its functions under this Act, the Corporation shall have power:
(a) To sue and be sued in its corporate name;
(b) To adopt, alter, and use a corporate seal, which shall be judicially noticed;
(c) To acquire, hold, and dispose of real and personal property;
(d) To use the United States mails in like manner as the executive departments of the Government;
(e) To borrow money, incur indebtedness, and issue negotiable bonds and provide for the payment thereof;
(f) To enter into such contracts and agreements and do all such acts and things, as the Corporation deems desirable to carry out the powers now or hereafter conferred by law.

Exercise of Corporate Power

SEC. 6. The powers of the Corporation shall be vested in and exercised by the Secretary of the Treasury who may delegate to an officer to be known as the Manager any powers and duties provided for in this Act. All matters of policy shall be considered and determined by the Secretary of the Treasury. It shall be the duty of the Manager in carrying out the provisions of this Act to act in accordance with such determinations.

Personnel

SEC. 7. (a) The Manager of the Corporation shall be appointed by the President, with the advice and consent of the Senate, and shall receive a salary of $12,000 a year to be paid by the Corporation.
(b) The Secretary of the Treasury is authorized, subject to the civil service laws and the Classification Act of 1923, as amended, to appoint and fix the compensation of such employees, other than the Manager, as may be necessary for the proper performance of the duties of the Corporation under this Act; except that without regard to the civil service laws he may appoint such officers, attorneys, and experts as may be necessary to carry out the purpose of this Act.

Submission of Financial Statement

SEC. 8. It shall be the duty of every Agency, not later than ninety days after the enactment of this Act, to submit to the Corporation a list of its self-liquidating facilities as of the date of such enactment together with a comprehensive and complete financial statement in such form as the Corporation may request with reference thereto, including but without limitation:

(a) Balance sheets and profit and loss statements;

(b) The cost of the facilities, or, if the facilities have multiple purposes, the cost allocated or allocable under law to the revenue-producing portions thereof;

(c) A detailed and complete analysis indicating what, in its judgment, the annual earnings of the facilities from whatever source derived will amount to over a reasonable period of time, having due regard to the possibility of a margin of error in the estimated revenues and expenses, making due allowance
for operation and maintenance expenses and for
depreciation, obsolescence, and other contingencies, and determined upon a conservative basis.

Authorization of Bonds

SEC. 9. (a) The Corporation is hereby authorized from time to time
to issue bonds to carry out the purpose or policy of this Act.

(b) No bonds shall be issued in anticipation of the earnings of
self-liquidating facilities unless and until the facilities are operat-
ing and have a proved earning power satisfactory to the Corporation, and
then only in such an amount as, in the judgment of the Secretary of the
Treasury, may reasonably be expected to be paid, with interest thereon,
cut of such earnings. In no event shall the Corporation issue bonds in
an amount exceeding the cost of the facilities (or in the case of multiple
purpose facilities, the cost allocated or allocable under law to the
revenue-producing portions thereof), less the net amount of capital in-
vestment theretofore returned to the Treasury.

Agency Progress Reports

SEC. 10. It shall be the duty of an Agency, not later than ninety
days after the close of each governmental fiscal year, to submit to the
Congress and the Corporation a financial statement concerning the status,
business, progress, and earning power of the self-liquidating facilities

*If it is deemed desirable to permit the issuance of bonds based wholly
on estimated earnings prior to the end of the construction or develop-
ment periods, the underlined clause should be deleted and in lieu there-
of the following phrase inserted: "in excess of an amount which".
operated by the Agency in anticipation of the earnings of which bonds have been issued or the construction of which has been authorized in the Congress since the date of its last financial statement, indicating the estimated annual earnings thereof and the actual earnings, if any, since such date.

Adjustment in Bonds Outstanding

SEC. 11. (a) If the earnings shown in such reports of an Agency are sufficient, in the judgment of the Secretary of the Treasury, to warrant the issuance of bonds in addition to the bonds previously issued, the Corporation may issue such bonds to an amount within the limitations otherwise provided by this Act.

(b) If the actual earnings shown in such reports should be less than the amount estimated for three successive fiscal years, the Secretary of the Treasury shall reduce the principal amount of bonds then outstanding to the extent deemed desirable to assure that all outstanding bonds and interest thereon can be paid or payment provided for out of an amount equal to the earnings of the self-liquidating facilities. To accomplish such reduction the Secretary of the Treasury is authorized to issue to the holders of the bonds direct obligations of the United States, or to purchase the excess outstanding bonds and cancel the same.

Security of Bonds

SEC. 12. (a) The bonds shall be direct and general obligations of the Corporation, fully and unconditionally guaranteed, as to both principal and interest by the United States, and such guaranty shall be expressed on the face thereof.
(b) In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds.

Terms of Bonds

SEC. 13. (a) The bonds may be issued from time to time in one or more series, may bear such date or dates, may mature at such time or times, may bear interest at such rate or rates payable at such time or times, may be in such denomination or denominations, may be in such form, may carry such registration, conversion, or inter-changeability privileges, may be subject to such terms of redemption, with or without premium, may be payable at such place or places, may provide for the replacement of mutilated, destroyed, stolen, or lost bonds, may be executed and delivered in such manner, and may contain and be subject to such terms, covenants, and conditions, as may be prescribed by the Corporation.

(b) Each bond shall contain a provision substantially to the effect that the holder thereof agrees to accept in exchange therefor whenever requested to do so by the Secretary of the Treasury a note, bond, or other evidence of indebtedness constituting a direct obligation of the United States having the same maturity, being in the same denomination, bearing the same rate of interest payable at the same time, and otherwise of like tenor, as the bond of the Corporation.
Sale of Bonds

SEC. 14. The Corporation may sell the bonds at such price or prices as it may determine to be in the best interest of the Corporation. The Secretary of the Treasury may market the bonds for the Corporation, utilizing all the facilities of the Department of the Treasury now or hereafter authorized by law for the marketing of obligations of the United States. The Corporation may at any time with the approval of the Secretary of the Treasury issue bonds in exchange for, or to retire from the proceeds thereof, any of the bonds then outstanding.

Purchase of Bonds

SEC. 15. (a) The bonds shall be lawful investments and may be accepted as security for all fiduciary, trust, public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers or agency or agencies thereof.

(b) The Secretary of the Treasury is authorized to purchase the bonds for investment or cancellation as provided in this Act, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended. The purposes for which securities may be issued under said Act, as amended, are hereby extended to include issuing such securities for the purpose of purchasing bonds of the Corporation, or in exchange for bonds of the Corporation as provided in this Act. The Secretary of the Treasury may at any time sell any bonds acquired by him for investment under this section.

(c) All redemptions, retirements, purchases, and sales by the
Secretary of the Treasury of the bonds shall be treated as public debt transactions of the United States.

(d) The Corporation may purchase out of any funds available therefor any obligations of the United States at any price and may sell such obligations at any time. If the Corporation purchases its own bonds it may hold the same for investment or retire and cancel them, as it shall determine to be in its best interests.

Temporary Financing

SEC. 16. Fending the preparation of definitive bonds, the Corporation may issue interim receipts or certificates to the purchaser or purchasers of the bonds, or, in anticipation of the issuance of permanent bonds, the Corporation may issue temporary notes or bonds.

Preparation of Bonds

SEC. 17. In order that the Corporation may be supplied with such forms of bonds as may be needed, the Secretary of the Treasury is authorized to prepare such forms, including engraved plates, dies, bed pieces, and other material as shall be suitable for such purpose. The Corporation shall reimburse the Department of the Treasury for any expenses incurred in the preparation, custody, and delivery of bonds.

Disposition of Bond Proceeds

SEC. 18. (a) The Corporation is hereby authorized and directed to deposit all proceeds realized from the sale of bonds with the Treasurer of the United States to the credit of the Corporation. The Treasurer of the United States is hereby authorized and directed to receive such moneys and hold the same in a special account to the credit of the Corporation, and
to charge such special account from time to time, in such amounts as the Corporation may direct, to reimburse the Treasury of the United States for (1) any payments heretofore or hereafter made pursuant to appropriations or allotments of funds to finance or to aid in financing the cost of the self-liquidating facilities in anticipation of the earnings of which such bonds may have been issued (or, in the case of multiple-purpose facilities, the cost allocated or allocable under law to the revenue-producing portions thereof), and for (2) any advances, together with deferred interest thereon, for the account of such facilities.

(b) Except as such proceeds may be used for reimbursing the general funds of the Treasury as above provided, the moneys to the credit of the Corporation in such special account shall be used exclusively for the payment of interest on the bonds as the same shall become due, and for the purchase, retirement, or redemption of the bonds.

Permanent Appropriation

SEC. 19. There is hereby permanently appropriated to the Corporation, commencing with the fiscal year 1940 out of any money in the Treasury not otherwise appropriated, to be continuously available to the Corporation without further appropriation, an amount equal to the earnings of the self-liquidating facilities in anticipation of the earnings of which bonds of the Corporation shall have been issued. The moneys thus appropriated shall be paid to the Corporation for credit to its account with the Treasurer of the United States and shall be available for expenditure by the Corporation exclusively for the payment of interest on the bonds as the same shall become due and for the purchase, retirement, or redemption of the bonds.
Assistance by Government Departments

SEC. 20. The Corporation may request reports, records, and other assistance from any department, commission, or agency of the Government of the United States in carrying out any of its functions under this Act, and it shall be the duty of the department, commission, or agency to comply promptly with every such request. The Corporation shall reimburse any such department, commission, or agency for all expenses incurred in the performance of the duties imposed by this section in an amount to be approved by the Bureau of the Budget.

Certification to Federal Agencies

SEC. 21. The Corporation shall from time to time certify to the Agency concerned the amounts required to amortize its share of the bonds, including interest thereon, at that time outstanding. Thereafter when no other standards are provided by law for establishing and collecting rates and other charges, rates and other charges shall be established and collected to produce earnings sufficient (after making reasonable allowances for operation and maintenance expenses, for depreciation to the extent not provided for by amortization, and for obsolescence and other contingencies) to cover the amount certified by the Corporation to the Agency pursuant to this section. The Agency shall point out in its annual progress report provided for by this Act any surplus or deficiency in earnings in relation to the amount so certified.

Federal Reserve Banks

SEC. 22. The Corporation is authorized to utilize the Federal Reserve banks for, and, with the approval of the Secretary of the Treasury, the
Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the performance of its functions under this Act, and the Corporation may reimburse any such bank for its services in such manner as may be agreed upon.

Reports

SEC. 23. The Corporation shall submit to the President and to Congress, in January of each year, (1) a financial statement and complete report of the Corporation for the preceding governmental fiscal year, and (2) a complete report on the status, progress, and business of all facilities financed by it since the creation of the Corporation or the date of its last such report. The Corporation shall at all times keep complete and accurate accounts of all its operations, including all funds expended or received for the account of the Corporation.

Penal Provisions

SEC. 24. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or improper handling, retention, use or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of the United States entrusted to it, and all laws for the prevention of counterfeiting, whether penal or otherwise, shall apply to the bonds of the Corporation.

(b) It shall be unlawful for any person to do any act or thing, or to enter into any conspiracy, collusion, or agreement, express or
implied, with intent to defraud the Corporation or wrongfully or unlawfully to defeat its purposes. It shall be unlawful for any individual, association, partnership, trust, or corporation to use the words "Federal Revenue Finance Corporation", or any combination of these four words, as the name, or part of a name, under which he or it shall do business. Any person who violates any provision of this subsection shall be guilty of an offense against the United States, and, upon conviction thereof, shall be subject to a fine not more than $10,000 or imprisonment not exceeding ten years, or both.

(c) The Corporation and any Agency may transmit such evidence as may be available concerning any act or thing in violation of any provision of this section to the Attorney General, who, in his discretion, may institute the appropriate criminal proceedings under this Act.

(d) Any violation of any of the provisions of this Act may be enjoined by the district court of the United States having jurisdiction at the instance of any United States district attorney or the Corporation.

Construction of Act

SEC. 25. The powers conferred by this Act are in addition to the powers conferred by any other law and nothing herein shall be construed to alter, amend, or repeal any powers conferred upon an Agency by any other law, including the right to use or dispose of funds collected by or credited to an Agency.

Appropriations

SEC. 26. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this
Act, including administrative expenses of the Corporation and the reimbursement of departments, commissions, agencies, and Federal reserve banks assisting the Corporation in carrying out its functions.

This bill is intended to provide funds to carry out a frontal attack on the farm tenancy problem and to expand the rural electrification program. The bill does not limit powers of the Secretary of Agriculture under the Bankhead-Jones Farm Tenant Act or the powers of the Rural Electrification Administration. It is purely a financing measure to provide the Secretary of Agriculture and Rural Electrification Administrator with much-needed funds on a self-liquidating basis.

In view of the fact that under Reorganization Plan No. 2, the Rural Electrification Administration has been placed under the Secretary of Agriculture (who also administers the Bankhead-Jones Farm Tenant Act) the bill creates in the Department of Agriculture a body corporate to be known as the Rural Security and Electrification Financing Corporation.

The corporation has a twofold purpose: First, to issue bonds to provide the Rural Electrification Administration with $250,000,000 immediately plus $40,000,000 each year to complete the present ten year program of the Rural Electrification Administration which has seven years to run (including fiscal year 1940); and second, to issue bonds not exceeding $1,000,000,000 to provide the Secretary of Agriculture with funds to loan to farm tenants, share croppers, and migratory farmers for the purchase of farms, live stock, seeds, and other necessary equipment.

The corporation will have a capital stock of $150,000,000 to be paid for by the Secretary of the Treasury when requested by the Secretary of Agriculture. An appropriation for the $150,000,000 is authorized. Provision is made for an appraisal annually by the Secretary of the Treasury of the assets and liabilities of the corporation and for the restoration to the corporation of an amount equal to any capital impairment found to exist. In this way the corporation is kept sweet by appropriations by Congress to make up for any deficiencies resulting from defaults on loans.

The bonds of the corporation are its obligations and are also guaranteed by the United States. All moneys realized by the Rural Electrification Administration from the repayment of any loans made to farmers' cooperatives and membership corporations are required to be paid to the corporation and applied by the corporation to the payment of any of its bonds and interest thereon. Likewise, any moneys collected by the Secretary of Agriculture and the Farmers' Home Corporation (created under the Bankhead-Jones Farm Tenant Act) shall be paid to the corporation and used only for the purpose of discharging its obligations.
A BILL

To create a Rural Security and Electrification Financing Corporation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Rural Security and Electrification Financing Corporation Act of 1939.

Purpose and Policy of the Act

SEC. 2. The purpose and policy of this Act is to provide a method of financing which will make it possible by the issuance of bonds of a governmental corporation to promote the occupancy of farms and farm homes and the use of electricity thereon.

Creation of Corporation

SEC. 3. There is hereby created in the Department of Agriculture and under the direction and control of the Secretary of Agriculture a body corporate of perpetual duration to be known as the Rural Security and Electrification Financing Corporation (herein called the "Corporation") which shall be an agency and instrumentality of the United States with its office in the District of Columbia, and with power to function in any place.

General Corporate Powers

SEC. 4. To the extent necessary or appropriate to carry out its functions under this Act, the Corporation shall have power:

(a) To sue and be sued in its corporate name;
(b) To adopt, alter, and use a corporate seal, which shall be judicially noticed;
(c) To acquire, hold, and dispose of real and personal property;
(d) To use the United States mails in like manner as the executive departments of the Government;
(e) To borrow money, incur indebtedness, and issue negotiable bonds and provide for the payment thereof;
(f) To enter into such contracts and agreements and do all such acts and things, as the Corporation deems desirable to carry out the powers now or hereafter conferred by law.

Exercise of Corporate Power

SEC. 5. The powers of the Corporation shall be vested in and exercised by the Secretary of Agriculture who may delegate to an officer to be known as the Manager any powers and duties provided for in this Act. But all matters of policy relating to the issuance of bonds under this Act shall be considered and determined by the Secretary of the Treasury. It shall be the duty of the Manager in carrying out the provisions of this Act to act in accordance with such determinations.

Personnel

SEC. 6. (a) The manager of the Corporation shall be appointed by the Secretary of Agriculture, and shall receive a salary of $10,000 a year to be paid by the Corporation.

(b) The Secretary of Agriculture is authorized, subject to the civil service laws and the Classification Act of 1923, as amended, to appoint and fix the compensation of such employees, other than the Manager, as may be necessary for the proper performance of the duties of the Corporation under this Act; except that without regard to the civil service laws he may appoint such officers, attorneys, and experts as may be necessary to carry out the purpose of this Act.

Capital Stock

SEC. 7. The Secretary of the Treasury is hereby authorized to subscribe on behalf of the United States for capital stock of the
Corporation in the amount of $150,000,000. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, said sum which shall be available for payment for such stock by the Secretary of the Treasury. Payments upon such subscription shall be made when requested by the Secretary of Agriculture. Receipts for payments by the United States for such stock shall be issued by the Corporation to the Secretary of Agriculture and shall be evidence of the stock ownership of the United States.

Maintenance of Capital Unimpaired

SEC. 8. The Secretary of the Treasury shall cause an appraisal of all the assets and liabilities of the Corporation to be made as of the last day of March in each year beginning with March 31, 1942. The Secretary of the Treasury shall submit a report of such appraisal to the President and to the Congress promptly after it has been made. If the Secretary of the Treasury shall find that such appraisal establishes that the net worth of the Corporation is less than the amount subscribed by him, the Secretary of the Treasury on behalf of the United States shall restore the capital of the Corporation by paying to the Corporation a sum equal to the amount of such capital impairment. There is hereby authorized to be appropriated annually commencing with the fiscal year 1942, out of any money in the Treasury not otherwise appropriated, a sum equal to the amount needed to enable the Secretary of the Treasury to make such restoration of capital to the Corporation.

Authorization of Bonds

SEC. 9. (a) The Corporation is hereby authorized to issue bonds for the purpose of financing rural electrification and the furnishing of electric energy to persons in rural areas who are not receiving central station service as provided in the Rural Electrification Act of 1936, approved May 20, 1939. The amount of bonds issued for such purposes which the Corporation may have outstanding at any one time shall never exceed the sum of $250,000,000 plus a sum in each fiscal
year equal to the amount for such year authorized to be appropriated by the Rural Electrification Act of 1936.

(b) The Corporation is hereby authorized to issue bonds for the purpose of financing loans to farm tenants, farm laborers, share croppers, and other individuals who obtain, or who have in the past obtained, the major portion of their income from farming operations as provided in The Bankhead–Jones Farm Tenant Act, approved July 22, 1937. The amount of bonds issued for such purposes which the Corporation may have outstanding at any one time shall never exceed the sum of $500,000,000.

Security of Bonds of the Corporation

SEC. 10. (a) The bonds shall be direct and general obligations of the Corporation, fully and unconditionally guaranteed, as to both principal and interest by the United States, and such guaranty shall be expressed on the face thereof.

(b) In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds.

Terms of Bonds

SEC. 11. (a) The bonds may be issued from time to time in one or more series, may bear such date or dates, may mature at such time or times, may bear interest at such rate or rates payable at such time or times, may be in such denomination or denominations, may be in such form, may carry such registration, conversion, or interchangeability privileges, may be subject to such terms of redemption, with or without premium, may be payable at such place or places, may provide for the replacement of mutilated, destroyed, stolen, or lost
bonds, may be executed and delivered in such manner, and may contain
and be subject to such terms, covenants, and conditions, as may be
prescribed by the Corporation.

(b) Each bond shall contain a provision substantially to
the effect that the holder thereof agrees to accept in exchange there-
for whenever requested to do so by the Secretary of the Treasury a
note, bond, or other evidence of indebtedness constituting a direct
obligation of the United States having the same maturity, being in
the same denomination, bearing the same rate of interest payable
at the same time, and otherwise of like tenor, as the bond of the
Corporation.

Sale of Bonds

SEC. 12. The Corporation may sell the bonds at such price or
prices as it may determine to be in the best interest of the Corpora-
tion. The Secretary of the Treasury may market the bonds for the
Corporation, utilizing all the facilities of the Department of the
Treasury now or hereafter authorized by law for the marketing of
obligations of the United States. The Corporation may at any time
with the approval of the Secretary of the Treasury issue bonds in
exchange for, or to retire from the proceeds thereof, any of the
bonds then outstanding.

Purchase of Bonds

SEC. 13. (a) The bonds shall be lawful investments and may be
accepted as security for all fiduciary, trust, and public funds the
investment or deposit of which shall be under the authority or
control of the United States or any officer or officers or agency
or agencies thereof.

(b) The Secretary of the Treasury is authorized to
purchase the bonds for investment or cancellation as provided in this
Act, and for such purpose the Secretary of the Treasury is authorized
to use as a public debt transaction the proceeds from the sale of any
securities hereafter issued under the Second Liberty Bond Act, as amended. The purposes for which securities may be issued under said Act, as amended, are hereby extended to include issuing such securities for the purpose of purchasing bonds of the Corporation, or in exchange for bonds of the Corporation as provided in this Act. The Secretary of the Treasury may at any time sell any bonds acquired by him for investment under this section.

(c) All redemptions, retirements, purchases, and sales by the Secretary of the Treasury of the bonds shall be treated as public debt transactions of the United States.

(d) The Corporation may purchase out of any funds available therefor any obligations of the United States at any price and may sell such obligations at any time. If the Corporation purchases its own bonds it may hold the same for investment or retire and cancel them, as it shall determine to be in its best interests.

Temporary Financing

SEC. 14. Pending the preparation of definitive bonds, the Corporation may issue interim receipts or certificates to the purchaser or purchasers of the bonds, or, in anticipation of the issuance of permanent bonds, the Corporation may issue temporary notes or bonds.

Preparation of Bonds

SEC. 15. In order that the Corporation may be supplied with such forms of bonds as may be needed, the Secretary of the Treasury is authorized to prepare such forms, including engraved plates, dies, bed pieces, and other material as shall be suitable for such purpose. The Corporation shall reimburse the Department of the Treasury for any expenses incurred in the preparation, custody, and delivery of bonds.
Moneys of the Corporation

SEC. 16. (a) The Corporation is hereby authorized and directed to deposit all moneys from any source whatever with the Treasurer of the United States to the credit of the Corporation. The Treasurer of the United States is hereby authorized and directed to receive such moneys, to hold the same in a special account to the credit of the Corporation, and to transfer, pay out, and otherwise dispose of the same as the Corporation may direct.

(b) The Corporation shall make available to or for the account of the Rural Electrification Administration such sums as the Administrator thereof may request within the limitations of this Act. The funds so made available shall be transferred by said Treasurer from the account of the Corporation to the Treasury, which shall establish a special appropriation account, as though such funds had been appropriated to the Rural Electrification Administration for loans in accordance with sections 3, 4, and 5 and the purchase of property in accordance with section 7 of the Rural Electrification Act.

(c) The Corporation shall make available to or for the account of the Secretary of Agriculture such sums as he may request within the limitations of this Act. The funds so made available shall be transferred by said Treasurer from the account of the Corporation to the Treasury, which shall establish a special appropriation account as though such funds had been appropriated to the Secretary of Agriculture to enable him or the Farmers' Home Corporation to carry out the provisions for the making of loans under Title I and Section 43 of Title IV of The Bankhead–Jones Farm Tenant Act.
(d) Vouchers approved by the Secretary of Agriculture for the transfer of its moneys to accounts in the Treasury as provided in this section shall be final and conclusive upon all officers of the Government, but all expenditures from such accounts in the Treasury after such transfer shall be accounted for and audited in accordance with the terms and provisions of the Budget and Accounting Act of 1921, as amended.

Repayments of Loans

SEC. 17. (a) All moneys realized by the Rural Electrification Administration from the payment of the interest on or principal of any notes, securities, or other obligations evidencing loans made by the Administrator under the Rural Electrification Act of 1936, which do not constitute the security for loans made by the Reconstruction Finance Corporation to the Administrator, shall be paid to the Corporation created by this Act and shall be applied by the Corporation solely to the payment of the interest on or principal of its bonds, and the provisions of section 3(f) of the Rural Electrification Act of 1936 shall not apply to the disposition of such moneys.

(b) All moneys realized by the Secretary of Agriculture and the Farmers' Home Corporation from the payment of the interest on or principal of any notes, securities, or other obligations evidencing loans made by the said Secretary and said Corporation under The Bankhead-Jones Farm Tenant Act shall be paid to the Corporation created by this Act and shall be applied by the Corporation solely to the payment of the interest on or principal of its bonds, anything in any other law to the contrary notwithstanding.

Federal Reserve Banks

SEC. 18. The Corporation is authorized to utilize the Federal Reserve banks for, and, with the approval of the Secretary of the
Treasury, the Federal Reserve banks are authorized and directed to
act as depositories, custodians, and fiscal agents for the Corpora-
tion in the performance of its functions under this Act, and the
Corporation may reimburse any such bank for its services in such
manner as may be agreed upon.

Reports

SEC. 19. The Corporation shall submit to the President and to
Congress, in January of each year, a financial statement and complete
report of the Corporation for the preceding governmental fiscal year.
The Corporation shall at all times keep complete and accurate accounts
of all its operations, including all funds expended or received for
the account of the Corporation.

Penal Provisions

SEC. 20. (a) All general penal statutes relating to the larceny,
embezzlement, conversion, or improper handling, retention, use or dis-
posal of public moneys or property of the United States, shall apply to
the moneys and property of the Corporation and to moneys and properties
of the United States entrusted to it, and all laws for the prevention
of counterfeiting, whether penal or otherwise, shall apply to the
bonds of the Corporation.

(b) It shall be unlawful for any person to do any act
or thing, or to enter into any conspiracy, collusion, or agreement,
express or implied, with intent to defraud the Corporation or wrong-
fully or unlawfully to defeat its purposes. It shall be unlawful for
any individual, association, partnership, trust, or corporation to
use the words "Federal Reserve Finance Corporation", or any combination
of these four words, as the name, or part of a name, under which he or
it shall do business. Any person who violates any provision of this
subsection shall be guilty of an offense against the United States, and, upon conviction thereof, shall be subject to a fine not more than $10,000 or imprisonment not exceeding ten years, or both.

(c) The Corporation and any Agency may transmit such evidence as may be available concerning any act or thing in violation of any provision of this section to the Attorney General, who, in his discretion, may institute the appropriate criminal proceedings under this Act.

(d) Any violation of any of the provisions of this Act may be enjoined by the district court of the United States having jurisdiction at the instance of any United States district attorney or the Corporation.

**Appropriations**

SEC. 21. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this Act, including administrative expenses of the Corporation.

**Interpretation of Act**

SEC. 22. The powers conferred by this Act are in addition and supplemental to the powers conferred by any other law and nothing herein shall be construed to alter, amend, or repeal any powers here-tofore or hereafter conferred upon the Secretary of Agriculture, the Rural Electrification Administration, the Farmers' Home Corporation, the Farm Security Corporation, or any other agency or instrumentality, corporate or otherwise, of the United States. In so far as the provisions of this Act are inconsistent with the provisions of any other law, the provisions of this Act shall be controlling, and except as otherwise provided herein, the powers of the Corporation may be exercised without regard to the requirements, restrictions, limitations, or other provisions of any other law.
Summary of proposed Construction Act of 1939.

This bill, if enacted into law, will create in the new Federal Works Agency a corporation called the United States Construction Corporation. Its chief corporate purpose will be to construct self-liquidating toll highways, bridges, tunnels, airports, waterways and similar transportation facilities. It is contemplated that the corporation will be primarily concerned with the construction of toll highways such as those included in the report of the Bureau of Public Roads prepared pursuant to the Act of June 8, 1938 and subsequent revisions of this report.

Before the corporation may construct any improvement the bill requires that the Commissioner of Public Roads submit a detailed analysis indicating the annual net earnings of the improvement and that the Secretary of the Treasury certify that it appears to him on the basis of the analysis that the improvement can reasonably be said to be of the self-liquidating type.

The corporation obtains its funds for carrying out its purposes by the issuance of its bonds payable in the first instance from tolls for the use of the facilities built by it but guaranteed by the United States. No more than $1,000,000,000 of bonds of the corporation may be outstanding at any one time.

The bill authorizes an appropriation of $200,000,000 to enable the Secretary of the Treasury to pay for the capital stock of the corporation. Every year beginning with March 31, 1942 the Secretary of the Treasury is directed to appraise the net worth of the corporation. If the appraisal reveals that the net worth of the corporation is less than the amount subscribed by him for stock, the Secretary of the Treasury may restore the capital of the corporation.

Except for the issuance of bonds over which the Secretary of the Treasury is given control, all powers of the corporation are vested in the new Federal Works Administrator. The corporation has the usual corporate powers to make contracts and acquire real and personal property in connection with its undertakings. It is empowered to charge tolls, adopt rules and regulations for the operation of its projects, organize corporations under the laws of the several states to aid it in carrying out its powers, and to utilize state and local officials and organizations and to make surveys for the formulation of a long-range program of national road construction.

The bill also contains a provision under which the corporation by filing a declaration of taking and depositing the estimated just compensation can enter upon lands immediately, leaving for subsequent decision the amount of the compensation to which the property owner is entitled. This is similar to the system used by New York City and will materially aid the corporation in negotiating for the purchase of property needed for its roads.
CONSTRUCTION ACT OF 1939

First Draft - June 14, 1939
Confidential

A BILL

To provide for the construction of self-liquidating post-road projects and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Construction Act of 1939."

Purpose and Policy of this Act

SEC. 2. The purpose and policy of this Act is to increase employment quickly by providing a method for constructing and financing on a self-liquidating basis federal express post-roads and other transportation facilities for the promotion of interstate commerce and the use of the mails, and revenue-producing undertakings incidental thereto.

Creation of Corporation

SEC. 3. There is hereby created in the Federal Works Agency and under the direction and control of the Federal Works Administrator a body corporate of perpetual duration to be known as the United States Construction Corporation (herein called the "Corporation") which shall be an agency and instrumentality of the United States with its office in the District of Columbia and with power to function in any place.

Exercise of Corporate Power

SEC. 4. All matters of policy relating to the issuance of bonds of the Corporation shall be submitted to the Secretary of the Treasury for his advice and approval. Subject to this limitation, all powers of the Corporation shall be vested in and exercised by the Federal Works Administrator. Any of the powers and duties of the Federal Works Administrator may be delegated by him to officers, agents, and employees of agencies consolidated into the Federal Works Agency.

Capital Stock

SEC. 5. The Secretary of the Treasury is hereby authorized to subscribe on behalf of the United States for capital stock of the
Corporation in the amount of $200,000,000. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, said sum which shall be available for payment for such stock by the Secretary of the Treasury. Payments upon such subscription shall be made when requested by the Federal Works Administrator. Receipts for payments by the United States for such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States.

**Maintenance of Capital Unimpaired**

**SEC. 6.** The Secretary of the Treasury shall cause an appraisal of all the assets and liabilities of the Corporation to be made as of the last day of March in each year beginning with March 31, 1942. The Secretary of the Treasury shall submit a report of such appraisal to the President and to the Congress promptly after it has been made. If the Secretary of the Treasury shall find that such appraisal establishes that the net worth of the Corporation is less than the amount subscribed by him, the Secretary of the Treasury on behalf of the United States shall restore the capital of the Corporation by paying to the Corporation a sum equal to the amount of such capital impairment. There is hereby authorized to be appropriated annually commencing with the fiscal year 1942, out of any money in the Treasury not otherwise appropriated, a sum equal to the amount needed to enable the Secretary of the Treasury to make such restoration of capital to the Corporation.

**General Corporate Powers**

**SEC. 7.** The Corporation shall have power:

(a) To sue and be sued in its corporate name;

(b) To adopt, alter, and use a corporate seal, which shall be judicially noticed;

(c) To use the United States mails in like manner as the executive departments of the Government;
(d) To acquire by purchase, exchange, or by the exercise of the power of eminent domain, or otherwise, and to hold, lease (as lessor or as lessee), use, sell, exchange or otherwise dispose of real property necessary or convenient for carrying out any of its functions hereunder;

(e) To acquire, hold, and dispose of personal property for any corporate purpose, including the power to purchase prospective or tentative awards in connection with the taking of real property by the exercise of the power of eminent domain;

(f) To enter on any lands and premises for the purpose of making surveys and examinations;

(g) To make contracts and to execute all instruments necessary or convenient to carry out any corporate purpose;

(h) To incur indebtedness, to borrow money and to issue debentures, bonds or other obligations, including interim receipts and certificates, as hereinafter provided (any of the foregoing instruments being herein called the "bonds"), to provide for the payment of the bonds and the interest thereon and to provide for the rights of the holders thereof;

(i) To perform all acts and to do all things necessary or convenient or desirable to carry out the purpose and policy of this Act;
Specific Powers as to Post-road Improvements

SEC. 8. The Corporation shall have power:

(a) To construct, reconstruct, alter, better, extend, improve, repair, maintain, and operate post-roads, highways, waterways, bridges, tunnels, airports, traffic terminals, and other transportation facilities for the promotion of interstate commerce and the use of the mails and works, undertakings or projects incidental thereto or to encourage the use thereof (all or any part of any of the foregoing and appurtenances thereto, such as land, rights in land, water rights, buildings, equipment, and machinery, being herein called a "post-road improvement");

(b) To fix, maintain, and collect tolls and other charges for the use of any post-road improvement;

(c) To adopt rules and regulations for the management and operation of post-road improvements;

(d) To organize under the laws of the District of Columbia or of any State or Territory and to make loans and advances to a corporation or corporations (herein called "leasing corporations") to aid the Corporation in carrying out the purpose and policy of this Act with powers in addition to the usual powers of a private business corporation under such laws, (1) to conduct and carry on the business of building and construction in all its phases, (2) to construct and lease on such terms as it may approve revenue producing
works, undertaking, and projects which
further the interests of the Corporation
and (3) to acquire, make, produce, buy,
and sell building materials, supplies, and
equipment and use or lease the same as may
be provided in its corporate charter.
(e) To exercise all or any of its functions either
through (1) its own officers, agents, and
employees or (2) leasing corporations or the
officers, agents, and employees thereof or
(3) agencies consolidated into the Federal
Works Agency or officers, agents, and employees
thereof or (4) any State, Territory, possession,
or any political subdivision or municipality
thereof, or any agency or instrumentality of
any one or more of the foregoing (herein called
a "public body") or officers, agents, and
employees thereof;
(f) To make studies and surveys of unemployment
and related matters and to formulate plans and
designs for the relief thereof through the con-
struction of post-road improvements of every
kind and character, with a view to the allevia-
tion of seasonal and recurrent unemployment and
the carrying out of long-range and integrated
programs of useful revenue-producing national works.

Limitations on Post-road Improvements

SEC. 9. The Corporation shall not construct any post-road improve-
ment, unless
(a) The Congress or of Public Roads has sub-
mitted to it a complete and detailed

Regraded Unclassified
analysis indicating what in his judgment the annual earnings of such post-road improvement from all sources will amount to over a reasonable period of time, having due regard to the possibility of a margin of error on the estimated revenues and expenses, making due allowance for operation and maintenance expenses and for depreciation to the extent not provided by amortization, and contingencies;

(b) The Secretary of the Treasury has certified that it appears to him on the basis of such analysis that the post-road improvement can reasonably be said to be of the self-liquidating type.

Limitations on Bonds of the Corporation

SEC. 10. The Corporation shall never have outstanding at any one time bonds in an aggregate amount in excess of the sum of $1,000,000,000. The corporation shall submit to the President and to the Congress in January of each year a complete report of the activities of the Corporation for the preceding governmental fiscal year and a detailed financial analysis of all post-road improvements undertaken. If the earnings of the Corporation reflected in said reports should after the period of construction and development of such post-road improvements be less than the amount required to provide for the payment of the interest or principal of the Corporation for three successive fiscal years, whether or not the Secretary of the Treasury has found it necessary to replenish the capital of the Corporation, the Secretary of the Treasury may reduce the principal amount of bonds of the Corporation then outstanding to the extent deemed desirable to assure that payment of all of its outstanding bonds and interest thereon can be provided for from such earnings. To accomplish such reduction in the principal amount of outstanding bonds the Secretary
of the Treasury is authorized to issue to the holders of bonds of the Corporation direct obligations of the United States, or to purchase the excess outstanding bonds and cancel the same.

**Security of Bonds**

SEC. 11. The bonds of the Corporation shall be direct and general obligations of the Corporation, fully and unconditionally guaranteed, as to both principal and interest by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds.

**Terms of Bonds**

SEC. 12. The bonds may be issued from time to time in one or more series, may bear such date or dates, may mature at such time or times, may bear interest at such rate or rates payable at such time or times, may be in such denomination or denominations, may be in such form, may carry such registration, conversion, or interchangeability privileges, may be subject to such terms of redemption, with or without premium, may be payable at such place or places, may provide for the replacement of mutilated, destroyed, stolen, or lost bonds, may be executed and delivered in such manner, and may contain and be subject to such terms, covenants, and conditions, as may be prescribed by the Corporation.

**Sale of Bonds**

SEC. 13. The Corporation may sell the bonds at such price or prices as it may determine to be in the best interest of the Corporation. The Secretary of the Treasury may market the bonds for the Corporation, utilizing all the facilities of the Department of the Treasury now or hereafter authorized by law for the marketing of obligations of the United States. The Corporation may at any time with the approval of the
Secretary of the Treasury issue bonds in exchange for, or to retire from the proceeds thereof, any of the bonds then outstanding.

Purchase of Bonds

SEC. 14. (a) The bonds shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers or agency or agencies thereof.

(b) The Secretary of the Treasury is authorized to purchase the bonds for investment, cancellation, or collection as provided in this Act, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended. The purposes for which securities may be issued under said Act, as amended, are hereby extended to include issuing such securities for the purpose of purchasing bonds of the Corporation, or in exchange for bonds of the Corporation as provided in this Act. The Secretary of the Treasury may at any time sell any bonds acquired by him for investment under this section.

(c) All redemptions, retirements, purchases, and sales by the Secretary of the Treasury of the bonds shall be treated as public debt transactions of the United States.

(d) The Corporation may purchase out of any funds available therefor any obligations of the United States at any price and may sell such obligations at any time. If the Corporation purchases its own bonds it may hold the same for investment or retire and cancel them, as it shall determine to be in its best interests.

Temporary Financing

SEC. 15. Pending the preparation of definitive bonds, the Corporation may issue interim receipts or certificates to the purchaser or purchasers of the bonds, or, in anticipation of the issuance of permanent bonds, the Corporation may issue temporary notes or bonds.
Preparation of Bonds

SEC. 16. In order that the Corporation may be supplied with such forms of bonds as may be needed to carry out this Act, the Secretary of the Treasury is authorized to prepare such forms, including engraved plates, dies, bed pieces, and other material as shall be suitable for such purpose. The Corporation shall reimburse the Department of the Treasury for any expenses incurred in the preparation, custody, and delivery of bonds.
Moneys of the Corporation

SEC. 17. Moneys of the Corporation from whatever source derived shall be deposited by it with the Treasurer of the United States or with any Federal Reserve Bank. The said Treasurer and the Federal Reserve Banks are hereby authorized to receive and hold the same in a special account or accounts in the name of the Corporation and to disburse the same upon the check or other order of the Corporation. Vouchers approved by the Federal Works Administrator for expenditures from such accounts shall be final and conclusive upon all officers of the Government, except that (a) no funds made available for administrative expenses of the Corporation shall be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or a covering warrant, and all such expenditures for administrative expenses shall be accounted for and audited in accordance with the terms and provisions of the Budget and Accounting Act of 1921, as amended, and (b) all financial transactions of the Corporation, subject to the above limitations, shall be examined by the Comptroller General of the United States at such times and in such manner as he shall prescribe for the sole purpose of making a report to the Congress of any supposed departure from the provisions of this Act, together with his specific recommendations with respect thereto.

The Federal Reserve Banks shall also act as fiscal agents or custodians for the Corporation upon such terms as may be agreed upon with the Corporation.

Mode for Exercise of Eminent Domain

SEC. 15. (a) The Corporation may condemn real property authorized to be acquired under this Act by the exercise of the power of eminent domain in any manner authorized by the law of the State or Territory within the territorial boundaries of which the real property is located, or the Attorney General on behalf of the United States may institute such proceedings and acquire title in the name of the United States, as provided by law, or the
Corporation may exercise its right of eminent domain by instituting proceedings under this Act in the manner provided in this section.

(b) Such proceedings may be instituted in the Federal District Court for the district in which any part of the real property or of the post-road improvement is situated. The Court, whether during a term or during a vacation, shall cause such proceedings to be heard and determined without delay.

(c) The mode or method of procedure to be followed for proceedings instituted hereunder shall conform as nearly as may be feasible to the provisions for the condemnation of real property of an act entitled, "An Act To expedite the construction of public buildings and works outside of the District of Columbia by enabling possession and title of sites to be taken in advance of final judgment in proceedings for the acquisition thereof under the power of eminent domain", approved February 26, 1931, as amended.

(d) At any time after filing the petition in such proceedings and declaring that the property described therein is being taken thereby for the use of the Corporation, and before final judgment, the Corporation may deposit with the Federal District Court, with which such petition is filed, to the use of the persons entitled thereto, the amount of the estimated compensation which shall be stated in the petition, and upon such deposit title to the estate or interest sought in the property described in such petition shall vest in the Corporation, and all the rights and interests of persons in such property and all liens thereon shall be divested immediately, and such persons shall thereafter be entitled only to receive compensation for such rights, interests, and liens, and the right to just compensation for the same shall vest in the persons thereto. When the deposit is made, the Federal District Court shall enter an order designating a day (not exceeding 30 days after such filing, except...
upon good cause shown) on which the person in possession must surrender possession to the Corporation.

(c) Except as otherwise provided herein, no limitations or restrictions in any other statute upon the taking of property by the United States for its use shall be applicable to the proceedings instituted under the provisions of this Act, but the Federal District Court having jurisdiction may, in its discretion make such orders, decrees, and rules as will assure full protection to the constitutional rights of all persons having an interest in such proceedings.

Employees and Services

SEC. 19. Subject to the Civil Service Laws and the Classification Act of 1923, as amended, the Federal Works Administrator is authorized to appoint and fix the compensation of such employees as in his judgment may be necessary to carry out the purpose and policy of this Act, except that without regard to the civil service laws he may appoint such officers, attorneys, and experts as may be necessary to carry out the purpose of this Act. The Federal Works Administrator may also request reports, records, and other assistance from any department, commission, or agency of the Government of the United States in carrying out any of his functions under this Act, and it shall be the duty of the department, commission, or agency to comply promptly with every such request. The Corporation shall reimburse any such department, commission, or agency for all expenses incurred in the performance of the duties imposed by this section in an amount to be approved by the Bureau of the Budget.

Appropriations

SEC. 20. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this Act, including administrative expenses of the Corporation and the reimbursement of departments, commissions, agencies, and Federal Reserve banks assisting the
Corporation in carrying out its functions and including such items as may with the approval of the Bureau of the Budget be charged to administrative expense rather than operating cost of any post-road improvement.

**Penal Provisions**

SEC. 21. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or improper handling, retention, use or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of the United States entrusted to it, and all laws for the prevention of counterfeiting, whether penal or otherwise, shall apply to the bonds of the Corporation.

(b) It shall be unlawful for any person to do any act or thing, or to enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Corporation or wrongfully or unlawfully to defeat its purposes. It shall be unlawful for any individual, association, partnership, trust, or corporation to use the words "United States Construction Corporation", or any combination of these four words, as the name, or part of a name, under which he or it shall do business. Any person who violates any provision of this subsection shall be guilty of an offense against the United States, and, upon conviction thereof, shall be subject to a fine not more than $10,000 or imprisonment not exceeding ten years, or both.

(c) The Corporation may transmit such evidence as may be available concerning any act or thing in violation of any provision of this section or of an act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July 2, 1890, and acts amendatory thereof and supplemental thereto to the Attorney General, who shall institute the appropriate criminal proceedings.
(d) Any violation of any of the provisions of this Act may be enjoined by the district court of the United States having jurisdiction at the instance of any United States district attorney of the Corporation, and the Corporation in every proper case shall sue in the District Court of the United States for the District of Columbia, for the recovery of three-fold damages under section 7 of said Act of July 2, 1890.
June 15, 1939

10:45 a.m.

Present:

Mr. Hjalmar Procope, Minister of Finland
Mrs. Klotz

Mr. Procope: My Government has been very busy with other things. However, I understand that my Government has a very keen interest for the thought of getting some financial assistance, in case of an emergency, from this country. By emergency I mean mobilization or something like that.

A present need for a loan does not exist and, therefore, it is impossible to indicate -- as we have no need for the time being for a loan it is impossible to prepare to fix the conditions, but I should like to thank you for the conversation we had, some three or four weeks ago, when you discussed the possibility of authorization for your Government to arrange for such a loan in case of an emergency. At that time you mentioned that you should like to get in touch with political personalities in an informal way to see if there were the possibilities and I understand that can be done without any publicity. If you see fit to do that, I should be very glad.

HM Jr: Do you want me to go that far?

Mr. Procope: Do I understand that that would be an authorization of your Government to be given for 12 months?

HM Jr: I suppose so.

Mr. Procope: To arrange a loan, what does that look like?
HM Jr: I would have to have my lawyers look into the legal aspects. I will send you some informal drafts of what it would look like. You were talking in terms of $50,000,000.

Mr. Procope: I have not received a definite amount. That was just tentative.

HM Jr: I think I can sound them out without publicity.

Mr. Procope: Do you know why I am afraid of publicity? I am not afraid from the political point of view, purely from the economic. I had a long conversation with Strauss, of Kuhn, Loeb & Co. I did not speak about a loan for Finland, but I asked about the market in general particularly in connection with the O'Mahoney Bill and then he said the market is very bad. I think there is only one country that can get a loan and that is Finland. If in Wall Street they get to know that we discussed with the State to have a loan, they may get the impression that our credit is not so good.

HM Jr: If you succeed in getting it from the Government, I would say it is damn good. It would be a great expression of friendship on the part of the Government to make a Government loan. It would be most unique.

Mr. Procope: Would it be possible for us to have a credit similar to the one extended to Brazil?

HM Jr: I have no assurance from Congress that we would get it for Brazil.

Mr. Procope: They would get it from Mr. Pierson.

HM Jr: That is a matter of short term loan as against foreign exchange.

Mr. Procope: That is, of course, a different thing.

HM Jr: New York banks made that with the underwriting of the R. F. C. It is quite indirect. I, at your request, will sound out Congress and I can assure you it
will be very secret. I will say that I have been talking over with the Finnish Minister the possibility of the United States Government making a loan to the Finnish Government and before I go any further in the conversation I would like to know whether Congress would approve.

Mr. Procope: Can you say it would be for the future?

HM, Jr: No. They only want to do things that are necessary.

Mr. Procope: What would the next step be?

HM, Jr: I will put my lawyers on it.

Mr. Procope: If you find that Congress is for a loan at once -- you mean that you can do it any time within twelve months?

HM, Jr: I will put it up to them that way. It will be much more difficult the way you put it. Supposing there is a war. They might not want to do it.

Mr. Procope: It will always be in your hands to do it.

HM, Jr: Let me talk to our lawyers and before I talk to Congress I will speak to you again.

Mr. Procope: I want to avoid latter -- I have to tell my Government, 'Now I can get a loan -- take it or leave it'.

oOo-oOo
MEMORANDUM FOR THE PRESIDENT:

I return the memorandum on Italian countervailing duties and its attachments submitted to you by Secretary Hull.

The information we have concerning Italian bounties on silk goods is definite, and clearly establishes the requirement that countervailing duties be imposed and the amounts that should be collected. With respect to other Italian products, our information is sufficient to require a countervailing duty order, but is lacking in details which would facilitate the ascertainment or estimation of countervailing duties as required by law. The Treasury Department would, therefore, be very glad to have a frank discussion between its officers and Italian authorities with respect to the latter goods, and would have no objection to such discussions with respect to silk goods.

Every facility has been afforded the Italians by the Treasury Department to discuss this matter, and the Commercial Counselor of the Italian Embassy in Washington has obtained information on various occasions from a representative of the Bureau of Customs, but has stated on each such occasion that he was not authorized by his government to discuss the matter officially.

As stated by former Attorney General Cummings, "The duties of the Secretary of the Treasury under the [countervailing duty] Act are mandatory." 36 Op. A.G. 489, 490 (1936). In his opinion of March 18, 1939, regarding the recent German countervailing duty order, Attorney General Murphy took the same position. On or about November 27, 1935, the question of withholding action under the countervailing duty order was discussed between representatives of the State Department and the former General Counsel of this Department. At that time the General Counsel stated that the law imposed mandatory duties upon the Secretary of the Treasury, and that, if the execution of such duties interfered with the policies or activities of the State Department, particularly with respect to the trade agreement program, there was no way to avoid such interference unless the State Department should procure a repeal of, or amendment to, the law. This statement represents the consistent views of this Department, and I know of no basis on which any different view could be taken at this time.

(Signed) H. Morgenthau, Jr.

IC/EP 6/9/39

By hand

File to Thompson
MEMORANDUM FOR THE PRESIDENT

(1) The attached dispatch from Phillips at Rome, No. 211 of June 1, contains the latest reports received about the present and prospective attitude of the Government of Italy toward the proposed imposition of countervailing duties by the Treasury under Sec. 303 of the Tariff Act. The marked paragraph on page 2 is somewhat symptomatic of the possibilities of retaliation which may in fact be more probable than possible.

We are doing our best to induce the Italian authorities to talk the question through with the Treasury, but I believe it would be most helpful if the Secretary of the Treasury would also do everything possible under the law to see if he can work the matter out by agreement.

(2) The growing importance of Sec. 303 as a check to our commerce may become a serious difficulty in sustaining with the best advantage our trade agreements program.

Another complication is presented by the growing tendency to resort to the use of export subsidies. Since such subsidies are in their turn bound to give rise to special protective legislation on the part of at least some other countries, and since they may involve use in tariff increases on manufactured goods coming from abroad but made out of raw materials which we have subsidized, here, too, there is possible conflict with the trade agreements program, and increasing possibility of trade conflict with other nations.
A portion of

telegram must be

paraphrased be-

coming communicated

to anyone. (br)

Rome

Dated June 1, 1939

Rec'd 12:20 p.m.

Secretary of State,
Washington.

211, June 1, noon.

Department's telegram No. 42, May 24, 7 p.m.

I communicated substance of your telegram to Ciano on May 26. He did not appear to be interested in the least admitting frankly that he knew nothing about the subject. I therefore instructed the Commercial Attaché to see the Minister of Foreign Trade and Exchange and to hand him a copy of the aide-memoire which I had furnished Ciano. This Livengood did yesterday and has submitted the following report of his conversation with Guarnieri.

GRAY) "Professor Guarnieri after reading the paper carefully asked me to thank the Ambassador for his courtesy which he much appreciated. He characterized as 'very useful' the exposition which showed that in connection with the question of possible countervailing duties no policy of singling out Italy was involved. He added that a telegram was being sent the Italian Embassy in Washington. Italy would have no objections to investigations
June 1, noon, from Rome.

Investigations being made by the United States Treasury Department regarding Italy's aids to exportation.

Referring to silk he said that while Italy paid a guaranteed price on cocoons in order to sustain the industry, the Italian exporters sold abroad at world market prices not at dumping prices. He said that knowing thoroughly as he did Italy's export practices he could declare from the depths of his own conscience that Italy was not exporting anything to the United States at dumping prices.

He said that he regretted that at a time when conditions were as difficult as they are at present new complications might be presented by the United States, a country which he remarked was understood to be neither contemplating or practicing a policy of giving what amounted to export bounties on wheat and cotton.

Before any action is taken by the United States in the matter of imposing countervailing duties he said Italy's situation and result which would have to follow should be thoughtfully considered. He continued in substantially the following words: 'If it is made impossible for us to export to the United States I must say with all frankness that we shall not be able to admit American merchandise and our...
our position will be such that we shall not be able to continue to pay credits due to the United States—credits which up to now we have been scrupulously paying, whatever the sacrifices involved'.

'Italy values very highly its trade relations with the United States' he said. He was the only person he added who knew the full extent of the sacrifices which had been made to meet Italy's obligations to that country. It had been hoped that an accord for improving trade relations between the two countries would become possible.

Continuing, he said that if the American officials would put themselves in his position they would see that he could not import from the United States unless he had means for payment, and this he could not have without exporting—exporting at world prices; for, he repeated 'Italy is not exporting at dumping prices'.

At the close of the conversation he said again that he was glad that the aide memoire had been furnished, that it was very useful and that there would be no objection to investigations of the Treasury Department'.
June 15, 1939
2:52 p.m.

RMJr: Hello.
Operator: Secretary Hull coming on.
RMJr: Thank you. Hello.
Hull's Sec'ty: One minute, Mr. Secretary, I'll put Secretary Hull right on.
RMJr: Thank you. (Brief pause)
RMJr: Hello.
Cordell Hull: Hello.
RMJr: Cordell.......
H: Yes, sir.
RMJr: How are you?
H: All right. Henry Wallace charged in on me and said that he'd had talks with you and so on, and so on, and so on.
RMJr: Yeah. I'm the bad boy these days.
H: I told him I was standing on my statement I put out back some -- in March when they first sprung the cotton.......
RMJr: Yes.
H: ......proposition, and that if the press came to me I was going to say that there's always somebody getting up some dissension in the departments -- among the depart-
ments.......
RMJr: Yeah.
H: ......that I had -- had nothing -- I had nothing in mind new to say on the subject.
RMJr: Yeah. Well, he was -- he's terribly angry at me but I can't help it. He says that.....
H: I guess he's -- I suppose he's angry at any -- everybody. I told him that -- he thought I'd been over, you know, to the Capitol. I said, "Why, I didn't know anything about your legislation. I didn't know which House it was in."
"Or whether it was in conference or anything about it." I haven't spoken to any Senator or Congressman on the subject. I just heard reports coming in here recently that you were probably getting two or three hundred million dollars to spend on subsidies, and I said to Henry Morgen-thau that I would be glad if he would bring the matter to the attention of the President on account of the danger it is all along the line, that it would be.

Well, the President gave me the sweet job of telling Henry Wallace that he, the President, changed his mind on this thing.

Well, I had never talked to the President myself, you know. I talked to you.

I know. Well........

And I didn't know whether you had or not.

Well, I -- it's all right; it's nothing new.

Yeah.

What?

Well, I -- I've -- I was -- I told Henry my position, I stood on my statement back in March.

Well, he wanted two or three hours with me to -- to explain the whole thing, and I told him he took it too personal.

Yeah.

He -- he takes it all so -- personally, you know.

Yeah. I told him I had no control over these Republican newspapers. I said, "They do -- they hammer on me to beat the very devil whenever they take a notion."

Yeah.

And I said if I had had any control over them, of course they wouldn't put out any trouble-making editorials which they have done more than once here, the Post.

That's right. Well, I told you where I stood.
H: Yeah.
HMJr: And I told the President where I stood.
H: Yeah.
HMJr: And, as of yesterday, he's against any export subsidy now.
H: I see. Well, I didn't know.
HMJr: Yeah.
H: Now, he should get a hold of -- if he and Ed O'Neill worked together -- they should keep in touch with him.
HMJr: Yeah. Cordell, what I called up about, if it would be agreeable to you -- if -- I'd like to talk to Duggan or whoever you want to suggest, about -- a little bit about the financial aspects of Colombia, and Cuba, and Brazil.
H: Yes, Colombia......
HMJr: Cuba.
H: ......Cuba and Brazil.
HMJr: Yeah. Now, would that be Duggan?
H: Yes, I think Duggan and Maybe -- maybe Feis' office would want to pick up somebody.
HMJr: Well, whoever you think -- if they could come over to see me at ten thirty tomorrow?
H: Yes. Let's see now, Colombia, Cuba and Brazil.
HMJr: And Brazil.
H: At ten thirty tomorrow.
HMJr: At my office.
H: Yeah.
HMJr: Will that be all -- will that be all right?
H: Yeah.
HMJr: We'll want to go into that a little bit.
H: All right, Henry.

HHJr: And they'll keep you posted and I'd like to......

H: Yeah.

HHJr: .......exchange ideas.

H: Yes. All right.

HHJr: Thank you.

H: Thank you.
June 15, 1939
3:30 p.m.

James Farley: Are you busy?

HMJr: Yes, I am.

F: I wanted to know if it was all right with you if I got Tommy Cochran to manage my campaign for the President. I wanted to get your O.K. before I move.

HMJr: My O. K.?

F: Yes.

HMJr: (Laughter) You are in a good humor.

F: (Laughter) How are you?

HMJr: Oh, I'm coming strong.

F: Are you all right?

HMJr: Oh, sure!

F: Good.

HMJr: Our tax bill's coming along fine and we got the necessary votes. I want to thank you for helping us to get out that Stabilization Fund Bill, you know.

F: I know.

HMJr: Brown of Michigan was good. You know what he did.

F: No.

HMJr: He says, "I can't vote for you," so he says, "I'll leave town for a week."

F: I see.

HMJr: And he said, "If you can't get it out in that week you're no good."

F: Yes.

HMJr: Well, that was fair enough.

F: That's all right.

HMJr: What?
F: That was all right.
HMJr: So we got that out and I don't know what the President did with Miller of Arkansas, whether he gave him a couple of judgeships, or what he did.
F: I see.
HMJr: But he was all right.
F: That's fine.
HMJr: No, everything as far as I'm concerned, for the moment, I don't know what it will be at four o'clock, but at the moment I'm all right.
F: I'm glad you are. I'll check in with you when I'm down next week. I'm in New York today.
HMJr: I wish you'd -- would. I'm still a Democrat.
F: Well, I am too, and I'm trying heartily to remain one.
HMJr: (Hearty laughter)
F: I still -- I still have a sense of humor, you know.
HMJr: Well, you have to.
F: That's right.
HMJr: Righto!
F: Well, I'll see you. I'm glad you're all right.
HMJr: Thank you.
F: Good bye.
TO  
Mr. White

FROM  
Mr. Gass

Subject: U. S. Community Improvement Appraisal A Report On The Work Program Of The Works Progress Administration, April 1939

This report was prepared by a committee appointed by the following associations: American Engineering Council, American Institute of Architects, American Municipal Association, American Public Welfare Association, American Society of Planning Officials, National Aeronautic Association, Department of Adult Education (of the National Education Association), National Recreation Association, U. S. Bureau of Public Roads, United States Conference of Mayors, and the Works Progress Administration.

The report assesses the WPA from two standpoints: (a) The effect on the unemployed, and (b) the effect on States and local communities as a whole.

The survey covered 42 of the 48 States, 1,977 out of 3,071 counties in the nation and included rural communities and small cities as well as large cities. About 8,000 State and local reports were analyzed. The great mass of these reports came from Governors, heads of State departments, mayors, county and municipal executives and school officials. All together about 7,000 reports came from State and local officials. In addition, over 1,100 business men, farmers, doctors, lawyers, etc. presented their views.

The consensus of opinions expressed is exceedingly favorable to the WPA. Ninety-three percent of those answering stated that the work performed under the WPA was badly needed and of benefit. Ninety percent said that it was of permanent value. Seventy-nine percent said that the fiscal condition of State and local government units was improved by it. Ninety percent preferred work relief to a direct dole. Ninety percent said that the health, recreation and education projects had been worthwhile. Eighty-five percent said that the quality of the workmanship on WPA projects was good. Seventy-five percent reported that in their opinions the quality of the administration of the program was also good. The only point on which a majority of the reports gave a negative answer was whether the program had covered the field of needy employable people; the majority believed that inadequate planning and especially lack of funds had made the coverage of the program insufficient.

There is a notable lack of reference in these opinions to the use of the WPA for political purposes. If these results may be taken as reliable, the WPA has the overwhelming support of responsible opinion throughout the country. This would suggest that the opposition to the WPA program expressed so heatedly in a few great Eastern newspapers and by some Congressmen does not represent the general opinion in the country.
U. S. COMMUNITY IMPROVEMENT APPRAISAL
A REPORT ON THE WORK PROGRAM OF THE WPA

April - 1939
NATIONAL APPRAISAL COMMITTEE
U. S. COMMUNITY IMPROVEMENT APPRAISAL

A REPORT

ON

THE WORK PROGRAM

OF THE WORKS PROGRESS ADMINISTRATION

BY THE

NATIONAL

APPRAISAL COMMITTEE

TO THE

AMERICAN ENGINEERING COUNCIL
AMERICAN INSTITUTE OF ARCHITECTS
AMERICAN MUNICIPAL ASSOCIATION
AMERICAN PUBLIC WELFARE ASSOCIATION
AMERICAN SOCIETY OF PLANNING OFFICIALS
NATIONAL AERONAUTIC ASSOCIATION

DEPARTMENT OF ADULT EDUCATION
(National Education Association)
NATIONAL RECREATION ASSOCIATION
U. S. BUREAU OF PUBLIC ROADS
UNITED STATES CONFERENCE OF MAYORS
WORKS PROGRESS ADMINISTRATION

WASHINGTON, D.C.

APRIL, 1939
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Regraded Unclassified
NATIONAL APPRAISAL COMMITTEE
WASHINGTON, D.C.

To the
AMERICAN ENGINEERING COUNCIL
AMERICAN INSTITUTE OF ARCHITECTS
AMERICAN MUNICIPAL ASSOCIATION
AMERICAN PUBLIC WELFARE ASSOCIATION
AMERICAN SOCIETY OF PLANNING OFFICIALS
NATIONAL AERONAUTIC ASSOCIATION

DEPARTMENT OF ADULT EDUCATION
(National Education Association)
NATIONAL RECREATION ASSOCIATION
U. S. BUREAU OF PUBLIC ROADS
U. S. CONFERENCE OF MAYORS
WORKS PROGRESS ADMINISTRATION

GENTLEMEN:

The undersigned National Appraisal Committee, appointed by representatives of your
organizations pursuant to the Operating Plan of the United States Community Improve-
ment Appraisal dated January 24, 1938, respectfully submits its report. The responsibilities
assigned this Committee are set forth in your Plan as follows:

"Representatives of the national cooperating agencies shall jointly select a
National Appraisal Committee, which shall evaluate and summarize the reports made
by the Governors and the reports made by the State Committees, and prepare a
nation-wide report appraising the types of projects and methods of operation from
the twin standpoints of (a) effect on the unemployed and (b) effect on the com-
munities as a whole. The report of the National Committee shall be made to the
national cooperating agencies, which shall make it available for official public use."

Prior to the appointment of the National Appraisal Committee, an endeavor was made
to ascertain the views of state, municipal and county officials who administer the local
projects initiated at their own request.

The method followed was to have some state organization such as a state league of
municipalities, state planning board, state relief administration, or state university seek to
gather from these state or local officials answers to a series of questions concerning the
works program for the needy unemployed. Afterwards a state-wide committee of leading
citizens summarized the answers, and made recommendations.

Manifestly the survey was so broad that only the program and accomplishments of the
Works Progress Administration and its predecessor and subsidiary agencies were considered.

The appraisal covered 42 of the 48 states, 1,977 out of 3,071 counties in the nation and
included 2,102 rural communities, 1,201 small cities, 266 middle cities, and 154 reports from
large cities.

About 8,000 state and local reports were analyzed. In this great mass of factual ma-
terial were the findings of governors, heads of state departments, mayors, county and mu-
nicipal executives, and school officials, representing the bulk of official opinion—about 7,000
in number. In addition, 1,125 business men, farmers, doctors, lawyers and leaders in
men's and women's clubs presented their views.

We have endeavored to summarize the findings and to make a recommendation for the
improvement of the program, basing our report only on these state and community reports.
Every cooperation requested by us was given by the Works Progress Administration. The
committee expresses its thanks to Mr. James R. Branson, its Secretary, and Mr. J. Charles
Lane for the gathering and analyzing of the factual material used by the committee in
reaching its conclusions.

5
In the course of the appraisal certain material has been assembled by others which we believe is of sufficient value to warrant publication as a supplement to this report. Part of this material is attached to this report, and part is to be published separately later. Because we have not had the opportunity to examine this material, the Committee naturally assumes no responsibility for the facts or conclusions in these supplements.

In making these findings and recommendations it is understood that the members of the committee are acting as individuals, and are not empowered to reflect the views of the organizations and institutions with which they are associated.

Respectfully submitted,

Morton L. Wallerstein, Chairman,
National Appraisal Committee
FINDINGS

The reports—about 8,000 in number, which served as primary source material for both State and national appraisal committees—were written in the main by local public officials. Their reports would naturally reflect the deficiencies inherent in an appraisal of a program in which they were interested. Also, while the State Committees were composed of persons of prestige and dependability, it seems to us that they were not given sufficient time and opportunity to consult thoroughly objective data from which to make entirely adequate appraisals. Due weight should be given to these two deficiencies in the local and state evaluations.

Nevertheless, the tabulation of opinions from the 8,000 communities and the reports of the 42 State committees are considered exceedingly valuable because among other reasons (1) they constitute, so far as this committee knows, the only comprehensive survey of this sort in existence, averaging more than 150 communities for every State in the nation, and (2) they are not limited to favorable comments but contain much candid, constructive criticism designed to correct some points on which present operation is unsatisfactory and which may be used as a basis for improvement.

Of all the reports from the communities, large and small, specifically answering the various questions put to them, 93 per cent stated that the work performed was badly needed and of benefit; 90 per cent, that it was of permanent value; 79 per cent, that their own local fiscal condition was improved by it; 90 per cent, that work-relief had been better than the dole, both for individuals and communities; 90 per cent, that the health, recreation, education and other non-constructive activities have been worthwhile; 90 per cent, that community improvement had been advanced; 80 per cent, that the work had maintained the skills and employability of the workers; 85 per cent, that the quality of the workmanship was good; 75 per cent, that the quality of the administration was good. The only point on which a majority of the reports (51 per cent) gave a negative answer was whether the program had covered the field of needy employable people. It was indicated in the reports that this failure was due to a number of causes, such as inadequate planning, inability of the communities to provide projects suitable for the relief workers available, and especially lack of sufficient funds.

The answers in the reports set forth certain defects in the program. Some of these defects listed by the appraisers and enumerated below can be corrected administratively within the Works Progress Administration itself; others are dependent for removal upon public policy at the several levels of government, Federal, State and local:

1. Lack of a recognition of unemployment as a long-time problem frequently has resulted in a failure of comprehensive planning, so essential to an effective program.

2. Federal, State and local funds have been insufficient to give employment to all needy employables.

3. The program did not permit or encourage, in many instances, the exercise of sufficient discretion, responsibility and initiative on the part of local officials.

4. There has not been enough flexibility to adjust wages and hours to meet variations, in local conditions and the competency of the workers.

5. There has been ineffective local supervision of the relief workers in many instances.

6. There was a lack of skilled workers on relief in many localities, not only to carry on certain projects which were regarded as desirable, but also to provide more useful work for the unskilled.

7. There was a need of more vocational training, both to assist in securing skilled workers for selected projects, and to facilitate the return of relief workers into certain private occupations.
RECOMMENDATION

The Committee is in full accord with what it believes to be a maturing public conviction that the needy unemployed who are able to work should be furnished the opportunity for employment. An adequate long-time national program dealing with unemployment does not now exist and should be developed at the earliest possible time. To obtain this program, the National Resources Committee, collaborating with public and voluntary agencies at all levels of government, should be requested to make a report to the President of the United States to include:

(a) A nationwide objective survey to appraise the results achieved by all the agencies dealing with the unemployed.

(b) A recommendation as to the best method of correlating measures for the relief of unemployment with comprehensive programs of public works, public services, private employment and provisions for social security.

MORTON L. WALLERSTEIN, Chairman, National Appraisal Committee,
Past President, American Municipal Association,
Richmond, Virginia

MEMBERS

DONALD R. HOOKER, Chairman,
Mayor's Committee on Recreation,
Baltimore, Maryland

GEORGE C. ZOOK, President,
American Council on Education,
Washington, D. C.

ABEL WOLMAN, President,
American Public Health Association,
Baltimore, Maryland

ROBERT E. BUCHANAN, Dean,
Graduate College, Iowa State College of Agriculture
and Mechanic Arts,
Ames, Iowa

LEWIS MUMFORD,
Amenia, New York

DONALD COMER, Chairman of the Board,
Avondale Mills,
Birmingham, Alabama

JAMES R. BRANSON, Secretary,
Room 305, Lemon Building,
1729 New York Avenue, N.W.,
Washington, D. C.
PRESIDENTS AND ADMINISTRATIVE EXECUTIVES OF AGENCIES COOPERATING IN THE UNITED STATES COMMUNITY IMPROVEMENT APPRAISAL

Agency
AMERICAN ENGINEERING COUNCIL
744 Jackson Place, N.W.
Washington, D. C.

AMERICAN INSTITUTE OF ARCHITECTS
1741 New York Avenue, N.W.

AMERICAN MUNICIPAL ASSOCIATION
1313 East 60th Street
Chicago, Illinois

AMERICAN PUBLIC WELFARE ASSOCIATION
1313 East 60th Street
Chicago, Illinois

AMERICAN SOCIETY OF PLANNING OFFICIALS
1313 East 60th Street
Chicago, Illinois

NATIONAL AERONAUTIC ASSOCIATION
Dupont Circle
Washington, D. C.

DEPARTMENT OF ADULT EDUCATION
(National Education Association)
1201 16th Street, N.W.
Washington, D.C.

NATIONAL RECREATION ASSOCIATION
315 Fourth Avenue
New York City

U. S. BUREAU OF PUBLIC ROADS
515 14th Street, N.W.
Washington, D.C.

U. S. CONFERENCE OF MAYORS
350 Jackson Place, N.W.
Washington, D.C.

WORKS PROGRESS ADMINISTRATION
1734 New York Avenue, N.W.
Washington, D.C.

Name
Dr. William McClellan
Frederick M. Feiker
Charles D. Maginnis
Edward C. Kemper
C. C. Ludwig
Clifford W. Ham
Charles F. Ernst
Fred K. Hoehler
Harold S. Buttenheim
Walter H. Blucher
Charles F. Horner
William R. Entyart
Dr. G. E. Mann
John H. Finley
Howard Braucher
Thos. H. MacDonald
F. H. LaGuardia
Paul V. Betters
F. C. Harrington

Position
President
Executive Secretary
President
Executive Secretary
President
Executive Director
President
Executive Director
President
Secretary
President
Executive Director
Chief

REPRESENTATIVES OF THE ELEVEN COOPERATING AGENCIES WHO SELECTED THE NATIONAL APPRAISAL COMMITTEE

Agency
AMERICAN ENGINEERING COUNCIL

AMERICAN INSTITUTE OF ARCHITECTS

AMERICAN MUNICIPAL ASSOCIATION

AMERICAN PUBLIC WELFARE ASSOCIATION

AMERICAN SOCIETY OF PLANNING OFFICIALS

NATIONAL AERONAUTIC ASSOCIATION

DEPARTMENT OF ADULT EDUCATION
(National Education Association)

NATIONAL RECREATION ASSOCIATION

U. S. BUREAU OF PUBLIC ROADS

U. S. CONFERENCE OF MAYORS

WORKS PROGRESS ADMINISTRATION

Representative
Lemuel D. Reeser
Wm. S. Parker
Earl D. Mallery
Fred K. Hoehler
Gabriel C. Harman
William R. Entyart
Miss Maude Aiton
Thomas E. Rivers
H. S. Fairbanks
Paul V. Betters
Roscoe Wright

Position
Assistant
Executive Secretary
Chairman, Committee on
Constitution Industry Re-
lations
Manager
Washington Office
Director
Secretary
President (1938)
Principal
Highway Engineer
Executive Director
Director
Information Service

Regraded Unclassified
SUMMATION OF 7,737 COMMUNITY SURVEYS FOR THE NATIONAL APPRAISAL

(PREPARED BY STAFF)
Physical accomplishments in the WPA work program include public buildings, highways, roads, streets and related facilities, airports and airway equipment, recreational facilities, water supply, sanitation and drainage systems, flood and erosion control, electric and communication utilities, grounds improvement, conservation activities and other tangible items grouped in the construction activities as weighed in the nation-wide survey made in the United States Community Improvement Appraisal.

*In the case of this question, "affirmative" is to be regarded as meaning "good"; "qualified affirmative," "fairly good"; "qualified negative," "rather poor," and "negative," "poor."
Human accomplishments include the more intangible values developed or utilized by the non-construction activities of the WPA work program particularly in the field of education, public health and recreation and including sewing activities, school lunches, medical, dental and nursing care, art, library, historical projects and the like. Among these considerations was the question of how well human needs were met and the quality of the administration as weighed in the nation-wide survey made in the United States Community Improvement Appraisal.

* In the case of this question, “affirmative” is to be regarded as meaning “good”; “qualified affirmative,” “fairly good”; “qualified negative,” “rather poor,” and “negative,” “poor.”
CONSENSUS OF OPINIONS RECEIVED ON EACH QUESTION
(By Percentage of Total)
(For Complete Tabulation See Supplement)

<table>
<thead>
<tr>
<th>The Questions</th>
<th>Type of Answer</th>
<th>Type of Answer</th>
<th>Type of Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Were the Improvements and Services Badly Needed?</td>
<td>93.7</td>
<td>5.7</td>
<td>0.4</td>
</tr>
<tr>
<td>2. Were They of Benefit to the Community?</td>
<td>96.8</td>
<td>2.2</td>
<td>0.6</td>
</tr>
<tr>
<td>3. Have the Programs Covered the Field of the Needy Employables?</td>
<td>48.7</td>
<td>39.1</td>
<td>7.4</td>
</tr>
<tr>
<td>4. Has Work Relief Maintained the Skills of the Project Workers?</td>
<td>82.3</td>
<td>11.8</td>
<td>2.9</td>
</tr>
<tr>
<td>5. Has Work Relief Maintained the Employability of the Project Worker?</td>
<td>88.3</td>
<td>12.3</td>
<td>1.9</td>
</tr>
<tr>
<td>6. What has been the Quality of Workmanship?</td>
<td>90.0</td>
<td>8.5</td>
<td>0.8</td>
</tr>
<tr>
<td>7. Are the Public Facilities Under the Works Program of Permanent Value?</td>
<td>95.6</td>
<td>2.5</td>
<td>1.2</td>
</tr>
<tr>
<td>8. Have the Education Activities Been Worthwhile?</td>
<td>95.3</td>
<td>3.0</td>
<td>1.1</td>
</tr>
<tr>
<td>9. Have the Public Health Activities Been Worthwhile?</td>
<td>91.1</td>
<td>4.0</td>
<td>3.4</td>
</tr>
<tr>
<td>10. Have the Recreation Activities Been Worthwhile?</td>
<td>95.9</td>
<td>2.7</td>
<td>0.8</td>
</tr>
<tr>
<td>11. Have Non-construction Activities Other than Education, Public Health, Recreation Been Worthwhile?</td>
<td>78.7</td>
<td>14.7</td>
<td>4.3</td>
</tr>
<tr>
<td>12. What has been the Effect of the Works Program on the Fiscal Condition of Governmental Subdivisions?</td>
<td>73.7</td>
<td>19.6</td>
<td>2.3</td>
</tr>
<tr>
<td>13. Has the Program Developed Long Range Community Planning?</td>
<td>95.2</td>
<td>3.2</td>
<td>0.6</td>
</tr>
<tr>
<td>14. Has Work Relief Advanced the Community Improvement Program?</td>
<td>92.3</td>
<td>5.9</td>
<td>0.6</td>
</tr>
<tr>
<td>15. Is Work Relief Better than the Dole for the Employable Unemployed?</td>
<td>92.5</td>
<td>5.6</td>
<td>0.6</td>
</tr>
<tr>
<td>16. Is Work Relief Better than the Dole for the Community?</td>
<td>74.7</td>
<td>15.6</td>
<td>7.1</td>
</tr>
</tbody>
</table>

TOTAL NUMBER OF OPINIONS RECEIVED ON EACH QUESTION
(For Complete Tabulation See Supplement)

<table>
<thead>
<tr>
<th>The Questions</th>
<th>The Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Were the Improvements and Services Badly Needed?</td>
<td>6527</td>
</tr>
<tr>
<td>2. Were They of Benefit to the Community?</td>
<td>7134</td>
</tr>
<tr>
<td>3. Have the Programs Covered the Field of the Needy Employables?</td>
<td>2308</td>
</tr>
<tr>
<td>4. Has Work Relief Maintained the Skills of the Project Workers?</td>
<td>2960</td>
</tr>
<tr>
<td>5. Has Work Relief Maintained the Employability of the Project Workers?</td>
<td>2952</td>
</tr>
<tr>
<td>6. What has been the Quality of Workmanship?</td>
<td>5100</td>
</tr>
<tr>
<td>7. Are the Public Facilities Under the Works Program of Permanent Value?</td>
<td>3755</td>
</tr>
<tr>
<td>8. Have the Education Activities Been Worthwhile?</td>
<td>1670</td>
</tr>
<tr>
<td>9. Have the Public Health Activities Been Worthwhile?</td>
<td>1085</td>
</tr>
<tr>
<td>10. Have the Recreation Activities Been Worthwhile?</td>
<td>1098</td>
</tr>
<tr>
<td>11. Have Non-construction Activities Other Than Education, Public Health, Recreation Been Worthwhile?</td>
<td>3508</td>
</tr>
<tr>
<td>12. What has been the Effect of the Works Program on the Fiscal Condition of Governmental Subdivisions?</td>
<td>2227</td>
</tr>
<tr>
<td>13. Has the Program Developed Long Range Community Planning?</td>
<td>1505</td>
</tr>
<tr>
<td>14. Has Work Relief Advanced the Community Improvement Program?</td>
<td>5344</td>
</tr>
<tr>
<td>15. Is Work Relief Better than the Dole for the Employable Unemployed?</td>
<td>4519</td>
</tr>
<tr>
<td>16. Is Work Relief Better than the Dole for the Community?</td>
<td>4561</td>
</tr>
<tr>
<td>17. What has been the Quality of the Administration of the Program?</td>
<td>3175</td>
</tr>
</tbody>
</table>
This chart is based on answers to question 3: "Coverage of need"
APPRAISALS GROUPED ACCORDING TO TYPES OF COMMUNITIES AND PERSONS WHO MADE SURVEYS

Of the 7,737 surveys analyzed, 3,723 were made by municipal officials, 1,977 were received from county officials of whom the bulk were from rural areas, 1,125 were from business, professional men and women and farmers; the balance were from state and school officials and 171, slightly over 2 per cent, were from officials connected with the WPA.

<table>
<thead>
<tr>
<th>Type of Official</th>
<th>Number of Surveys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Officials</td>
<td>3,723</td>
</tr>
<tr>
<td>Small cities, 2,500 to 25,000</td>
<td>2,102</td>
</tr>
<tr>
<td>Middle-sized cities, 25,000 to 100,000</td>
<td>1,201</td>
</tr>
<tr>
<td>Larger cities, 100,000 and Over</td>
<td>266</td>
</tr>
<tr>
<td>County Officials</td>
<td>1,977</td>
</tr>
<tr>
<td>Counties (with no town of more than 2,500)</td>
<td>1,050</td>
</tr>
<tr>
<td>Counties (with one or more cities of 2,500 to 25,000)</td>
<td>730</td>
</tr>
<tr>
<td>Counties (with one or more cities of 25,000)</td>
<td>197</td>
</tr>
<tr>
<td>State Officials*</td>
<td>425</td>
</tr>
<tr>
<td>School Officials*</td>
<td>316</td>
</tr>
<tr>
<td>WPA Officials</td>
<td>171</td>
</tr>
<tr>
<td>All others†</td>
<td>1,125</td>
</tr>
</tbody>
</table>

BIG CITIES IN RELATION TO SMALL CITIES IN REPLYING TO THE QUESTION OF "NEED"

When the appraisal returns from the larger cities are contrasted with the nation as a whole a significant change occurs in relation to the question of whether the WPA programs have covered the field of the needy employables. If each municipal group is weighted according to size, a metropolis is about 3,000 times larger than the smallest city class, the total affirmative opinion is 34 1/2 per cent instead of the simple average of 48 per cent shown on the chart on page 14. The larger the city the less is the evidence that the need of all the employables was met.

"HAVE THE WPA PROGRAMS COVERED THE FIELD OF THE NEEDY EMPLOYABLES?"

(Replies to this question on a weighted basis)

<table>
<thead>
<tr>
<th>Weight based on relative population</th>
<th>Number with comment</th>
<th>Relative importance of answers from each city group</th>
<th>Per cent answers affirmative</th>
<th>Aggregate (3 x 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Population</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 2,500</td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>2,500 to 25,000</td>
<td>1</td>
<td>1,478</td>
<td>1,478</td>
<td>49%</td>
</tr>
<tr>
<td>25,000 to 100,000</td>
<td>10</td>
<td>861</td>
<td>8,610</td>
<td>52%</td>
</tr>
<tr>
<td>100,000 to 1,000,000</td>
<td>50</td>
<td>153</td>
<td>7,650</td>
<td>48%</td>
</tr>
<tr>
<td>Over 1,000,000</td>
<td>400</td>
<td>77</td>
<td>30,800</td>
<td>32 1/2%</td>
</tr>
<tr>
<td>Total</td>
<td>3,000</td>
<td>2</td>
<td>6,000</td>
<td>0%</td>
</tr>
</tbody>
</table>

Out of the total of 4,861 returns on the question 2,571 replies were received from municipal agents and 2,290 from county representatives and others. (Tabulation from Research Supplement.)

* By State and school officials in these categories are meant presidents, deans or others connected with universities or colleges. The state school superintendent is classed as a state official, the county school superintendent as a county official, a city school superintendent as a municipal official.

† All others include business men, farmers, doctors, lawyers and leaders in men's and women's civic organizations.
FAULTS AND VIRTUES AS SUMMARIZED FROM LOCAL AND STATE APPRAISALS: WITH OPINIONS AS TO THE FUTURE PROGRAM

The local community appraisals find specific faults and propose various remedies and changes in WPA practices, and are generally in agreement in praising certain aspects and results of its work in their communities. There is not the same general agreement upon faults and remedies as upon good results, but the two groups of opinion can be listed as follows:

Major Faults:

An insufficient coverage of the unemployment needs of

a. White collar workers
b. Single men and women
c. Skilled workers and others in need

Red tape and limitations with the result that

a. Small communities lack technical aid
b. Winter labor surplus forces an overload of men on projects
c. Small communities lack construction funds
d. Workers are afraid to quit WPA for fear they cannot return
e. Local sponsors are reluctant to discharge negligent project workers for this swells their direct relief cost

Poor supervision
Short hours of project workers

Uncertainty of the program and the inability to plan ahead.

Satisfactory Results:

Valuable and lasting community improvements otherwise unobtainable.

a. Physical accomplishments
b. White collar accomplishments

Good workmanship
General benefits of work relief as compared to direct relief.

Some discussion of these points is required to make their meaning clear.

Faults of the WPA Works Program

The faults found in the work program fall into five major groups. The remedies suggested in the appraisals are included in this summary.

Insufficient Coverage of Employment Needs

The questions asked were: "Have the programs covered the field of needy employables? If not, how far have they failed?"

The answers to the first question ranged from "yes" to "no," with many qualifications in between, such as "fairly satisfactory" and "covered the cases of worst need."

The specific citations of failure of coverage referred chiefly to

(a) white-collar workers for whom there were insufficient projects in some large communities, and no projects at all in some smaller communities.

(b) single men and women excluded by quota restrictions, and

(c) skilled workers and others in need but not on the relief rolls.

In part the failure of coverage is due to insufficiency of Federal funds, in part to insufficiency of local funds, in part to the WPA restriction of jobs to those on the relief rolls instead of to all the really needy unemployed. There is a widespread opinion that public work should be open to more non-relief workers. More on these points will be found in the discussion below.

Red Tape

This includes a variety of objections.

(a) Small communities appear very widely to lack the services of people technically expert enough to fill out applications for WPA projects in proper form, particularly with regard to estimates. The applications are returned to them by the district WPA office for revision, and sometimes have to be done over "as many as ten times." Mean-
while, the community is supporting a group of able-bodied unemployed on direct relief for weeks or months, and no work is done on the proposed project.

(b) The expansion of WPA employment to correspond with the diminution of private employment often means more WPA jobs in winter; in all Northern States with severe winters, roadwork and similar outdoor work is impracticable during severe winter weather; but in many small communities, road projects and drainage projects may be the only WPA projects there are. At best, the work is interrupted and slow and the costs higher than they should be.

These small communities report that they need new schools or other construction work suitable for winter employment, but that they have not enough skilled labor on the relief rolls and cannot afford to hire it from local funds. They want a somewhat more liberal proportion of WPA funds to be used for non-relief skilled labor, which they assert would prevent inefficiency and waste due to weather conditions. In lieu of that, they want local authority to use WPA labor for other civic purposes (including maintenance work) in bad weather.

The suggestion is also sometimes made that WPA workers should be given full-time employment in summer and part of their wages held over and paid to them in winter when work is impracticable.

(c) Small communities feel widely unable to raise money for the construction projects of which they feel most in need. They want a somewhat more liberal proportion of WPA funds to be used for materials, equipment and non-relief skilled labor. The kind of projects they can afford to sponsor do not increase property values and prospects of greater future tax returns as much as the projects which they cannot get approved. They keep on applying for the projects they need and want, and keep on resenting their rejection.

(d) Workers are said to be afraid to leave WPA jobs for temporary private employment, either for fear they will not get back on the WPA at all, or will get back only after weeks of delay and a period of being on direct relief.

The arrangements the WPA has made to ensure and facilitate such return are still considered insufficient; any actual delay at all is regarded as a needless injury to both the worker and the community, as a severe discouragement to the workers in taking temporary private employment, and as a serious grievance of farmers and others who need temporary help. The fact that there are two organizations which have to cooperate, the local direct relief agency and the WPA, is sometimes regarded as responsible for the delays. Nothing less than a smoothly functioning automatic process of return to WPA work after temporary private employment will meet these demands, and anything else will be regarded as unnecessary bureaucratic red tape.

(e) There appear to be, or to have been, wide local discrepancies in the authority of sponsors in securing efficiency of work on projects. Some inefficiency is blamed on local sponsors, some on WPA regulations, some on the supervisors.

In particular there appear to have been periods in which local sponsors could not or did not for some time exert their authority in getting inefficient workers dismissed from projects. This is apparently due in part, however, to local reluctance to support a dismissed worker on direct relief, in part to the lack of other more suitable projects to which the worker might be transferred, and in part to inexperience in local adjustment to a complex arrangement.

Most of these complaints refer to the past, and are absent in the reports of larger communities with a varied work program and fuller experience in administration.

Poor Supervision

Most of these complaints come from small communities, and are often explained as due to the inability of the community to hire good supervisors. A flood of opinion reiterates that the degree of efficiency on a project is
due to the quality of supervision. Many of the comments on poor supervision refer to past conditions, now said to have been greatly improved. The remark is frequently made that the workers on the project are themselves appreciative of good supervision and disgusted with poor supervision which lessens their efficiency. The only opinions to the contrary are a few which suggest that in particular places the most efficient workers have been placed in private jobs and that the proportion of inefficient workers is too high to be counterbalanced by good supervision. In general, wherever the quality of supervision is described as high, the results of WPA labor are confidently compared with those in private industry.

Short Hours of Project Workers

The short hours of some workers, mainly the skilled, result from the fact that Congress has adopted the “prevailing wage” per hour for WPA work, while the WPA at the same time has to maintain a maximum monthly wage lower than that of private industry. Therefore instead of being available for a full week these workers can put in a total number of hours, amounting in various instances to three, four or five days, limited by the maximum monthly pay allowed. To make a standard week the work hours can be shared by several skilled men if they are available.

There is difficulty on some projects on account of the limited hours in getting the work done properly, though this difficulty can be in part at least overcome by skillful management. But the psychological effect is said to be bad on the workers, and is evidently bad on many observers. Two groups of observers in particular resent these short hours—the unemployed workers not on relief, and the farmers in all rural communities. The latter are frequently reported as being unwilling to vote for county expenditures for WPA projects because of their resentment at the short hours of WPA workers. A great many of these local reports recommend regular hours for WPA work.

It is also strongly felt that a discrimination should be made between the more and the less efficient WPA workers, and that the more efficient ones should get better pay. All the peculiar characteristics that separate WPA work from other work are subject to criticism in these local reports, with short hours heading the list of objectionable characteristics.

Uncertainty and Inability to Plan Ahead

This is due to the fact that WPA employment must increase and decrease to meet shifting needs. There is not much planning among American communities, though there is an increasing recognition of the need for planning. At best, WPA work can be well fitted into community planning, though it must almost inevitably carry some parts of the community plan far ahead while leaving other parts undeveloped.

It is the communities that have had no plans of their own, and now must begin to plan, that most keenly feel the uncertainty involved in the WPA program. It is because they are so dependent on WPA plans, because WPA plans are the only plans these communities have, that they ask it to be something that it isn’t—a far-reaching, highly coordinated method of providing communities with needed improvements, a program in which community needs for facilities will be the decisive consideration. Such a program would provide certain civically needed improvements that cannot be provided by projects which must first be fitted to local unemployment needs.

It comes down again to a question of local funds, which are said to be insufficient in small communities to carry out some of the most highly needed kind of civic improvement even with WPA assistance. There are in this connection some occasional references to the CWA program, which took half of its workers from outside the relief rolls. This, or some other arrangement which would permit more use of Federal funds for the employment of non-relief skilled workers, as well as for materials and equipment, is what many small communities desire under the head of good planning.
Satisfactory Results of the Works Program

The results found to be satisfactory are grouped under three general headings with references to possible reform that will increase the benefits.

Valuable and Lasting Community Improvements

These reports, however critical in other respects, are almost unanimous in asserting that their chief WPA projects have resulted in valuable and lasting community improvement otherwise unobtainable at the present time. There is frequent expressed repudiation of the idea that any local projects have been in the nature of “boon-doggling” or “leaf-raking” projects.

(a) Physical accomplishments are more widely reported and commented upon with more complete agreement as to their value and usefulness than white-collar projects. The tone of the commentary varies quite regularly with the nature of the projects. Thus such projects as those for the construction of schools and community centers, the building of farm-to-market roads, drainage of malarial swamps, and the laying of sewers and water mains, are written about warmly, whether by engineers or other city officials, in a tone of pride mingled with gratitude which scarcely varies from one county or town or State to the next. A citation of such passages from these reports would sound like a panegyric of praise.

Various other construction projects, such as are less vitally needed, or less eagerly desired by the whole community, are described with more restraint, though almost invariably with satisfaction in the accomplishment. Progress in providing various civic facilities is said to have been advanced five, ten or twenty years in many communities. The proportion of the population said to benefit from these improvements is usually large, sometimes “the whole population.” These improvements, it is generally said, could not have been carried out at all at the present time without the help of the government.

Many of the reports describe past conditions of neglect of important civic facilities, and of community discouragement, concluding with the statement that the town is now a much better place to live in as a result of what has been done on work-relief projects. Such statements, made by public officials who criticize freely and vigorously various aspects of the work-relief program, are impressive. There are statements praising projects initiated under previous administrations, and by various county or State agencies whose supervision is adversely criticized. The need for the projects, their worthiness and their lasting character are almost universally asserted.

Larger Cities Favor Most “White-Collar” Projects

(b) The larger cities report favorably on white-collar projects of practically every kind (education—literacy classes, vocational training, etc.; public health projects—clinics, immunization, nursing, public school hygiene, survey and research, etc.; library and museum projects; service projects—school lunches, sewing rooms, housekeeping aids, handicraft, gardening, canning, etc.; recreation; cultural projects—art, music, writers, theatre, historical records, etc.; public administration projects—tax delinquency surveys, real property appraisals, engineering surveys, traffic surveys, etc. The smaller communities have few such projects, and often none.

Small Cities Favor Some “White-Collar” Projects

The white-collar projects most often referred to in the reports of small communities are the education and recreation projects, both of them generally with commendation, but occasionally with adverse criticism or with skepticism as to their value. Certain of the education projects would appear to have become quite firmly established as adjuncts to the school system. The tenure of recreation projects would appear to be more uncertain in small communities, for they are sometimes referred to as having been given up; the cause assigned for these instances is poor supervision. The view, however, that recrea-
tion projects are greatly needed is widely expressed in the reports of small communities.

Communities Can Absorb Certain “White-Collar” Projects

In the original questionnaire, the questions were asked: “Have any of these services been absorbed into the permanent government structure? Which do you deem of sufficient community value to continue locally if funds were available?” Individual education and recreation project workers have to some extent been “absorbed” or taken over by existing local governmental agencies, and this is also true in particular instances of other white-collar workers. Education and recreation projects and school lunches rank high among the projects named as those which are deemed of sufficient community value to continue locally if funds are available.

For the success of many such projects, active and responsible local sponsorship or co-sponsorship and expert supervision appear to be the determining factors. Where these factors are present, large sections of the community give enthusiastic assistance and high efficiency is secured.

A definite impression is gained from occasional reports that local governmental sponsorship of such projects is sometimes half-hearted, and wholly neglectful of its administrative responsibilities, because local officials regard the projects as unnecessary or “made” work, and that the results are correspondingly bad.

When projects are successful, so much so that the communities would take them over if they could afford to do so, attention is drawn to the good work of some of the best project workers, particularly the supervisors, with the result that these are enabled to secure regular employment with private employers or agencies doing similar work. Although one purpose of the program (that of effecting private re-employment) has been served, the other purpose of this part of the program (as a “demonstration program”) is correspondingly impaired. To get the best results, supervisors and workers are needed who will stick with the job long enough to see it through—and hence we often find sponsors very regretful of the fact that these projects are not on a more stable basis.

There is a discrepancy between the public service and the private re-employment purposes of the program, which can only at present be solved by setting up regular municipal or county agencies to do the work—a solution which is asserted by many sponsors to be impossible because of lack of funds.

NYA Is Regarded Highly

Under the heading of service projects there is much mention in the reports of the work done by high school and college students in return for NYA wages which enable them to continue schooling. This arrangement is reported almost invariably in terms of high praise, and sometimes with accompanying testimonials as to the need, character and scholarship of the young people given such assistance; higher than average school work on the part of NYA students is frequently reported. The NYA is regarded as of great value in small as well as in large communities.

Good Workmanship

Good workmanship on WPA construction and other projects is so frequently asserted as to appear somewhat surprising, in view of the rather frequent assertions that some of the workers are inefficient. The judgment of “good workmanship” is shown by its contexts to have several different meanings. Sometimes it means that the final results are good, although the work went more slowly than it should have done. Again it means that excellent supervision is getting the best possible work out of workers who varied in their skill. And sometimes it expressly means that the WPA workers are just as good workers as those to be found anywhere. There are many judgments expressed on the capacity of WPA workers both in general and in particular jobs—all of which amount to this, that some are very good, some only fairly good, and some no good.
When by “workmanship” is meant not the final result but the comparative efficiency of WPA workers, the judgment “fairly satisfactory” is perhaps more frequent than either “poor” or “good.”

In the opinions of some observers, the skilled older men who cannot get factory jobs are of great value in teaching younger unskilled or wholly untrained workers. But in the view of other observers the slowness of the older men holds down the pace of the crew.

Many reports speak of workers trained to new trades which enable them to get private employment (for example, as stone masons and cement workers). Sometimes the necessity for training men on the job is deplored as creating delay and increasing the costs of the project; while again such training is regarded as an asset to the community that is well worth the extra costs. Many reports speak of a certain proportion of workers as too shiftless for useful employment, and as imbued with the idea that the government owes them a living without any corresponding idea that they owe the government honest work in return.

Many other reports assert that when there is plenty of material and equipment on a project there is never any trouble about workers keeping busy—that it is lack of proper working facilities that creates loafing in practically every case.

Work-Relief Compared With “Dole”

Three questions were asked to ascertain the general benefits of work relief as compared with direct relief. First, what part of the unemployed should be provided for by direct and what part by work relief. Almost unanimously the reports declared that direct relief should be restricted to the aged, the sick and the physically handicapped, and that all the able-bodied unemployed should be provided for by work relief.

The second and third questions asked whether direct or work relief was preferable in its effect on the community and on the worker. Again the answers were almost unanimously to the effect that work relief is highly preferable with regard to its effects on both the community and the worker. The benefits to the community from WPA projects and the maintenance of the self-respect of the worker were the chief reasons given for preferring work relief. These answers were almost invariably the same in reports which were critical of the WPA as in other reports which expressed general commendation of the WPA.

Federal or State-Controlled Work Programs

On the preference for a Federal financed, and controlled work program or a State controlled work program the State Appraisal Committees which expressed opinions favored overwhelmingly the present methods of operation. Twenty State Committees strongly favor the continuation of the WPA. Two State Committees suggested that a wider latitude be given to the states in the selection of work projects and in their administration to reduce delay. Two State Committees expressed themselves in favor of a State-controlled program. Twenty apparently accepted the principle of Federal control without particular comment.

The twenty State Committees outspokenly in favor of the WPA or some similar form of Federal control are:

California
Colorado
Massachusetts
Minnesota
Montana
Nevada
New Jersey
New York
North Carolina
North Dakota

Oklahoma
Oregon
Rhode Island
South Carolina
Tennessee
Texas
Utah
Virginia
Washington
West Virginia

The two State reports that favored State control are:

Iowa
Kansas

The outstanding replies received on this issue follow:
In Favor of Federal Program

CALIFORNIA (Northern)

"The most obvious characteristic of the community report is their virtually unanimous endorsement, regardless of political differences, of the Federal Government's work-relief program."

COLORADO

"After an impartial digest of these appraisals your committee gives its whole-hearted approval to a continuation of a work-relief program as the best available means of meeting the unemployment situation, both from the standpoint of work accomplished and the benefits to the unemployed."

The committee then set forth a list of specific recommendations in which the attitude was one of continued acceptance of the principle of Federal control of the work-relief program of the future.

MASSACHUSETTS

"Unemployment was a problem too big for the individual community and even for the State... Granted that there may have been defects in the system, particularly in the earlier programs, the end has justified the means. With the experience of the past, it should be possible to continue the work on a basis more nearly approximating its maximum benefits, both to the community and to its citizens... Decentralize as much as possible the control of projects giving to those local authorities who demonstrate ability complete authority to administer projects subject to check and audit."

MINNESOTA

"This Committee definitely recommends the establishment of a permanent agency in the Federal Government so organized as to be capable of quick expansion and contraction as the nation's unemployment situation may require... Such agency should be Federally financed and Federally supervised and so administered and operated as to use efficiently labor that is provided."

MONTANA

"After a thorough study of the situation the committee recognizes that one of the most serious defects of the work program is that it has been inadequate and that many needing employment have not been able to secure it. For these reasons the committee most urgently recommends the appropriation of sufficient funds by the Congress to make it possible more adequately to meet the unemployment situation.

"Do the boards of county commissioners, city officials, and other sponsors desire the program to continue?" "Yes, without any question."

NEVADA

"Resolved: That the Nevada State Appraisal Committee does unqualifiedly endorse the various Federal work programs as conducted in Nevada, and does urge the continuance of a work program as the proper means of taking care of the unemployed."

NEW JERSEY

"The weight of the evidence shows that WPA and other Federally-induced employment must continue if fiscal disaster is to be averted in many New Jersey municipalities."

NEW YORK STATE

Forty-eight mayors, county, town, village and city officials favored continuation of the Federal Works Program; five preferred the PWA contract method in preference to WPA; five favored the TERA method and two favored control by local sponsors.

NORTH CAROLINA

"The Works Progress Administration program meets the requirements of work-relief; that praise is due the WPA officials for the efficient operation of that organization; that the program and the ability of workers have improved."

NORTH DAKOTA

"Of all the reports filed (297) only three criticized Federal aid and disapproved of it."

OKLAHOMA

"Oklahoma's Committee, reporting on the basis of 564 returns from counties, cities and school districts, recommends that the Works Progress Administration be made a permanent governmental function... Oklahoma is convinced that the present Works Progress Administration operates under the most effective and the most constructive method of administering relief to the needy of this State."

OREGON

"While there is abundant evidence that projects have been carried on under Federal supervision and good results obtained there remains a definite problem of administration... The question also may involve consideration of the making available of Federal money to local agencies for complete local administration... The evidence at hand shows that the experience (WPA) has been beneficial to the governing bodies, and to their people, and that the basic principle of work, for those capable of doing work, is the best suited to the maintenance of self-esteem, regard for citizenship, and respect for organized government."
RHODE ISLAND

"The majority of those reporting are in favor of a continuation of Federal administration of relief. Of those who commented, only one believed that local administration would be preferable."

SOUTH CAROLINA

"The unification of all forms of relief under a single head in Washington with Federal agents in each state and in each subdivision of the work would go far toward the elimination of overlapping and of waste, and would tighten the control necessary in order eventually to bring the program as a whole to a close."

TENNESSEE

"Our study of the reports of the various county judges, and the mayors of many of the cities of Tennessee, convinces us that the work of the Works Progress Administration has developed into a well-planned and coordinated program for the betterment of social, economic and health standards of living in our State."

TEXAS

"We, your Committee, believe a program, the same or similar designed as the present Works Program is the most effective and efficient way of meeting the relief needs from the standpoint of the workers themselves and the sponsoring agencies."

UTAH

"... In conclusion, the undersigned unanimously believe that there can be little question of the general soundness and efficiency of the Federal work-relief program as it has been adapted to Utah. The committee heartily recommends the continuance. ... It is further suggested that the states be allowed greater latitude in the selection of work projects and in their administration, so that unnecessary delay and red tape be reduced to an absolute minimum."

VIRGINIA

"The quality of the projects and the increased voluntary activities of the public bodies in the planning and operation of projects of their choosing all indicate that the Works Program is headed in the right direction and the combined efforts of Federal and local government will continually improve the quality of the program. ... Some program of the nature of the WPA was necessary in order to take care of them (men and women out of employment, particularly unskilled workers) and in our judgment probably will be necessary as long as there is a relief problem."

WASHINGTON

"The criterion of the success of the Federal Works Program in Washington is the lack of organized opposition to it. It is significant that this entire program has so thoroughly met with the approval of the people of Washington that even the earlier sporadic attempts at criticism have been quelled."

WEST VIRGINIA

"That so long as the need exists a Federal work program, in cooperation with state and local political units, be maintained."

NEW YORK CITY

"I do not know what we should have done without it... The program (WPA) justifies itself."—F. H. LaGuardia, Mayor.

"So long as there is a work-relief program supported by the Federal Government that program should be wide enough to give employment to all needy employables, leaving to the local Government the care of those who are unable to work by reason of age or physical or mental disability. ... Work-relief should continue until some satisfactory adjustment can be made to meet the technological advances, the industrial changes, and the social upsets that have contributed to the general disturbance of our community relationships in recent years."—COMMITTEE REPORT.

In Favor of State Program

IOWA

"It is recommended that a determined effort be made to return the responsibility for the relief of unemployed to local communities and that Federal Works Programs be kept on a temporary basis while every inducement possible be used to encourage private enterprise to do the work now being done by relief project methods. ... While this Committee does not favor a return to direct relief methods for those who are able to work, it recognizes a limitation on ability to continue paying for work relief and urges a reduction and gradual elimination of this type of work before that limitation is reached."

KANSAS

"There is a clear and strong opinion in Kansas for coordinated state and local responsibility for the prosecution of a work-relief program, with grants of Federal funds to be used locally under certain general rules. This program, it is believed, is more effective for both the taxpayers and the relief clients."
EXCERPTS FROM STATE APPRAISAL REPORTS THAT EXPRESS
MAJORITY AND VARYING VIEWS ON EACH
MAJOR QUESTION ASKED

WERE THE IMPROVEMENTS OR SERVICES PROVIDED UNDER THE WORKS PROGRAM BADLY NEEDED AND OF BENEFIT TO THE COMMUNITIES?

"That the permanent facilities provided have been urgently needed is beyond question. Most of the reports stress this point with much emphasis, and relate in detail the nature of the improvements, embracing many miles of improved county roads, oil-paved streets, curb and gutter, sidewalks, new and improved facilities for water supply and sewage disposal, as well as numerous additions to public schools, improved park and playgrounds facilities, airports; not to mention many new public structures such as town halls, gymnasiuims, municipal buildings, libraries, court houses and jails."—COLORADO.

"The works discussed by mayors and county officials have been principally construction projects, and in nearly every case these officials have stated that the work was of a permanent nature and badly needed."—INDIANA.

"The need for these facilities was urgent and pressing, as in many of the cities and villages such facilities were entirely lacking or served inadequately. There exist today in towns, villages, cities and counties, services and improvements which were not existent five years ago."—MICHIGAN.

"Without exception the counties state that such facilities were needed, and that in most cases they either were not available previously, or that the type of facility available was now inadequate or unsatisfactory for the use for which it was originally built. This is particularly true of school improvement."—MINNESOTA.

HAVE THE WORK PROGRAMS COVERED THE FIELD OF NEEDY EMPLOYABLES?

"To say that the programs have amply covered the field of needy employables would be super-optimism."—ARKANSAS.

"In the majority of cases, community reports which deal with this question indicate that the Federal Works Programs have provided adequate coverage of the fields of needy employables." (A minority opinion follows.) "The Works Program has NOT covered the field of needy employables in this community. The main reason for this failure has been the seasonal peaks of unemployment and the inability of the relief agencies to move fast enough to come near taking care of those peaks."—CALIFORNIA.

"The primary problem in the whole situation seems to be the inability of sponsors to raise funds properly to finance the communities' share of projects sufficient to keep their certified workers employed."—KENTUCKY.

"From the information contained in the reports of the various municipalities it is to be assumed that the Federal works programs of the past few years have fairly well covered the field of needy employables. There have, of course, been certain exceptions to this, due chiefly to one or more of the following causes: (1) The quota of workers allotted the State has at times been inadequate to take care of all needy employables. (2) Certain of the poorer communities have frequently found themselves unable to finance the required sponsor's share of the costs of projects. (3) The present method of certifying workers has made it impossible for project quotas to be kept filled at all times."—MAINE.

"The appraisals in regard to the coverage of the field of needy employables are somewhat inconsistent. In seventy per cent of the communities the field was covered. Twenty-one per cent aver that all needy employables were not covered. The failure to cover fully the field of needy employables was due chiefly to lack of funds for materials or supervision. Other reasons noted are quota restrictions, improper registration, and inadequate provision for young men and girls, aliens, women, white-collar workers and the partially handicapped."—MICHIGAN.

"Both county and city sponsors are pretty generally agreed that the State WPA program has covered the field of needy employables. There are two classes that definitely have shown inadequacy of projects. White-collar workers and women have never been 100 per cent employed due to lack of suitable projects."—NEBRASKA.

"The work-relief program in New York City has never covered the field of needy employables. There have always been on the home relief rolls thousands of persons able and willing to work but for whom no opportunity was offered through the Works Program."—NEW YORK CITY.
"From the answers to the various questions, the Committee is of the opinion that the Works Progress Administration has ably taken care of the unemployment situation in New York State."—NEW YORK STATE.

"The needs of the unemployed have been covered at least sufficiently to prevent pronounced suffering."—IDAHO.

"From the returns received to date it would appear that the projects initiated have been reasonably adequate to cover the work-relief needs of the different communities, particularly so far as emergency conditions existed."—MASSACHUSETTS.

"With remarkable unanimity, the individual appraisals indicate a satisfactory coverage of need within the limits of funds available, although there is some criticism due to: (1) Allotment limitations of Congressional appropriations and (2) inability of some communities to meet sponsors' contribution requirements with respect to the smaller amounts required under WPA or the larger sums under PWA."—MINNESOTA.

HAS WORK-RELIEF MAINTAINED THE SKILLS AND EMPLOYABILITY OF THE PROJECT WORKERS?

"In nearly all cases the evidence indicates that the Works Program has helped to keep relief workers fit for private jobs. In many cases the program has developed skills which make workers even better fitted for private employment than they were before."—CALIFORNIA.

"Opinions seem to be equally divided on this subject."—INDIANA.

"The surveys show that in general workers have kept fitted for private jobs and that many have improved their skills."—NEBRASKA.

"The reports of the sponsors refer particularly to the improved morale of the majority of the relief workers, and many specific instances are shown in reports of personal cases of ambitious workers learning various skilled trades such as masons, carpenters, electricians, blacksmiths, etc., which have led to their being absorbed by private industry in positions with a permanent future."—NEW HAMPSHIRE.

"The same percentage (90 percent of those who expressed an opinion) answered in the same way (in effect 'yes') in reference to the statement that work-relief keeps the destitute unemployed fit and maintains their employability."—NEW YORK STATE.

"Your Committee feels very definitely that the weak point in the Program, especially for men, is that not enough training is provided so that those on the WPA rolls can be definitely prepared for jobs in industry and commerce."—VIRGINIA.

"New skills have been learned and many people have been returned to private employment."—WEST VIRGINIA.

WHAT HAS BEEN THE QUALITY OF THE WORKMANSHIP?

"The quality of the workmanship, in virtually all cases where the evaluation is based on the work itself, is found to compare favorably with workmanship in private industry."—CALIFORNIA.

"Practically all the local branches of government agree that the quality of the workmanship is satisfactory. Some go so far as to say that it 'compares favorably with the quality under private contract.'"—COLORADO.

"There is definite improvement both in the efficiency of the work done and in the morale of the people engaged in the projects."—DELAWARE.

"The quality of workmanship, the cost of the completed project, and the manner in which accomplished compares favorably with like work under private enterprise."—FLORIDA.

"It is the opinion of the governmental officials of this State that the quality of workmanship in the many projects is, on the whole, as good as that under private construction."—INDIANA.

"Generally speaking, the quality of the work has been good. Wherever there has been a lack of quality, this apparently has been due to lack of proper supervision."—MARYLAND.

"For the most part the communities appear to be well satisfied with the quality of workmanship."—MASSACHUSETTS.

"Purely on the basis of the work itself, the quality of the workmanship is evaluated as good in 61 percent of the communities, as average in 33 communities, and as poor in 6 percent."—MICHIGAN.

"As to the quality of the workmanship, there is little question. PWA work was executed under contract. The quality of WPA work has been uniformly as high as that done under contract."—NEW YORK CITY.

ARE THE PUBLIC FACILITIES CONSTRUCTED UNDER THE WORKS PROGRAM OF PERMANENT VALUE?

"The reports from the various municipalities almost without exception indicate that the projects have been 'worthwhile' and productive of permanent improvements."—MAINE.

"If anyone doubts the value of WPA work to the
City of New York in terms of permanent improvements to streets, buildings, parks and playgrounds, he has only to open his eyes in almost any part of the city and behold a vision of transformed facilities."—NEW YORK CITY.

"Through the construction of farm-to-market roads many sections of the rural areas have been made accessible at all seasons of the year. Accessibility of these rural areas is of the utmost importance. There have been other improvements of a definite and permanent value. Public buildings (have been) built and modernized, sewer and water systems and reservoirs constructed, hospitals erected, playgrounds and airports developed. Swimming pools, filtration plants, sewage and water disposal plants, stadiums and similar projects have all contributed to the permanent benefit of the communities."—MASSACHUSETTS.

**HAVE THE NON-CONSTRUCTION ACTIVITIES — EDUCATION, PUBLIC HEALTH, RECREATION, AND OTHERS — BEEN WORTHWHILE?**

"The reports from sponsors of educational and recreational activities of the WPA have been uniformly commendatory in their praise."—ARIZONA.

"In the larger towns and cities the so-called 'white-collar' projects have contributed major improvements in the non-construction fields. The education, health, professional, youth, recreation, research, and arts projects have played an important part in improving the efficiency of community government, fostering recreational and cultural life, extending much needed services, and developing community health and well-being in general."—CALIFORNIA.

"Practical results arising from the operation of non-construction projects in Florida have become more pronounced and apparent as the various programs have been carried forward. These educational and service projects have required considerable time for the public to become convinced of their good effects."—FLORIDA.

"With the exception of Student Aid, most comments on non-construction projects have been adverse, although the greater part of officials reporting have ignored white-collar projects. Student Aid for youths in high school and college has received unanimous praise."—INDIANA.

"The white-collar projects come in for a considerable share of the type of criticism just referred to (unfavorable). On the other hand, this type of project is highly praised by a number of persons representing larger communities. These different reactions are easy to explain, since this type of relief is chiefly rendered and best provided in the large centers."—KENTUCKY.

"This committee makes the observation that in its long-term aspect, the public in general does not fully appreciate either the importance of this work (non-construction projects) or the number of relief clients whose capacity is limited to such endeavors. The committee is impressed with the frequent favorable mention of NYA activities, especially in the field of student aid and library service. Other classifications frequently approved are the hot lunch projects, sewing projects, recreational supervision and adult education. There has been a special report submitted on nursery schools which emphasizes the importance and value of the work. There also has been a wide field covered in assistance to regular staffs of educational institutions in research and allied work. A summary of reports received from counties indicates that these subdivisions especially appreciate the work of the county health and nursing projects."—MINNESOTA.

**WHAT HAS BEEN THE EFFECT OF THE WORKS PROGRAM ON FISCAL CONDITION OF GOVERNMENTAL SUBDIVISIONS?**

No generally representative answers can be quoted. Better conditions since 1933 are often ascribed to the WPA Works Program. In communities hard hit by the recession of 1937, fiscal conditions are said to be much worse than they were in immediately previous years. Small communities sometimes feel themselves to be at the end of their tax resources in supporting the program. The most definite and general statement is that the cost of maintenance of WPA improvements after they are constructed is not a burden. This subject is dealt with at length in the supplementary report.

**HAS PUBLIC HEALTH BEEN IMPROVED?**

"A large number of the Commissioners, especially in Southeastern Oklahoma, were specifically appreciative of community sanitation programs and the construction of farm ponds, dams and water wells. Through drainage of low-lying areas and removal of malarial conditions, property values in the areas where this work has been done have increased materially. County health officers in many districts reported that typhoid and malaria have almost completely disappeared from communities which three years ago were hopelessly infested."—OKLAHOMA.
"The results of the Malaria Control and Drainage Program is set forth in the following extract from the report of the South Carolina Board of Health: 'The results obtained to date have been most satisfactory. From reports obtained from the Bureau of Vital Statistics of the South Carolina State Board of Health, there was a decrease of 3,152 cases of malaria in year 1937 from the number of cases reported in 1936. This represented a decrease of approximately 16 percent in 1937. The effect of the drainage program on the health of the communities involved is only now becoming apparent and we are confident that future results will be even more satisfactory.'—SOUTH CAROLINA.

HAS THE PROGRAM DEVELOPED LONG-RANGE COMMUNITY PLANNING?

"Not the least important of the program's effects is its demonstration of the value of community planning. In many cases communities which have never developed community plans have been influenced toward the formation of such plans by the new attitudes thus created."—CALIFORNIA.

"Officials are apparently giving more thought to long-time planning than in the past."—IDAHO.

"The necessity for better planning, and planning on a long-time basis, is felt."—KANSAS.

"The public facilities created followed the community's long-time planning program in 67 per cent of the communities, whereas in only 7 per cent was this untrue. However, 26 per cent of the communities had no long-time planning program."—MICHIGAN.

"Almost never practised in any large degree by most city official groups before 1933, long-range planning has been brought by the Federal Works Program to the position of leading prominence in the affairs of Oklahoma cities."—OKLAHOMA.

"There is a necessity for a works program on a more permanent basis which would permit a long-time planning and the undertaking of more lasting projects. This Committee feels that Congress should take cognizance of the necessity of carrying forward a works program over a period of years."—WEST VIRGINIA.

"RESOLVED: That this meeting (of the State Appraisal Committee) go on record as advocating a permanent plan of relief that would enable long-time planning by the counties and cities."—NEVADA.

HAS WORK-RELIEF ADVANCED THE COMMUNITY AND STATE IMPROVEMENT PROGRAMS?

"In most of the appraisals, city and county officials are agreed that the Federal Emergency Work Programs have advanced the construction and improvement plans of the various communities from five to ten years."—FLORIDA.

"All essential facilities have been advanced from five to ten years ahead in nearly all fields."—IDAHO.

"It is the opinion of the Committee that public works improvement in Indiana is ten years in advance of what it would have been without the various Federal programs."—INDIANA.

"Unquestionably most of these improvements would not have been possible for many years without Federal aid, particularly on sewage, water, road improvement, etc. These necessary things have placed their communities ten years ahead of schedule."—NEW HAMPSHIRE.

"Many of these projects mark the accomplishment of features of long-time planning which by reason of lack of funds, and debt limitations lifted for Federal relief purposes only, could not have been realized for many years to come. One city says it is ten years ahead of its planned program, and others make the same statement for lesser periods."—ARIZONA.

"Essential facilities (in southwestern Texas) have been expanded at a better than normal rate, and the reports indicate that there is an advance of from three to five years over and above normal years."—TEXAS.

"It is the opinion of this Committee that while some of the improvements would have come about in the ordinary course of events under normal conditions, there were others which would have been delayed for years, if not forever."—MASSACHUSETTS.

IS WORK-RELIEF BETTER THAN A DOLE (a) FOR THE EMPLOYABLE UNEMPLOYED? (b) FOR THE COMMUNITY?

"It is the unanimous judgment of the Committee as well as all sponsors that the work program is much preferable to direct relief."—ARIZONA.

"There was complete unanimity in the reports that work-relief was much to be preferred over direct relief for employables."—ARKANSAS.

"On no other phase of the unemployment problem is opinion so fully expressed and so united. In the
The overwhelming majority of communities the experience of the past five years, as revealed in community reports, has demonstrated the decisive superiority of the work-relief method, for both the community and the unemployed."—CALIFORNIA.

"The reports which the committee has examined are practically unanimous on this point. They show clearly that there is no deterioration of morale or loss of the spirit of self sufficiency in the individual when he accepts employment offered through a relief agency."—DELAWARE.

"There appears no question in the minds of the officials making the appraisals on the real merits of work-relief and direct relief. Emphatically it is repeatedly stated that work-relief should cover the case of every able-bodied unemployed person."—FLORIDA.

"Reports from sponsors leave no question as to the value of work-relief over the 'dole' in dealing with unemployment problems. They show a unanimity of opinion in favor of work-relief, not only because of the effect upon the morale of the workers but because of the public improvements resulting from the plan."—GEORGIA.

"Work as a form of relief is overwhelmingly favored in preference to the dole."—IDAHO.

"There is no doubt as to the necessity of work-relief. There was no report received which suggested that work-relief be eliminated."—INDIANA.

"Benefit of the work-relief programs outweighs, as a whole, the 'necessarily disagreeable' features and 'adverse by-products' in worthwhile public projects and benefit to the morale of the men who were to that extent at least kept from the direct relief rolls."—KANSAS.

"Work-relief is favored over direct relief for the employable jobless by all the sponsors."—KENTUCKY.

"While direct relief is essential to care for the aged, infirm, the persons physically and mentally incapable of employment, it is even more essential that we utilize the labors of our employables for a continuation of the state-wide, long-range program of progress."—LOUISIANA.

"In general it may be said that the advantages of work-relief over direct relief have been conclusively demonstrated."—MAINE.

"Without exception, every community is in favor of work-relief in preference to the dole for those who are employable."—MARYLAND.

"There seems to be no doubt in the minds of the reporting officials that work-relief is distinctly preferable to direct relief."—MASSACHUSETTS.

"There is a practical unanimity among the municipalities participating, in their approval of work-relief for persons who may be classified as employables."—MINNESOTA.

"Recognizing the fact that the work program costs more than the dole, is the work program preferable to the dole? Yes. No comparison."—MONTANA.

"Both city and county sponsors are almost unanimous in the feeling that work-relief is equally beneficial to the community and to the unemployed."—NEBRASKA.

"RESOLVED: That the Nevada State Appraisal Committee, in meeting assembled, does unqualifiedly endorse the various Federal work programs as conducted in Nevada, and does urge the continuance of a work program as the proper means of taking care of the unemployed."—NEVADA.

"We believe that the establishment of the dole for able-bodied men and women willing to work would eventually cause the abolition of our form of government."—NEW HAMPSHIRE.

"Local officials are in general agreement that the Federal Work Program is their preference."—NEW JERSEY.

"Among 114 answers, 113 favored a work-relief program for employable relief cases; one did not."—NEW YORK STATE.

"It is better for the community to care for its destitute unemployed by work-relief and not by direct relief."—NORTH CAROLINA.

"The Committee finds that it is the very general opinion of all those reporting that work-relief is preferable to direct relief."—NORTH DAKOTA.

"With the exception of one county, all the units reported were highly in favor of the work program rather than the early direct relief plan. The objection in this county was only in regard to farmers where, had they been given direct relief, would be allowed to stay on their farms and thus encourage more permanent agriculture than is allowed under the present program."—SOUTH DAKOTA.

"With practical unanimity, these authorities hold work-relief to be the most desirable form of assistance to the unemployed."—TENNESSEE.

"All the reports show conclusively that it is and has been more constructive and more American to give work to the able-bodied and needy unemployed."—NORTHWEST TEXAS. "In the opinion of this Committee, the WPA has proved to be the most economical, socially useful and efficient agency."—NORTHEAST TEXAS. "It is the universal opinion that work-relief is better than direct relief.
both for the community at large and for the in-
dividual."—SOUTHWEST TEXAS. "The people in
need of assistance, as well as the sponsoring agencies,
prefer work rather than a 'dole' system of relief."—
SOUTHEAST TEXAS.

"The answers to direct relief or work-relief were
nearly all in favor of work-relief."—VIRGINIA.

"The sentiment in this State is overwhelmingly for
work-relief as opposed to direct relief."—WASHINGTON.

"Our State seems to be unanimously in favor of
work-relief as compared with direct relief for em-
ployables."—WEST VIRGINIA.

"There is unanimity of opinion that work-relief
is more American, and more constructive to men and
communities, than a dole."—WYOMING.

WHAT HAS BEEN THE QUALITY OF
THE ADMINISTRATION?

"There seems to be no argument on this point as
far as Arizona is concerned. Whatever complaints
there are seem to be due to rules and regulations
presumably thought necessary in Washington. Many
reports express the desire that local administrations
be given more authority."—ARIZONA.

"The overwhelming endorsement of the Federal
Works Program by officials of communities and
counties in Northern California is particularly sig-
nificant for the non-sectional and non-partisan atti-
tude toward the unemployment problem which it
reveals. Although the communities participating in
the United States Community Improvement Ap-
praisal range from the smallest rural towns to the
largest cities, any difference in viewpoint along
country vs. city lines is entirely lacking. Likewise
there are no differences along political lines, in spite
of the fact that a large majority of California pub-
lic officials differ in political affiliations from the
present Federal Administration."—CALIFORNIA.

"The State Planning Board finds that the Works
Progress Administration and its personnel in
Wyoming has conducted its office and the duties
attendant thereto in the most conscientious and
careful understanding of the purposes for which re-
lief money has been allocated."—WYOMING.
EXCERPTS FROM LOCAL APPRAISAL REPORTS THAT EXPRESS
MAJORITY AND VARYING VIEWS ON EACH
MAJOR QUESTION ASKED

WERE THE IMPROVEMENTS AND
SERVICES PROVIDED UNDER THE
WORKS PROGRAM BADLY NEEDED
AND OF BENEFIT TO THE COM-
MUNITIES?

The communities surveyed in the United
States—Community Improvement Appraisal
are virtually unanimous in their approval of
the WPA Works Program as filling a pressing
need and as being of benefit.

90% of Community Served

"As the projects were evenly distributed it is esti-
"mated that they will directly serve 90 per cent of
the community or about 37,000 people. During the
past two and one-half years the WPA has brought
into the city a substantial income by means of the
WPA pay roll which is estimated at about $1,000,000.
A survey among WPA workers indicates that the
money was distributed as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butcher, grocer and baker</td>
<td>$335,000</td>
</tr>
<tr>
<td>Property owner for rents</td>
<td>250,000</td>
</tr>
<tr>
<td>Clothier, dry goods, shoe shop</td>
<td>145,000</td>
</tr>
<tr>
<td>Ice and coal dealer</td>
<td>62,000</td>
</tr>
<tr>
<td>Saloon, tobacco shop, social clubs</td>
<td>53,000</td>
</tr>
<tr>
<td>Gas and electricity</td>
<td>50,000</td>
</tr>
<tr>
<td>Shows, amusement</td>
<td>28,000</td>
</tr>
<tr>
<td>Loan organizations</td>
<td>18,000</td>
</tr>
<tr>
<td>Insurance, benefit societies</td>
<td>16,000</td>
</tr>
<tr>
<td>Druggist, doctor</td>
<td>15,000</td>
</tr>
<tr>
<td>Churches</td>
<td>14,000</td>
</tr>
<tr>
<td>Miscellaneous, savings, auto expenses</td>
<td>14,000</td>
</tr>
</tbody>
</table>

"From the foregoing it can be seen that the WPA
funds had some effect on the general conditions in
the city."—JOHN J. SCHNEIDER, CITY ENGINEER,
PASSAICO COUNTY, NEW JERSEY.

A City Lists Its Gains

"Recreational grounds and facilities have been pro-
vided consisting of an outstanding city park and
playground covering more than two city blocks.
"Several years ago the sidewalks were not fit to
walk on and a disgrace to behold. Today the entire
business section has been improved.

"Numerous improvements have been made to the
high and grade school buildings, including a new
gymnasium, a modern steam heating system with an
automatic fuel feeding stoker saving the district
hundreds of dollars in fuel annually.

"The city hall was completely remodeled, a
spacious room provided for a city library and a
solid concrete addition was built on the rear for a
fire department.

"These work projects have been a great material
aid to this city in maintaining its financial stability
and this city has at the same time kept pace
with its share of contributions. This community
has contributed to the limit of its financial
ability.

"Wholesome recreation, better sanitary conditions,
education and the consideration shown our youth
will exercise an important effect on present and
future generations. Children are thus developing
their minds, bodies and improving their health and
equally important they are kept off the streets and
probably out of mischief. This fact is substantiated
by the police chief and is borne out by the city
justice records.

"Furthermore this city has been able to continue
all of its regular functions, services and governmen-
tal responsibilities only through the aid extended,
without which the city would have become financially
destitute trying to provide for the unfortunate un-
employed."—W.M. HUBER, AUDITOR, CITY OF WISHEE,
MCINTOSH COUNTY, NORTH DAKOTA.

A Farmer Recounts Gains

"I have been requested as a farmer, representative
of this county to give my idea of what the Federal
Aid Program has meant to the farmer.

"As a general proposition, I would say that the
program has been highly beneficial. In the matter
of road improvement it has been very much so and
I with many others, have been greatly helped in
having better roads to haul our crops over. On one
particular piece of road, improved under the pro-
gram last season, we trucked well over 100 carloads
of potatoes. Dollars and cents saved in time and
equipment on this hauling job alone would
amount to quite a sum and many others had equal
benefits.

"Stock water reservoirs have been, from reports
received, of much value to stockmen in certain
districts and especially so since we have suf-
fered severely from drought in this section. This

Regread Unclassified
REPORTS FROM
- COUNTY OFFICIALS
- MUNICIPAL OFFICIALS
* DEPARTMENTS OF STATE GOVERNMENTS
work should be carried further if funds are available.

"Rural school improvements have been very helpful and have been able to get improvements which the districts themselves were not in financial position to make."—W. M. L. Irvine, Dillon, Braverhead County, Montana.

$50,000 in Wheat Saved

"Through the use of trenches and dust approximately 1,500 acres of wheat south of the Eltopia-Ringold road were saved from any loss, as were also from 15,000 to 18,000 acres of wheat adjacent to the north and east portion of the area which was protected by the operations this year. With higher yields and better prices for wheat we should be safe in assuming that at least 50,000 bushels of wheat were saved worth $50,000 at present market prices."

—FRANKLIN COUNTY, WASHINGTON.

Coverage of Needs

"No reasoning person disputes the direct relationship between unemployment and a general decrease in business volume. Perhaps the best barometer to business conditions in general are the figures relative to building permits within any city. Below is listed the year-by-year schedule in the City of Spokane showing comparatively the fluctuation in general business volume over the past ten years and the fluctuation in persons registered as unemployed."

<table>
<thead>
<tr>
<th>Year</th>
<th>Building Permits</th>
<th>Families on City and County Relief</th>
</tr>
</thead>
<tbody>
<tr>
<td>1927</td>
<td>$3,656,199.00</td>
<td></td>
</tr>
<tr>
<td>1928</td>
<td>5,736,778.00</td>
<td></td>
</tr>
<tr>
<td>1929</td>
<td>4,149,210.00</td>
<td></td>
</tr>
<tr>
<td>1930</td>
<td>3,640,843.00</td>
<td></td>
</tr>
<tr>
<td>1931</td>
<td>2,089,090.00</td>
<td>2,623—Direct relief</td>
</tr>
<tr>
<td>1932</td>
<td>572,801.00</td>
<td>3,730—</td>
</tr>
<tr>
<td>1933</td>
<td>622,180.00</td>
<td>3,941—</td>
</tr>
<tr>
<td>1934</td>
<td>753,917.00</td>
<td>6,153—Working CWA</td>
</tr>
<tr>
<td>1935</td>
<td>1,564,294.00</td>
<td>6,710—Working ERA</td>
</tr>
<tr>
<td>1936</td>
<td>3,925,445.00</td>
<td>7,653—WPA</td>
</tr>
<tr>
<td>1937</td>
<td>2,895,522.00</td>
<td>4,263—WPA</td>
</tr>
</tbody>
</table>

—F. G. Sutherland, Mayor, City of Spokane, Spokane County, Washington.

HAS THE WORKS PROGRAM COVERED THE FIELD OF NEEDY EMPLOYABLES?

Where affirmative answers to this question have been found, the text of the reply most often indicates that those replying have many additional non-working employables available who are ineligible for WPA employment under the terms of the act. Larger cities, especially, state that the need has not nearly been covered.

15% Ruled Off Work-Relief

"Fifteen per cent were denied work relief on account of the rules governing eligibility. Until these regulations are withdrawn and an increased quota is allowed the entire field of work relief cannot be covered."—C. W. Coughenour, County Clerk, Eads, Kiowa County, Colorado.

All the Needy Not Employed

"All the needy have not been fortunate enough to obtain employment on the WPA. However, it is not the fault of WPA, or the sponsor, it is only that the quota for the state will not permit it. This county is taking care of at least 80% of the needy cases now and during the farming season the other 20% is taken care of."—Howard Cameron, Clerk, Chancery Court, Meridian, Lauderdale County, Mississippi.

Trenton, New Jersey, Lists Results

"These projects have brought important benefits to the city, many of which would have been otherwise unattainable, because of budgetary restrictions. The Federal Government bore $3,796,079.83 of the total cost, or close to 92 per cent and city's share was $329,036.75. Besides the material benefits gained by the city, approximately 3,000 Trenton people are at work on WPA projects, which still leaves 3,100 on relief."—Paul Morton, City Manager, City of Trenton, Mercer County, New Jersey.

No Jobs for Ex-Executives

"We believe these projects have well covered the field of the needy employables with the exception of those persons whose job-histories demonstrate that they have held positions of an executive or administrative type."—O. C. Yenne, Mayor, City of Albany, California.

Still 2,000 Able Men Jobless

"Taking the projects as a whole they have accomplished much by way of work-relief, but they have not been able to satisfy the total demands for work in view of the fact that at the present date we have approximately 2,000 ablebodied persons unemployed."

—Charles Olias, County Clerk and Recorder, and the Board of County Commissioners, El Paso County, Colorado Springs, Colorado.
Single Men Left Out

"The programs hardly cover the field of needy employables because of the large number of single men living in the community and those alien workers formerly employed in private industry who were eligible only after men with families and citizens were placed."—John Cortellini, Mayor, Leadville, Lake County, Colorado.

Worthy Workers Bulk at Relief Status

"The work done in this town has been very satisfactory and of permanent value. The only criticism we would make is that many worthy persons, not willing to be put on relief, but needing the work have been greatly inconvenienced by the strict WPA ruling. The workers, as a rule, have given honest labor."—Bernard F. Bemis, Chairman, Board of Selectmen, Harrisville, Cheshire County, New Hampshire.

Philadelphia Relief Curbed by Rules

"The economic effect was to greatly improve the local business situation. Unfortunately, due to the city's financial condition, it has been impossible to provide as many projects as would be required to absorb the entire relief load because under Federal regulations the city must participate in the cost to an extent that would require an expenditure greatly in excess of its available funds. The WPA regulations which prevent the city from submitting applications for work of a maintenance nature and for other work which might come under the category of normal city functions restrict the field of operation."—S. Davis Wilson, Mayor of Philadelphia, Pennsylvania.

HAS WORK RELIEF MAINTAINED THE SKILLS AND EMPLOYABILITY OF THE PROJECT WORKERS?

Opinion is divided on this question. The general indication is that projects have been organized, as much as possible, to fit the skills of available labor and to meet the requirements of the community. Changes in technology have, however, made obsolete the skills of many workers.

WPA a Handicap to Job-Seekers

"Federally-supported work has not helped to keep relief workers fit for private jobs because of the gradual loss of self-initiative and ambition due to the system of supervision and discipline. The shiftless man and the parasite not being segregated from the group of worthy unemployed is having its effect upon the general public, who have come to believe that all relief workers are lazy and indifferent. The private employer will not seek employees from the unemployed on the relief rolls unless forced to."—H. T. Hinn, City Auditor, City of Wahpeton, Richland County, North Dakota.

Few Reemployed from "Work-Relief" Rolls

"The records in Bismarck tend to show that of the total placements in contract jobs financed by other federal programs, such as highway improvements, approximately one-third have been made from persons on the relief rolls and two-thirds from persons not on relief rolls; that of the total placements in private industry excluding private contracts financed by federal funds, one-sixth have been made from relief rolls and five-sixths from persons not on relief rolls and that of the total placements in private industry including private contracts financed by federal funds, approximately 23% have been made from persons on relief rolls and 67% from persons not on relief rolls."—Myron H. Atkinson, City Auditor, Bismarck, Burleigh County, North Dakota.

Labor Not Kept Fit

"The WPA has not kept labor fit for private jobs as well as could have been. This section is agricultural. We have trouble with farm hands leaving their places and seeking a place on the relief work with a feeling that the relief work would be more secure and permanent. There is a growing attitude that the Government has a definite responsibility and, even with the supervisors and skilled labor, a strong hope is being developed that this condition, or rather necessity, may continue indefinitely. Apparently the scope of the programs are widening instead of closing in."—L. B. Alcock, City Manager, Rocky Mount, Edgecombe County, North Carolina.

Helped Preserve Skill

"The work has been very well suited to the unemployed except we haven't had enough skilled men to conduct the projects on building school houses. I think that in some cases it has helped to keep men in shape to get private jobs and in others it has not, because they have not been required to do enough work. The labor is suitable except for the fact that we need more skilled men."—J. C. Camill, Chairman, County Board of Commissioners, Sparta, Alleghany County, North Carolina.
Men Do a Day’s Work

“Most of the men do a day’s work and give value received for wages paid. There are exceptions as would be true in any group of workmen. It is also true that as a rule the best workmen do not remain on the WPA work permanently. They are naturally absorbed in private employment as soon as jobs are available.”—Ed Capps, Mayor, City of Bandon, Coos County, Oregon.

WHAT HAS BEEN THE QUALITY OF WORKMANSHIP?

Most reports indicate that sponsors are well satisfied with the quality of finished work resulting from WPA projects. Where complaints are made they are most often based on poor local supervision.

Poor Supervisors: Bad Work

“Criticism is due for two causes:

First from incompetent supervisors, probably selected politically and with little or no interest, and second, with unskilled workmen trying to do skilled labor.

Our building is not satisfactory.”—L. W. Woolbright, Superintendent of Schools, Panola, Latimer County, Oklahoma.

Many Put in Good Day’s Work

“As to workers leaning on shovels and in general doing as little as possible we find that not to be true here. On a road we graved the contractor who hauled the gravel and was paid by the yard stated that if he could haul 15 loads per day he would consider it a good day’s work. These men loaded 17 and 18 loads every day and took a real pride in the fact that they done more than a good day’s work. On another project it was necessary to shovel snow to keep the roads open and the men went to work and shoveled snow without pay in order to have the project going.”—S. L. Amundrud, Mayor, Fairdale, Walsh County, North Dakota.

Work Was of High Quality

“These unemployed have tried to give a full day’s work in return for money received. This is evidenced by the high quality and reasonable quantity of work produced.”—Hal Moseley, City Manager, Dallas, Texas.

Test of WPA Supervisors

“The quality of the workmanship was of necessity of varying degree, some of the highest order and others not so good. In general, the quality of the workmanship was limited to the ability of the WPA supervisory forces assigned.”—Cliff J. Ryan, Chief Clerk, County Commissioners, Allegheny County Department of Works (Pittsburgh), Pennsylvania.

Work is “Only Answer”

“It is cheaper to provide cash relief, and the City of Baker would be relieved of a burden of thousands of dollars annually, since the city is not responsible under state law to care for any needy individual. But, from the standpoint of the welfare of our community, work-relief is the only answer. From the standpoint of the welfare of the unemployed worker, work-relief is still the only answer.”—Joel Sturgall, Mayor, City of Baker, Oregon.

ARE THE PUBLIC FACILITIES CONSTRUCTED UNDER THE WORKS PROGRAM OF PERMANENT VALUE?

The reports indicate that WPA projects have filled long felt needs and that they have been of permanent value to the communities.

Projects Were Needed

“These projects have been very carefully planned and represented in practically all cases a necessitous improvement which would eventually have to be made by the Borough although they were not in a financial position to do so at the time the work was done.”—Arthur E. Armitage, Mayor, Borough of Collingswood, Camden County, New Jersey.

Seattle Gains $1,000,000

“Probably the most outstanding project in Seattle, in this division, (professional) is the Land Use Survey. This project has made 323,000 appraisals of real estate property furnishing reports which makes it possible for taxpayers to feel that, as a whole, their properties are being taxed on an equalization basis. The gain in revenue for city and county through proper taxation will exceed a million dollars in Seattle alone, over prior years.”—City of Seattle, King County, Washington.

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Many Improvements for Boston

"Numerous improvements of a permanent value have been created, including reconstruction of highways, extension of sewage and water facilities, improvement to parks and playgrounds, the erection of new buildings and the repair of most of the publicly owned buildings, such as schools, fire houses, police stations, hospitals and court houses."

—MAURICE J. TORIN, MAYOR, CITY OF BOSTON, SUFFOLK COUNTY, MASSACHUSETTS.

Survey Aided Juvenile Court

"With the weapons and ammunition put into our hands by the Professional Service Workers, WPA, we are able to direct communities in constructive programs against juvenile delinquency for years to come."—CITY OF SEATTLE, KING COUNTY, WASHINGTON.

Project Met Long-Felt Need

"The Projects have not only aided the unemployed, and the small business man, but have been instrumental in aiding the various types of municipalities to plan civic, educational, and health projects that will stand as lasting monuments to a Democracy that places man above dollars. Most of our projects have been the type that are meeting a long felt need; therefore, the laborer has been much more proudful of his work, and many of them have even learned much about some skill trade."

—CALVIN T. SMITH, SUPERINTENDENT, DEPARTMENT OF PUBLIC INSTRUCTION, SEMINOLE COUNTY, Wewoka, OKLAHOMA.

Won Praise of Citizens

"This project (sewing) is highly instructive in that it develops trained seamstresses who are frequently able to withdraw from relief rolls and earn a livelihood. There are five lunch rooms in the city schools. Brick and concrete sidewalks and streets have brought praise from the entire population of our city and have greatly added to our fixed assets. We have added to our sanitary sewer system opening a new development in which there is being erected many new homes, thus giving momentum to private enterprises. The program has also rendered valuable aid in mosquito control projects."—J. B. FLORA, MAYOR, ELIZABETH CITY, PASQUOTANK COUNTY, NORTH CAROLINA.

Added to Assessable Values

"About 15 years ago the dam in Milton Lake had broken and the city never had funds to rebuild it. Through this project the dam was rebuilt and the lake dammed and property improved and this has now opened a large section theretofore undeveloped and the city will reap great value due to the increase of assessable values."—JAMES E. BARRER, MAYOR, RAILWAY, UNION COUNTY, NEW JERSEY.

HAVE THE NON-CONSTRUCTION ACTIVITIES — EDUCATION, PUBLIC HEALTH, RECREATION, AND OTHERS — BEEN WORTHWHILE?

The reports indicate a growing sense of value in non-construction and white-collar projects. Recreation, health, education, school-lunch and sewing projects especially, receive unanimous approval as worthwhile.

Lunches Aided Children

"The lunch room projects have permitted us to furnish hot lunches to several hundred needy children during the last two years. The good done these children can hardly be over estimated."—E. H. BLACK, SUPERINTENDENT, BRISTOW SCHOOLS, BRISTOW, CREEK COUNTY, OKLAHOMA.

White Collar Projects Valued

"The non-construction projects of McCurtain School District are NYA, school lunches, and library projects. There is a shortage of non-construction projects. Illiteracy classes, vocational training, clinics, music, and gardening surely would be of sufficient value to continue locally and absorb into the permanent governmental structure."—CHAS. L. FORG, SUPERINTENDENT, McCURTAIN PUBLIC SCHOOLS, McCURTAIN, HARKER COUNTY, OKLAHOMA.

Many Taught to Read and Write

"There is a 1,059 colored and 1,181 white illiterate enrollment this year. The 1930 census showed 1,516 white and 6,236 colored admitted X markers in Mecklenburg County. Of this group we have 833 enrolled in classes. Since June 30, 1937, 435 have acquired the ability to write their names; prior to this 455 others acquired this skill. From 1931 to 1937 this program has reached 590 of the 7,754 persons who are illiterates in this county. There are still 6,864 yet to be reached in order to make Mecklenburg County a complete literate county."—H. W. HARKER, CHAIRMAN, BOARD OF COMMISSIONERS, MECKLENBURG COUNTY, NORTH CAROLINA.
Civic Standards Raised

"Through the education derived from such projects as Homemakers, Nurses, Community Houses, and Recreational Centres, Planting and Beautifying, Canning and Preserving, the civic standards of the county have been raised to a marked degree."—W. C. HABROBE, EDGCOMBE COUNTY, NORTH CAROLINA.

WHAT HAS BEEN THE EFFECT OF THE WORKS PROGRAM ON THE FISCAL CONDITION OF GOVERNMENTAL SUBDIVISIONS?

The comments show that often there have been increases in tax collections accompanied by increases in community assets and community debts; in many instances lower assessed valuations in the wake of the depression resulted in lower community income. Debt limitations have often precluded sponsor contributions of funds or materials, etc. But in general the fiscal condition of governmental subdivisions has improved.

Federal Funds Only Aid

"Our assessed valuation has decreased 40% in the last ten years and unless we can rehabilitate our farms and mining industry it will continue to decline. We have the resources here and they can be made to produce wealth and supply employment but we cannot accomplish this result without transportation and development and this must come from the only available source, the Federal Government."—Fred L. VEL, CHAIRMAN, COUNTY COMMISSIONERS, LEMHI COUNTY, SALMON, IDAHO.

Created More Tax Revenue

"This organization (WPA) has been a Godsend to our country. It helps our farmers to raise more crops, so that they will not become dependent on the state or Federal Government. It raises our county assessment, therefore creating more tax revenue, by placing lands formerly not tillable so that crops may be raised."—GEORGE C. BISHOP, PRESIDENT, SUSSEX COUNTY LEG Cy, GEORGETOWN, DELAWARE.

Created Jobs for Miners

"The improvement of the roads alone enabled many mining properties to go into immediate production, which would otherwise have been impossible, when metal prices were stabilized, thus creating jobs which removed many men from relief."—CHARL. D. KEOUGH, CHAIRMAN, BOARD OF COUNTY COMMISSIONERS, TONOPAH, Nye County, NEVADA.

Fisheries Benefited

"The shell fisheries, the main industry of this town, have been greatly benefited under this program. Thousands of bushels of seed clams have been transplanted and several thousand bushels of winkles and other enemies to shellfish have been collected and destroyed."—LEROY A. NICKERSON, JAMES DICKIE, ALONZO W. JONES, BOARD OF SELECTMEN, ORLEANS, BARNSTABLE COUNTY, MASSACHUSETTS.

No Finances for Supplies

"Tax valuations have been cut; we have no finances with which to purchase supplies."—R. W. OBE, MAYOR, CITY OF SHERIDAN, WYOMING.

Missing Tax Acreage Found

"Through the Tax Survey, 4,973 acres of land that had been escaping taxation were placed on the tax rolls."—JOHN BOURLAND, TAX ASSessor-COLLECTOR, TARRANT COUNTY, TEXAS.

Works Program Stabilizes Industry

"Work program payrolls have helped stabilize all private business enterprises within the city."—MAYOR DAVID B. KINNELL, SPARKS, WASHOE COUNTY, NEVADA.

Cannot Furnish Work Material

"Rockland, being already over its debt limit, is unable to furnish material to carry on some of the worthwhile work which we would like to have done. The poorer communities which really need the most help are unable to get it as they cannot furnish sufficient material to carry on their projects."—CITY OF ROCKLAND, MAINE.

Community Valuation increased 20%

"When the Federal Works Program began the valuation of Transylvania County was very low, and tax rates were high; the county was in default. Being in default this county could not sponsor the projects and therefore lost many good projects. Today the valuation has increased approximately 20%; taxes were paid during the past two years for as far back as seven years. Some of the forgotten men (now on WPA) have paid their taxes, and improved their small farms and houses, and have built sanitary privies."—TRANSYLVANIA COUNTY, NORTH CAROLINA.
Work Less Costly Than Relief

“The expense required of the sponsors of these projects has been substantially less than would have been required for the direct relief that local communities would have had to provide. Our projects have all been of the non-revenue producing class, but most of them are leaving behind them permanent structures of the class which are ordinarily provided by bond issues, chargeable to local taxes and the structures will be of use to the community through an indefinite course of years. They are of a kind that have not materially increased the maintenance costs to which we are accustomed; and in some cases maintenance costs are actually decreased.”
—J. V. Monttrief, Mayor, Bridgeport, Texas.

Every Merchant Benefits

“The Federal payroll coming into town, which means new money, has been a benefit to all merchants and a relief to charity appropriations which reflect on all citizens and taxpayers.”—P. R. Keller, Selectman, Camden, Maine.

Lack Sponsor’s Contribution

“Lack of finances have made it impossible for us to follow the county’s long-time planning program. We are unable at this time to furnish even a small portion of the costs of construction. The costs for maintaining our buildings has decreased considerably due to Federal aid.”—Harry P. Hendry, County of Lee, Fort Myers, Florida.

No Vacant Homes; Taxes Paid

“We would like more aid in planning our projects. Since 1933, because, various Federal agencies have given work to the unemployed and have aided this city to make improvements, we find that tax payments have been resumed and that light and water revenues have increased. We now have no vacant homes, business places or offices.”—Harold King, Auditor, City of Park River, Walsh County, North Dakota.

Asks Credit for Material Used

“A more liberal interpretation of what constitutes local contributions would no doubt make available many more worthwhile local projects. Careful thought ought to be given to the amount of the sponsor’s contribution with attention directed towards obtaining credit for the use of local native material.”
—Lowell W. Monroe, Borough Manager, Ellwood City, Lawrence County, Pennsylvania.

Hard-Pressed in Winter

“The city has been hard pressed to finance equipment and materials to carry on these projects during the winter when there are a large number on WPA rolls.”—H. R. Ireman, City Engineer, Rocky Ford, Otero Co., Colorado.

Large Taxpayers Protest

“It has been necessary to increase the budget, which has caused protests from the larger taxpayers, and it is believed that with a more liberal allowance for Federal materials, with a corresponding decrease in sponsor contributions, that a large amount of this criticism will be eliminated.”—F. R. Goodman, City Engineer, Winslow, Arizona.

City in "Best Condition"

“Money spent for these projects as wages . . . has so increased the payment of back and present taxes that the city today is in the best financial condition it has enjoyed in a number of years.”—Albert Martin, Mayor, City of Laredo, Texas.

No Increase in City’s Taxes

“It has not added one penny to the cost of taxes. The waterworks has indirectly added thousands of dollars of value to the town. People want to live here now. Before we had water nobody wanted to live here.”—T. G. Floyd, Turrell, Arkansas.

District Financially Destitute

“Several districts in this county are so financially destitute that they cannot avail themselves of any type of a federal project because of the necessary and required local contribution.”—Oren Jensen, County Supt., Steele, Kidder County, North Dakota.

Community Rallied for Project

“Our school room was built without any indebtedness on the community. The funds were raised by donations and dances given in the school house. We received a donation of 600 bricks, the use of trucks for a few days and several loads of sand and gravel. Twenty-six hundred adobes were used in the construction of the room. They were made of material found in the district by WPA workers assisted by local residents who contributed their time. Many truck loads of gravel, sand and rock were hauled by local residents who donated their time and trucks—the adobes and much of the lumber was hauled gratis.
“When the trustees of the school district submitted their project to the WPA and learned that they would have to raise the material funds they called the entire community together. They explained what was needed and the community, which was divided and with no organization worthy of the name, got together and pledged part of the money and all the labor and equipment necessary to augment the WPA labor. All of the pledges were met and with but few exceptions, every family in the district furnished labor, or equipment and money, some gave all three.”—ANN McCUE, SECRETARY, DOUBLE ADOBE PROJECT COMMITTEE, McNEAL, ARIZONA.

Stimulated New Construction

“Since the completion of the Project a substantial amount of new building construction has taken place which indirectly will liquidate the entire cost of the Project and there is and will be practically no maintenance expenses.”—ARTHUR C. LEAVITT, WPA SPONSOR, AGENT, C. RAY BENNETT, CHAIRMAN, BOARD OF SELECTMEN, NATICK, NORFOLK COUNTY, MASSACHUSETTS.

County Savings for 30 Years

“With these wooden bridges replaced we will never have to worry about rebuilding bridges where these are placed. It will save the county a great deal of money for the next thirty years.”—HABERSHAM COUNTY, CLARKSVILLE, GEORGIA.

Town Finances in Better Shape

“The town's financial status is in better shape than it was four years ago because before the draining and graveling projects were completed it cost considerably to clean up the town every year on account of the cloudbursts.”—GEORGE M. NEIL, MAYOR, BEAR CREEK, BEAR CREEK COUNTY, MONTANA.

HAS PUBLIC HEALTH BEEN IMPROVED?

The reports on the health projects commend the results shown in many communities.

Saved Lives of Many Mothers

“This Visiting Nurse service has proven of inestimable worth and saving, both in finances and health to Lincoln, filling in a gap which heretofore had not been cared for, as no other nursing service has existed which was prepared to take care of the large number of unfortunate aged people, dependent children and chronics. The program furnishing a generalized service cared for 1,815 people last year. On the average, 50 pre-natal cases per month have been carried. Not one mortality occurred during the past year in the obstetrical service which was due in a large measure to the WPA nurses.”—Ada R. ENGBAUM, R. N. SUPERVISOR, LINCOLN CITY HEALTH DEPARTMENT, LANCASTER COUNTY, NEBRASKA.

Rural Health Much Improved

“Malaria control has been of more benefit than any other. Two thousand persons have benefited which has helped agriculture as well as health. Community sanitation includes inspection of all eating places, milk supplies and water supplies. The sanitary facilities of schools are also inspected regularly. The rural sections have reaped untold benefits from the building of sanitary privies. Typhoid and malaria which formerly were prevalent in this section have been very materially reduced through our health project.”—W. S. SYKES, CHAIRMAN, COUNTY BOARD OF COMMISSIONERS, TYBEE COUNTY, NORTH CAROLINA.

Venereal Disease Clean-Up

“One of the outstanding projects under the above classification is the public health project. It has to do with the treatment of venereal disease and reaches a class of people who, without the assistance of this burea, would in all probability go without treatment. The benefits compare favorably with the most valued.”—HOWARD COUNTY, INDIANA.

No Typhoid in Three Years

“We have no sewerage system, and numerous cases of typhoid were prevalent here prior to WPA activities. Three or four splendid community wells were located here, sanitary toilets were built, and as a consequence not one case of typhoid has been reported in this locality in the past three years.”—DON KING, CHAIRMAN, BOARD OF EDUCATION, HULBERT, CHEROKEE COUNTY, OKLAHOMA.

Malaria Done Away With

“We have drainage ditches that carry away water—ditches that were once a perfect hatchery for flies and mosquitoes. Before this work was done malaria and typhoid was common. Since these projects have been completed there has not been a case of either in the vicinity of one of these projects.”—R. B. WORSHAM, MAYOR, STILLWELL, ADAM COUNTY, OKLAHOMA.
HAS THE PROGRAM DEVELOPED LONG-RANGE COMMUNITY PLANNING?

Most reports indicate that the Works Programs have encouraged some community and regional planning. The abstracts indicate local problems associated with planning.

Planning Value Not Shown

“The value of planning in community improvement has not been favorably demonstrated by the Works Program. During the course of its existence it has been too erratic, indefinite and inconsistent to conform to good planning of a long-time nature.”—Dr. HUGH J. RYAN, MAYOR, BRADFORD, McKean County, Pennsylvania.

Losses Due to Planning Lack

“Had local communities had the advantages of the several appraisals and inventories of their needs, made during the past four years, at the time they embarked on these past programs, there would not have been the waste and inefficiency, much of which is being mistakenly charged to the Federal agencies and their administration of these large programs. The general acceptance of this fact and the recognition of the necessity of local long-range planning is in itself sufficient, to write off much of the loss, through inefficiency of these past efforts.”—J. A. LONG, COUNTY ENGINEER, DUVAL COUNTY, FLORIDA.

Projects Are Part of City’s Plan

“As sponsors and the engineering staff of WPA became more familiar with the problems of the community as a whole, and gained experience, more carefully planned projects became the rule. All projects now being operated by the City of Durango are parts integrated into a larger plan for permanent community improvement.”—O. K. NABORS, MAYOR, CITY OF DURANGO, LA PLATA COUNTY, OKLAHOMA.

Waste from Haste in Planning

“Our criticism is that much waste has resulted from the ‘short-time’ programs, which forced sponsors to rush madly to get projects under way with inadequate planning or preparation, because of the fear the ‘works’ would be terminated before the projects desired could be completed.”—S. A. COOK, CLERK, ELDORADO BOARD OF EDUCATION, ELDORADO, ARKANSAS.

Need Plans for Emergency

“A well-planned, carefully considered work program should be mapped out on a scale ample enough to meet any emergency. The only question that arises is where to secure the funds to make a large work program efficient. A wide-awake planning board can outline dozens of deserving work projects in every community.”—Board of County Commissioners, Sargent County, North Dakota.

City Now Has Long Program

“The city had no planned program prior to the inception of the Work-Relief, but since has endeavored to work a long-time program toward the ultimate realization of a much better town in which to live. The city is at least five years ahead of its program.”—Ivan F. LINDEMAN, CITY ENGINEER, BEAVER FALLS, BEAVER COUNTY, PENNSYLVANIA.

Uncertainty Halts Program

“No definite long-term plan has been considered advisable at this time because no assurance can be obtained that the program of federal participation will continue.”—SAMUEL PECK, CHAIRMAN, BOARD OF COUNTY COMMISSIONERS, WASHOE COUNTY, RENO, NEVADA.

City Competes With County

“One of the big problems we as a county have in operating WPA projects is the fact that the City of Sterling has the type of projects which take the men away from the county in the summer time and throws them back on the county in the winter time when the load of unemployed is much greater, also the handicaps for efficient work are greater.”—RAY E. RIKKE, COMMISSIONER OF DISTRICT 2, CITY OF STERLING, LOGAN COUNTY, COLORADO.

Planned Program for Future

“Salt Lake County, like many other counties, did not have a proper planned program to get the maximum values from the labor and materials available. It will be necessary to set up a definitely planned improvement program that can be set into operation at short notice and supported from a standpoint of financing, engineering, and construction.”—GEORGE M. HALEY, COUNTY SURVEYOR, SALT LAKE CITY, SALT LAKE COUNTY, UTAH.
HAS WORK-RELIEF ADVANCED THE COMMUNITY AND STATE IMPROVEMENT PROGRAM?

Where community improvement programs existed it was generally found that the WPA works program advanced them many years.

Created Permanent School Improvement

"Since the County Board of Education had a definite building program over a period of ten years as a result of a survey made in 1930 government labor was used to create permanent improvement while giving work-relief to the unemployed."—D. Y. Dunn, Superintendent, Fayette County Public Schools, Lexington, Kentucky.

Program Advanced 15 Years

"It seems to me that Works Program was designed for our municipality in that it fits into our long-time program and in five years has advanced our program at least fifteen years."—Don B. Russell, City Engineer, Oscaloosa, Iowa.

Projects Meet Town's Objectives

"The projects have been designed to cover the very objectives that the town was principally concerned with."—James B. Carey, Sussex County, Georgetown, Delaware.

Town Program is 15 Years Ahead

"Through these programs the town has been able to expand essential facilities, and construct new facilities, at a better than normal rate. In this respect it is estimated that we are from 5 to 10 years ahead of what would otherwise have been accomplished."—Charles A. Petrie, Town Clerk, Town of Eado, Kewa County, Colorado.

County Is Ten to 20 Years Ahead

"The county has been able through these programs to continue facilities and services it would otherwise have to postpone or drop indefinitely. It is conservative to estimate the facilities and services to the public through these completed projects in 10 to 20 years ahead of what they would have been under previous normal conditions."—L. R. Gibbons, Clerk, Board of Supervisors, Apache County, St. Johns, Arizona.

Built Small Roads and Bridges

"Due to the fact that our more thickly populated rural communities are scattered over such a large area it has not seemed practical to work large projects because of the transportation problem involved. We have, therefore, submitted and worked numerous small road, bridge, and related projects. These projects have improved our farm to market roads measurably and in all probability advanced our county road improvement by a year or more."—E. J. McGuire, Efficiency Engineer, Pueblo, Pueblo County, Colorado.

City Got Good Public Work

"All projects have been parts of improvement plans for the city, many of which have been planned for several years, but had not been carried out due to lack of funds. Due to the Works Program to a large extent, the city has been on a cash basis since February, '37, while in '33 they had outstanding warrants of $24,000. The city has contributed to the carrying out of all projects in comparison with the increases in financial condition and very good results have been obtained both in taking care of the unemployed and also in making needed improvements to the city."—Franklin Theriault, Mayor, St. Marys, Benewah County, Idaho.

Lack Work from October to March

"The programs have fairly well covered the field of needy employables, except that they should be so planned to furnish work during the months from October to March inclusive. It is probably lack of knowledge on our part in selecting projects, rather than the fault of the WPA program for not covering the needs of employables better. The work programs we have sponsored have fitted well into the city's local planning program but have not been extensive enough."—John M. Locate, Sussex County, Rehoboth Beach, Delaware.

Plan to Cover Winter Work

"Our largest relief load also occurs in the winter when men are seasonally unemployed. By planning our work in advance we are able to incorporate the Federal Work Program into our regular county road building program. We have found that if we do the preliminary work in the season in advance that the program is elastic enough that the men can be used when necessity demands."—Jenk Evans, Chairman of Board, Delaware County, Iowa.
IS WORK-RELIEF BETTER THAN A DOLE [a] FOR THE EMPLOYABLE UNEMPLOYED? [b] FOR THE COMMUNITY?

The reports show virtual unanimity in answering this question affirmatively, many of them indicating a belief that the cost of work relief has proven to be a sound financial investment.

Elderly Men Did Good Work

"One of the main handicaps was an element which we must necessarily meet in such a program—the elderly men who tried to give a day's work for a day's pay but because of advancing years are unable to do so. Then, the public leeches, men who have never liked to work; but even with these handicaps the sponsors were able to get good value for the money expended."—GLEN F. WILSON, SECRETARY, BOROUGH OF MONACA, BEAVER COUNTY, PENNSYLVANIA.

Best Program for All Concerned

"The Works Progress Administration program is the best relief program we have had since relief started. It has done more for the county in the way of building roads, farm ponds, etc., as well as for the men who have done the work. It has helped them morally and helped lots of them to learn a trade such as carpenters, stone masons, brick layers, concrete finishers, etc., so they can leave WPA and get private employment to earn their living."—W. W. WADE, CHAIRMAN; W. F. MANNHEY, MEMBER; GUY B. CUMMINS, MEMBER, COUNTY COMMISSIONERS OF HARMON COUNTY, OKLAHOMA.

Of Benefit to Taxpayers and City

"With exceptions quoted it is my opinion that the City of Anaconda has derived a tremendous benefit from the WPA from the standpoint of the taxpayer, property owner, resident, or unemployed citizen."—T. J. MCCAREL, MAYOR, CITY OF ANACONDA, DEER LODGE COUNTY, MONTANA.

Does Not Favor Direct Relief

"I do not believe in direct relief whenever it is practical to give work-relief. The Massachusetts law requires that work shall be provided for the able bodied in need. I do not believe relief should ever be handled by the Federal Government except to carry over catastrophes."—GEORGE L. BARRUS, CHAIRMAN, SELECTMEN AND ASSESSORS, GOSHEN, HAMPSHIRE COUNTY, MASSACHUSETTS.

Aids Worker and Community

"Work-relief is beneficial to both the worker and the community. His efforts provide himself and family an honorable living and the community and public receives the accumulative results of his labor in which he and his family also participate."—GEORGE McGAW, CITY MANAGER AND ENGINEER, HILLSBORO, OREGON.

Work Displaced Relief

"Our relief roll has been wiped out entirely by jobs provided through our sewer project. Since it was completed we have had no more trouble from rain water backing up into the cellars or roads rutted and washed out. In our present financial state it is impossible for us to budget any money for direct relief. We have advanced infinitely further towards inducing industry to enter our town because of this project than through anything we could have done ourselves."—FRED W. KLOKCIERT, MAYOR, BOROUGH OF HELL, CAMDEN COUNTY, NEW JERSEY.

Work-Relief an Investment

"What is needed is a permanent program of work-relief. The slack of unemployment is bound to remain during the immediate future and is certain to recur cyclically. I consider Work-Relief not as an expense but as a stupendous municipal and Federal investment. More and more I realize that this service has come to stay and is necessary to meet squarely."—R. F. GREINNER, CHAIRMAN, TOWNSHIP COMMITTEE, WOODBURY, MIDDLESEX COUNTY, NEW JERSEY.

WHAT HAS BEEN THE QUALITY OF THE ADMINISTRATION?

Cooperation between local sponsors and the WPA local administration is generally recorded. Most communities emphasize that foremanship bears responsibility for production.

Rural areas are emphatic in suggesting lengthening of hours and lower wages.

Many reports ask that red tape be cut in order to enable quicker recertification of workers.

Prefer Relief to Farm Work

"I have known a number of men to quit steady work on farms and herding sheep to get on the relief work, assuming the attitude that it was foolishness
for them to work 30 days for $50 when they could get the same amount for 11 or 12 days' work."—
Joseph B. White, Mayor, Paradise, Cache County, Utah.

Continuous Work Reduces Cost

"Continuous operation helps to reduce overhead expense both from the government side and the spon-
ser side as well as reducing the damage due to in-
clement weather on subgrade, forms and partially
completed work to a minimum."—G. A. Holland,
Mayor, Weatherford, Texas.

Hours Too Few for Living Wage

"Suggest, however, as low wage in county is only
$23.10 a month, that Federal commodity privilege be
extended to families of four or more, especially to
those receiving the minimum wage per month. Or
it might be possible to give them more work days a
month. The wage per day is satisfactory but eleven
days a month will not give sufficient money to pro-
perly care for the large families in the low wage class.
Most of them need $30.00 a month or better."—
M. C. Cross, Chairman, A. C. Oliver (Shattuck),
R. M. Scourts (Gage), Arnett, Oklahoma.

Would Reduce to 25 Cents an Hour

"It would be more satisfactory that hours be in-
creased with a lesser rate per hour, putting it on a
parity with agricultural employment. The Board of
County Commissioners strongly recommends that the
working period of each month be increased to 160
hours with a wage of 25 cents per hour."—William
W. Felson, County Auditor, Cavalier, Pembina
County, North Dakota.

WPA Wage Too High

"Many unemployed, when working part time, do
not use the time they are off work, and refuse to
work at private jobs unless the per hour allowed by
WPA is paid; farmers and stockraisers cannot pay
this wage."—L. R. Gibbons, Clerk, Board of Super-
visors, Apache County, St. Johns, Arizona.

Accent on the "Work"

"Hours of work should be lengthened so that the
hourly rate of pay for the relief worker will be sub-
stantially under the workers in private industry.
Work relief is the only form of relief which will not
ultimately destroy both the community and the in-
dividual. When the words are used the accent must
be on the word WORK and not on RELIEF."—
James Girand, City Engineer, Phoenix, Arizona.

County Joins WPA for "Living Wage"

"Our plan has been on the 5-hour day; the Gov-
ernment pays five hours, the county three, making
a total of a full 8-hour day. Between the work
periods the county pays an 8-hour day to most of
the workers, and no workers loan on their shovels,
due to the fact that they are making a living wage
as a result of the combined Government and county
payroll."—C. C. Kendall and Charles Drake,
County Commissioners, Ada County, Idaho.

Summer Work for Winter Pay

"We suggest that in the summer laborers be per-
mitted to put in more hours per month and their
pay withheld for those extra hours until January and
February when it is virtually impossible to accom-
plish anything due to the severity of North Dakota
winters and blocked roads."—Val. J. Becker, Clerk,
Village of Hague, Emmons County, North.
Dakota.

Larger Grants Asked

"It is neither economical, progressive, nor humane
to place a group of men to work breaking stone on
a roadway. That is penal work. We suggest a pro-
gram patterned somewhat along the lines of the
PWA with a scale of grants ranging from 50% to
75% depending on the class of work and size of the
project. On jobs where the total cost would not
exceed $5,000, we would suggest the day labor
method, which is really the present WPA setup. As
to white collar jobs, the present system is the best
that can be devised. Ordinarily local governmental
agencies do not provide services such as are now
being furnished by these workers. Educational,
health, recreational and certain cultural projects
have a value that is difficult to appraise, neverthe-
less it is real."—Robert L. Williams, County En-
gineer, Wilkes-Barre, Luzerne County, Pennsyl-
vanial

Politicians Take Advantage

"I would say that the program is a real God-
send to our country if not taken advantage of by
politicians and loafers. I think the wages to the
WPA laborer is plenty and quite a majority don't
deserve half of what they get despite their grum-
bling."—Heaster L. Smith, Martinsburg, Blair
County, Pennsylvania.

Politics Forces Leniency

"Political pressure, both real and threatened, causes
a foreman, official of local sponsoring taxation units,
or officials of larger governmental units to be exces-
sively lenient with recipients of both direct and work relief."—George E. Danman, Superintendent of Schools, Burley, Cassia County, Idaho.

Higher Wages for Able Workers

"Laborers who are able-bodied should have the privilege of obtaining the rate they already have. This would keep down dissension, as the physically fit men are forever complaining that their rate is the same as the weaker men and therefore should not be expected to perform any more work. The single men, with no dependents, should have a lesser hour basis than the married men with dependents, as it gives the single men no ambition to obtain other employment for they feel that they can exist on the present hour basis. There should be some arrangement whereby the WPA could have the use of the state roads equipment, whenever available, within the state where the work is being performed."—Arthur P. Hoffa, Mayor, and Commissioners of Barton, Allegany County, Maryland.

Supervision Secret of Good Work

"We had several instances where workmanship has not been the best, where equipment has been damaged and material wasted, due to foremen or supervisors. We believe some of the red tape should be cut in connection with the placing of employees and broader authority given to the foremen in reprimanding a certain element. The type of men used in supervising these projects is the principal factor in upholding the morale of the men employed on these projects, as well as the approval and whole-hearted backing of the community as a whole."—Alex L. Broshard, President, Borough Council, Cataqua, Lehigh County, Pennsylvania.

More Foreman Authority

"More authority should be given the foremen on the projects to fire men if necessary; and the men assigned to the work should be given to understand that they will have to work when they are on the job, and not stand around by the fire."—Geo. W. Johnson, County Agent, Clearwater County, Orofino, Idaho.

Would Speed Recertifying Workers

"I would like to see an arrangement in the re-employment of WPA workers making it easier and speedier so that those that are ambitious enough to obtain private employment will not be penalized for making the effort. An adjustment in hours and wages to bring the monthly income upward is essential."—Dr. P. H. Gibbons, Mayor, Kennard, Washington County, Nebraska.

No Politics With Engineers

"Politics have no part in the work relief and even though I am a Republican, and a member of the State Central Committee, and I am sure that the WPA Engineers know this, I could not ask for better cooperation than they have given me."—A. E. Goldammer, Mayor, City of Lakota, Nelson County, North Dakota.

Extend Work-Relief Role

"Recommendations: That work relief be continued and even extended so as to give, during the winter months, at least part-time work to our needy single men; that the wages of 40 cents per hour be increased, especially during the winter months, as no man with a family can live on $40 per month, when they have to buy coal, and extra heavy clothing for outside work; that allowances for material be increased; that so far as possible, when you furnish material, that it be bought locally; that on really worthwhile projects your rules be made a little more elastic so as to give your engineer as much leeway as possible so that they will fit into local conditions. Again, our men especially and our community do not want the dole."—A. E. Goldammer, Mayor, City of Lakota, Nelson County, North Dakota.
AN OFFICIAL COUNTY APPRAISAL OPINION
A SAMPLE OF THOUSANDS RECEIVED

Regraded Unclassified
March 7, 1938
Delta, Utah

Mr. Darrell J. Greenwell
State Director WPA
Salt Lake City,
Utah

Dear Mr. Greenwell:

Your request for an appraisal of work projects in Millard County was taken up with the board of County Commissioners last meeting, you know the Commissioners and our entire office force are very busy, really overworked, they felt they did not have time to go into the matter sufficiently to give you any satisfaction, so I am going to try and write you what I think of it and believe the other Commissioners feel the same way. Forgive mistakes I am having quite a wrestle with this typewriter and the language as well.

When I took the oath of office January 1, 1933 and got a view of conditions it was the blackest picture I ever looked at people were terribly discouraged a great percentage would of moved out if there had been a place to go, our taxing units were all bonded to the limit, businessmen all on the rocks, and all our citizens were in debt that could get in, investments they had made when prices were inflated to the limit, we had been suffering from one of the most devastating drouths and panics that had ever hit the Sevier water shed, what few assets that were left were frozen down so tight you could not stick an ice pick into them any where, our assessed valuation had fallen from around twenty million to eight million dollars, we were on a tax strike and the Rail Road was threatening to pay their taxes under protest, that would of stopped our schools because we were only paying 60 per cent with the RR included.

The time for promises and generalities had long past, we needed favorable court court decisions from both our State and Federal Supreme courts sustaining our District Judge clearing up our land titles, we needed leg-
islation such as moratoriums, liberal laws permitting the Commissioners to adjust taxes and sell lands and homes back to the people on terms they could carry under distressed circumstances because the County owned a great per cent of them, and last but not least we needed individual help direct so we could pay the taxes and buy our property back as well as live. Well Mr. Greenwell the State and Federal Governments came through with that help in a big way, we did not have a payroll in this County and we were all out of a job, through your departments the RFC, Cwa, FERA, and WPA supplemented with the security act each placed around two thousand on the payroll, and they bought our livestock killed the best of them shipped them back for us to eat and some of us had not tasted meat for years. They rehabilitated our farmers made us seed loans, farm loans, Home loans Ect. but the big thing of it all was that it meant work, jobs, building improvements we never would of gotten any other way, the works program part of it turned the liabilities of drouth and depression into assets and the results are we are again ready to go, we are paying 90 per cent of our taxes, our attitude toward taxes have improved nearly 100 per cent, we are encouraegd because we are paying of our bonded indebtedness by the hundreds of thousands, we have incentive to go because we feel we have a chance to live and own our farms and homes, every soul in Millard County should feel grateful to the President, the Governor and Yourself the entire program and particularly the work part, it would be a terrible blunder to give direct relief to able bodied men and women when we need so many improvements to raise our standards of living. I hope the State and Federal Governments can carry on a while longer, we cannot afford to loose the gains we have made and go back into chaos, this is the nearest perfect method of redistribution of American wealth we have ever tried and I am fearful if the people have to go through again the experiences of the recent past.

This letter is altogether to long but I am depending on your patience you know me pretty well, I thank you and all who work with you again for what you have done for Millard County and sincerely hope every thing is going well with you and yours,

Very Respectfully,

[Signature]

Commissioner, Delta, Utah
EVALUATION—A FIRST STEP
STATE APPRAISAL COMMITTEE STATEMENTS
NATIONAL, STATE AND LOCAL COMMITTEES SHARED IN U. S. COMMUNITY IMPROVEMENT APPRAISAL

The U. S. Community Improvement Appraisal is the result of a long-felt conviction within the Works Progress Administration itself that the tremendous national enterprise it was authorized to carry out ought to be appraised by some objective outside agency. In view of the magnitude of the program and the wide discussion it has aroused it was felt there should be available to any interested citizen or group a broad cross-section of specific outside judgments which would show how well or badly it had served the purpose of providing jobs for the unemployed, and to what extent it has or has not provided communities with useful public improvements and services.

Cost-to-Coast Survey

A national appraisal based upon its accomplishments, community by community from coast to coast, was obviously the way to answer such questions independently. It should, of course, be made by people outside of the WPA. Early in 1938 the nation-wide survey was launched. A huge mass of opinion obtained from the local representatives was analyzed first by local committees, then by each State committee and was finally evaluated by the National Appraisal Committee. On March 6, 1939, the report was submitted to the representatives of the national cooperating agencies in Washington. It was the sense of the conference to make the report "available for public use." A vote of appreciation was given to the National Appraisal Committee for its arduous labors in having made its report.

In each of the States co-operating, similar committees selected by the national sponsors had worked equally hard. Each State organization took two primary steps. First, it asked all mayors, executive heads of counties and heads of State departments to report fully and frankly on their entire experience in the use of the unemployed on public works. Secondly, it appointed a State Appraisal Committee to check, review and evaluate the local reports after they were made.

State Committee Membership

A tabulation of the 42 State Appraisal Committees reveals that they included:
Sixteen presidents of universities or colleges; 34 members of university and college faculties; 37 presidents or other representatives of State-wide organizations of women (club federations, women voters, etc.); 70 presidents or other representatives of State-wide civic or business organizations such as Chambers of Commerce; 25 ministers and representatives of welfare organizations; 56 State officials; 107 county officials; 24 editors and publishers; 3 representatives of labor organizations; and 28 miscellaneous persons, including bank presidents and others prominent in business or community life. Several States did not submit reports at all, due to lack of organization or volunteer committee men to devote their time to the studies involved.

Of the 7,737 community surveys analyzed, 3,723 were made by municipal officials, 1,977 were received from county officials of whom the bulk were from rural areas, 1,125 were from business, professional men and women and farmers; 741 were from State and school officials, and 171, slightly over two per cent, were from officials connected with the WPA.

This effort of volunteers to determine whether the gigantic burst of national energy characterized by the WPA Works Program was worthwhile is a unique contribution, for until these official representatives and civic-minded citizens undertook it there had not been a comprehensive, outside appraisal. Had
the program been adequate? for the unemployed? for the communities? The adequacy of the aid now being given brought up the question of the nation's financial resources. The future of our national economy was involved. How much of the nation's basic requirements had been met? What had various agencies of government estimated were these needs?

What Are Nation's Needs?

According to the President's National Committee on Public Health, there are lacking hospitals and hospital beds for 360,000 insane, tubercular and others who need medical and surgical care. To meet this need would cost one billion dollars. Forty per cent of the nation's outmoded schools should be replaced with modern structures better located in newly planned communities. Most public buildings are obsolete. Five out of every six county jails have been condemned by Federal inspectors as unfit to confine even criminals. It would cost two billions to rebuild prisons and at least five billions for all public structures.

The housing lack was estimated for the National Housing Committee to be two million dwelling units in 1938 which would require a capital investment of eight billion dollars to construct.

The United States has three million miles of road ranging from the primitive burro trail to the million-dollar-a-mile superhighway. The further extension of our "farm-to-market" roads would require an expenditure of ten billion dollars. A highway planning survey to map these requirements for a long-range program is under way.

The Water Pollution Report of the National Resources Committee recommends the expenditure of two billion dollars in a ten-year program to abate the poisoning of the nation's water. Land erosion in fifty years of neglect has destroyed twenty billion dollars of arable soil. To conserve our land for the future a capital investment of at least seventeen billion dollars by public and private agencies is required, of which ten billion could be spent for relief-labor.

Nation's Needs Not Met

Against this minimum total of forty-three billions of expenditure for the nation's most elemental future needs the United States Community Improvement Appraisal took into account only the results obtained from the capital investment of seven billions of dollars spent in the WPA Works Program since 1935, 80 per cent of which went for construction. It was evident that very substantial progress had been made both in physical and human accomplishments. How well or how badly this program as authorized by the Congress has been carried out, according to the views of the State Appraisal Committees, whose names are appended, the following brief excerpts from the detailed reports will attest:

ALABAMA

"Little towns that once confused weeds with shrubbery, if not forests, now have no weeds. Little towns that once endured barbaric sanitary conditions and a bad health rate are now clean and free of pest holes. . . . Little towns whose people once swallowed all the dust that did not accumulate on store stocks and household furnishings now have no dust. They are equally free of mud. Towns that had no swimming pools or recreation centers now are well provided with these. Little towns that had no community house where the cultural spirit might have an outlet, now have one. Little towns that had shabby city halls now have dignified city buildings.

"Physically and spiritually little towns have been immensely benefited by these building projects. The Committee also noticed in the briefs that this new stirring of the creative spirit by means of public monies had unexpected influence for good upon private investors. Everywhere the example of the works project leaders encouraged private citizens to improve the appearance of their places of business and of their homes.

"Thus the spiritual value corresponds to the economic value deriving from the tremendous public spending that has gone on the past 5 years. These are permanent gains. In the end it may even be agreed that such gains offset the obvious losses of the worst depression that this republic ever endured."
ARIZONA

"It was the unanimous judgment of the committee as well as all sponsors that the work program is much preferable to direct relief.

"When all factors in the program are studied carefully, they seem to constitute a strong case in favor of the work program. Worthwhile improvements and services are realized and the effect on the recipient of help is much better. History from ancient Rome to the present points out the dangers of direct relief. It may destroy both the community and the individual."

GARY GILMOR, President, State Teachers College, Tempe
Mrs. W. W. SHREUCK, Secretary, Holbrook Parent-Teachers Association, Holbrook
FRANCES BROWN, Home Demonstration Agent, Extension Service University of Arizona
C. WILLIAM GILBERT, Editor and Manager, Holbrook Tribune-News
RICHARD R. PATTON, Cochise County Engineer, Bisbee
J. W. GIRARD, City Engineer of Phoenix, Representing Municipal League
Mrs. L. F. MARTIN, President, Parent-Teachers Association, Tucson
EDWIN S. LANE, Dean of Trinity Cathedral, Phoenix
Father EMETT McLAUGHLIN, St. Mary's, Phoenix
C. WARREN PETERSON, Chairman, Maricopa County Board of Supervisors, Phoenix
Howard S. REID, Secretary, State Planning Board, Phoenix
Lucy B. DÖHNER, President, Salt River Valley Water Users Association, Phoenix
Mrs. EMMETT L. HENRIKSEN, Phoenix

ARKANSAS

"During the past decade Arkansas has been through a series of disasters that taxed its resources to the utmost. When the Federal Government began to provide employment projects for those on relief rolls, Arkansas had an opportunity to overcome the havoc of 'lean years.' . . . The value of the many benefits accrued from numerous activities under the Works Program may be illustrated, as regards schools for instance, by the statement of W. E. Phipps, State Commissioner of Education, who says: 'I consider all of the work done by the Works Progress Administration for the schools of this State the most progressive and constructive the Federal Government has ever undertaken.'

"Civic standards have been raised in a high degree. . . . The work could not have been done without aid from the Federal Government.

"There was complete unanimity that work relief was much to be preferred over direct relief for employables."

Mrs. ELWOOD BAKER, President, Arkansas Federation of Women's Clubs, Dermott
RICHARD BROWN, State Commander American Legion, Little Rock
HOWARD STERLING, Representing Private Industry, Little Rock
J. A. HENRY, State Planning Board, Little Rock
E. H. STEVENS, Vice President, Arkansas Press Association, Springdale
WALTER CLARK, Secretary, Arkansas Farm Bureau Federation, Little Rock

H. M. THACKRAY, Secretary, Arkansas Federation of Labor, Little Rock

NORTHERN CALIFORNIA

"The most obvious characteristic of the community reports is their virtually unanimous endorsement, regardless of political differences, of the Federal Government's work relief program. The value of the program, both to the communities and to the needy unemployed, is recognized almost without exception.

"In virtually every community report the public facilities constructed are found to be of a permanent and much-needed character. . . . The quality of the workmanship, in virtually all cases where the evaluation is based on the work itself, is found to compare favorably with work in private industry."

RICHARD E. DOYLE, President, San Francisco Board of Education
J. H. QUINN, President, Building Trades Council of Alameda County
HERB A. HAMMEL, Consulting Civil Engineer, Member American Society of Civil Engineers
DICK B. BROWNING, Editor-Publisher, Eastbay Reporter
Mrs. WILLIAM J. O'DONnell, President, San Francisco Women's Chamber of Commerce
Dr. W. C. POMEROY, Professor of Physics, University of California

COLORADO

"After an impartial digest of these appraisals, your committee gives its wholehearted approval to a continuation of a work relief program as the best available means of meeting the unemployment situation, both from the standpoint of the work accomplished and the benefits to the unemployed. . . . Practically all the local branches of government agree that the quality of the workmanship is satisfactory. Some go so far as to say that it 'compares favorably with the quality under private contract.'"

EDWARD D. HAYES, Director, State Planning Commission
WILLIAM R. FREEMAN, Engineer, Denver
EMERITUS HOUSE, Architect, Denver
EDGAR HARRIS, Director, Denver Bureau of Public Welfare
EUNICE HILL SMITH, Member, State House of Representatives
ROSEFN L. LINDEN, Architect, Denver
Mrs. L. C. AUL, Director of Correspondence, State Department of Public Instructons
RAT LANTON, Mayor of Longmont

DELAWARE

"Under these programs it has been possible for the State of Delaware to secure needed facilities for the life and welfare of our people which would almost certainly not have been secured through any other means. . . . (As to the individual worker) the (90) reports which the Committee has examined . . . show clearly that there is no deterioration of morale or loss of the spirit of self-sufficiency. . . . In general the reports indicate that the projects have been worth-while and the value of the completed work has been commensurate with the expenditures entailed."

L. Col. MACE P. FOX, Fort DuPont
CHARLES H. GANT, Secretary, Board of Harbor Commissioners, Wilmington
Rev. CHARLES F. BENNETT, Wilmington
Dr. ARTHUR C. JORD, Executive Secretary, State Board of Health, Dover
Miss ETHERL WITT, Executive Secretary, Family Society, Wilmington
ARTHUR M. PORTER, Executive Secretary, American Red Cross, Wilmington
BAYARD VANHORN, Division Engineer, State Highway Department, Wilmington
JOSEPH LACOCHE, Secretary, Rehoboth Beach City, Rehoboth
S. N. CULVER, Merchant, Delmar
FLORIDA

"City and county officials are agreed that the Federal emergency work programs have advanced the construction and improvement plan of the various communities from 3 to 10 years. . . .

Many benefits (non-construction projects) are just as important and quite as enduring as if they had been written in stone and in steel and concrete. . . .

"The consensus of opinion . . . is that the quality of workmanship has been unusually high. . . .

"Work relief . . . is of much greater value to a community as a whole because it makes possible needed improvements which could not be obtained otherwise; and it is better for the unemployed in that it helps preserve their self-respect and tends to uphold their general morale."

Thomas C. Idenon, City Commissioner, Jacksonville

R. E. L. Chancy, Mayor of Tampa

David Shriver, Mayor of Fort Myers

GEORGIA

"Reports from sponsors leave no question as to the value of work relief over the dolie in dealing with unemployment problems. They show a unanimity of opinion in favor of work relief, not only because of the effect upon the morale of the workers but because of the public improvements resulting from the plan. . . . The consensus of opinion of the sponsors is that the workmanship on construction projects compares favorably to that found on privately constructed jobs. . . . The committee feels . . . it would be dilatory in its duty if it did not emphatically call to your attention the fact that, with many millions of dollars spent in Georgia, there has been no suggestion of misuse of money by any of the agencies. On the other hand, reporting sponsors commend highly the administrative officials."

Robert F. Mansge, Chairman, State Board of Health, Atlanta

Arthur Leach, Chairman, State Board of Public Welfare, Atlanta

M. T. Singleton, Past President, Georgia Chapter, American Society of Civil Engineers, Atlanta

P. D. Barks, Representing American Institute of Architects, Atlanta

Thomas Luce, President, Georgia Municipal Association, Carrollton

T. Guy Wulfs, President, Georgia Forestry Association, Atlanta

Mrs. C. D. Hunter, President, Georgia Congress Parents and Teachers, Atlanta

Jane M. Moore, President, Georgia Press Association, Milledgeville

Miss Rhoda Keffman, Executive Secretary, Social Welfare Council, Atlanta

Miss Sally Arkin, President, Georgia Library Association, Macon

B. H. Green, President, Georgia Educational Association, Athens

Ralph L. Ramge, Executive Secretary, Georgia Educational Association, Athens

Mrs. R. Conner, President, Georgia Federation of Women's Clubs, Bainbridge

Miss Josephine Wilkins, President, Georgia League of Women Voters, Atlanta

Miss M. Kummer, President, Association of Georgia County Commissioners, Atlanta

IDAHO

"Every individual in every town and county has and will continue to derive benefits from the work program. . . . Virtually all of the accomplishments of the work relief program would have been beyond the local agencies without help of the Government and the unemployed. . . . Idaho educators almost unanimously approve this new field of service (WPA education program). . . . Work-relief programs have created a loyalty to and a confidence in our Government. . . . Work as a form of relief is overwhelmingly favored in preference to the dole."

Will Simons, Chairman, Idaho State Planning Board, Boise

R. E. Shepperd, Vice Chairman, Idaho State Planning Board, Jerome

Hugh MacCormick, Member, Idaho State Planning Board, Pocatello

Allen C. Markey, Member, Idaho State Planning Board, Salmon

Walter Clark, Member, Idaho State Planning Board, Kellogg

INDIANA

"The Federal works programs have been of great value to every community and governmental unit in the State. . . . Public works improvement in Indiana is 10 years in advance of what it would have been without the various Federal programs. . . . It is the opinion of the governmental officials of this State that the quality of workmanship is, on the whole, as good as that under private construction. . . . The Federal works program has awakened the citizens to the need for long-time planning. . . . The general opinion throughout the State is that a program of assistance for the needy should include both direct relief and work relief."

Rufus A. Poole, State Sanitary Engineer, Indianapolis

Virgil M. Simons, Commissioner, Department of Conservation, Indianapolis

Miss Hazel B. Warren, State Library, Indianapolis

Vincent Young, Mayor of Crown Point, Secretary, Indiana Municipal League

Mrs. Edwin T. Proson, President, Indiana Federation of Women's Clubs, Martinsville

Rowland Allen, Personnel Director, L. S. Ayres & Co., Indianapolis

William N. Tindle, Mayor of Lafayette, President, Indiana Municipal League

Fred Hook, Chairman, Governor's Commission on Unemployment Relief, Indianapolis

Harry Wengen, Engineer, Indiana Public Service Commission, Indianapolis

Chas. Colvert, Indianapolis Water Co.

Ed. Cantor, Chairman, State Highway Commission, Indianapolis

Prof. R. W. Holmstead, College of Education, Indiana University

Miss Hannah Nourse, Center Township Trustee, Indianapolis

Clarence E. Phipps, President, Indiana County's Association, Fort Wayne

Raymond F. Clark, Director, Indianapolis Community Fund, Rev. Frank S. C. Wicks, All Souls Unitarian Church, Indianapolis

Harry Baldwin, Mayor of Anderson, Vice President, Indiana Municipal League

Drury A. Smith, Director, Information and Research, Indiana Department of Public Welfare, Indianapolis

IOWA

"A fair consideration of the program indicates that the benefits outweigh the drawbacks. An increased number . . . have ceased to seek private employment and would probably refuse if offered a choice between it and work relief . . . they became accustomed to security of a kind, comparatively easier work, short hours and goodly hourly pay and are reluctant to go back to private employment with a longer work
week, lower hourly wage, in most cases harder work, and the uncertainty of steady employment.

This Committee believes that there is much private work that would have been done during the last five years but for the fact that employers were not able to compete with the government for the workers. Local communities have shifted their normal improvement program to the Federal Works Program in many instances... It has been too easy to shoulder the burden of paying.

There is a tendency on the part of the unemployed to drift to the larger work centers. This Committee believes that efforts should be made to keep families in their own communities, except where a downward economic trend makes future emigration seem inevitable, and to prevent the concentration of the workers to the ultimate disadvantage of the larger cities.

There is evidence that the policy of furnishing employment at public expense to every unemployed person is gradually shifting from an emergency to a permanent policy. This, in the opinion of a majority of the Committee members, is most undesirable.

P. F. Hopkins, Chairman, Director of State Planning Board, Des Moines.
Mrs. Edna Culler, President, State Federation of Women's Clubs, Des Moines.
Norman Ginsburg, Administrator, State Emergency Relief Administration, Glendale.
L. A. Henson, Director, State Emergency Council, Des Moines.
M. L. Hutton, Director, State Conservation Commission, Des Moines.
A. J. Johnson, President, Farmers Educational & Cooperative Union of America, Monroe.
Robert Johnson, President, State Farm Bureau Federation, Des Moines.
George J. Keller, Administrator, State Works Progress Administration, Des Moines.
Dean H. H. Kiser, Chairman, State Planning Board, Ames.
Ralph Kittner, Des Moines.
Dr. O. H. Latham, President, Iowa State Teachers College, Cedar Falls.
Victor Martin, Business Mgr., The Democrat and Leader, Davenport.
Dr. W. W. Merdian, President, Drake University, Des Moines.
Frank Pierce, Secretary, League of Iowa Municipalities, Marshalltown.
Charles P. Smalley, President, State Grange, Newton.
Dr. G. W. Stewart, Chairman, Greater Iowa Commission, Ames.
Fred White, Chief Engineer, State Highway Commission, Des Moines.
Wayne Warrack, Secretary, Des Moines.

KANSAS

"The general opinion is that the (WPA) projects are of a higher type (than those of the earlier work relief programs) with more emphasis on the heavier and more permanent public works, but they are also more costly from the sponsor's point of view... Benefit of the work relief programs outweighs, as a whole, the 'adversely discrepant' features and the 'adverse byproducts' in worthwhile projects and benefit to the morale of the men who were to that extent at least kept from direct relief rolls... The necessity for better planning and planning on a longer time basis is felt. We should have a single department of our Federal Government responsible for all the Federal Government social welfare functions. In Kansas we need a single State department responsible for all our State government social welfare functions."

Report prepared by John G. Stutz, Lawrence, Executive Director of League of Kansas Municipalities, with suggestions from the following Advisory Committee:

John E. Brein, Deputy Administrator, State Works Progress Administration, Topeka.
H. L. Brown, City Manager, Salina.
Albert B. Martin, General Attorney, League of Kansas Municipalities.
N. M. Copeland, County Engineer, Atchison County.
Alfred McDonald, Director, Board of Park Commissioners, Wichita.
Dean Day, Grace Cathedral, Topeka.

KENTUCKY

"The efficiency of the workers, the quality of workmanship, as well as the quality of workers themselves, are rising steadily under WPA... Need for WPA, or a similar program in their community, is a permanent condition both from the standpoint of the jobless and of the communities themselves... The physical effects of the work relief program in communities have been good on the whole, will be of lasting benefit, and in many communities constitute the only improvements of this kind that have been made in a number of years past... The National Youth Administration division of WPA has been greatly appreciated... The State has been provided with a physical educational plant which it badly needed and could not otherwise get... Work relief is favored over direct relief for employable jobless by all the sponsors."

William J. Hichens, President, Berea College, Berea.
Ben Kilore, Secretary, University of Kentucky, Lexington.
Thomas J. Nolan, President, Kentucky Chapter, American Institute of Architects, Louisville.
R. A. Kent, President, University of Louisville.
Mrs. Paul Wickliffe, President, Kentucky Federation of Women's Clubs, Louisville.
Ralph Johnson, Adath Israel Temple, Louisville.
E. J. Faxon, Jr., Super-Democrat, Paducah.
D. V. Thrill, President, Kentucky Society of Professional Engineers, Lexington.
Carl B. Wachs, Executive Secretary, Kentucky Municipal League, Lexington.

LOUISIANA

"This Committee feels, as do a majority of the public officials who have reviewed the accomplishments of their individual communities, that work created for the able-bodied unemployed in need has been of everlasting benefit to the State as a whole, and that to complete the task of building, so auspiciously begun, it will be necessary to continue the policy of work for the needy as long as economic necessity demands."

J. Lester White, Chairman, Louisiana State Planning Commission, Baton Rouge.
Alex LeBlanc, State Commander, American Legion, New Orleans.
D. O. Wilson, Publisher, Progress, Hammond.
Dr. Peter Cline, President, Centenary College, Shreveport.
W. T. Burnes, Lake Charles.
Harvey Brown, Mayor of Monroe.
Robert S. Martin, Mayor of New Orleans.
John II. O'Brien, Jr., Attorney, Alexandria.
Fred Dent, State Commander, Veterans of Foreign Wars, Baton Rouge.

MAINE

"In general it may be said that the Works Program has materially assisted the local communities in..."
carrying the burden of unemployed relief; that many improvements of a highly desirable and permanent nature have resulted; and that the advantages of work relief over direct relief have been conclusively demonstrated. It is assumed that work relief has generally been more expensive (than direct relief).

Certainly, however, the results obtained in the form of permanent improvements and in the improved morale of the workers and their families for this additional cost. At any rate, this appears to be the unanimous opinion of the municipal officials who have filed reports under the present survey.

**Dr. Elmer W. Campbell, President, Maine Municipal Association, and Mayor of Hallowell**

**Paul S. Coper, Department of Home Economics, University of Maine**

**Owen C. Bowers, President of Government, Bowdoin College**

**Franklin W. Johnson, President, Colby College, Waterville**

**Anna F. Mayone, President, Maine State Federation of Business and Professional Women's Clubs, Farmington**

**Stephen E. Pringle, State Director, Vocational Education**

**F. Allyn Richardson, Master, Maine State Geology**

**Danville Smith, President, Maine State Chamber of Commerce**

**MARYLAND**

"Without exception every community is in favor of work relief in preference to the dole for those who are employable. . . . Generally speaking, it would seem that the construction projects undertaken have been well selected and in most cases have been of permanent character—a part of a general plan and much needed by the communities. . . . They were beyond the resources of the community for immediate execution in most cases. Generally the quality of the work has been good. . . . The conclusion, from the limited information supplied, is that the non-construction projects apparently have been of value to the community and serve a needful purpose."

**E. R. Parmelee, Baltimore**

**Mrs. Charles E. Elliott, President, Maryland League of Women Voters, Baltimore**

**Harvey Weeks, Superintendent, Memorial Hospital, Cumberland**

**Capt. James H. Gamble, Jr., Frederick**

**MASSACHUSETTS**

"Through the Federal works program tax rates have been favorably affected, relief burdens have been met, improvements of a permanent value have been undertaken, and the self-respect of thousands has been maintained. . . . The communities appear to be well satisfied with the quality of workmanship. . . . It can be stated that with very few exceptions the burden of evidence is predominantly in favor of work relief. . . . The relative worth-whileness of the programs to the needy unemployed people is not debatable."

**Miss Elizabeth M. Herlihy, Chairman, State Planning Board, Boston**

**Mrs. Louis McHenry Howe, Social Service Authority and Postmasters of Fall River**

**John F. Waille, Secretary, Building Trades Employees Association, Boston**

**H. V. R. Swartz, Editor, The New England Construction Magazine, Boston**

**Owen Johnson, Noted Author and President, Berkshire County Association, Stockbridge**

**E. Sherman Crane, Partner, Metcalf & Eddy Engineering Co., Boston**

**CHARLES J. ROBB, Assistant Professor, Political Economy, Massachusetts State College, Amherst**

**Arthur B. Scott, Executive Secretary, Massachusetts Seamen's Association, Boston**

**MICHIGAN**

According to reports from Michigan public officials and sponsors of Federal Works Program undertakings, "the work projects have been fitted to the experience and skills of the workers and have been of benefit to local industries."

"Sixty percent of the appraisals declare that the workers have been kept fit for private jobs. The public facilities created followed the community's long-time planning program in 67 percent of the cases. In all but one of the communities the public facilities built are considered permanent. Purely on the basis of the work itself, the quality of the workmanship is evaluated as good in 61 percent of the communities, as average in 33 percent, and as poor in 6 percent.

"Ninety-eight of the appraisals consider that all of the work accomplished under any of these programs would have been beyond the resources of the communities without the aid of the Government."

From a statistical study of local reports prepared by State Statistician of the Michigan WPA.

**MINNESOTA**

"Permanence seems to have been the watchword of the Minnesota WPA sponsors. . . . The reports indicate that the projects undertaken are not only useful but permanent. . . . The quality of workmanship, according to the overwhelming majority of reports submitted, has been of a satisfactory character. It is in several instances reportedly compared with the results of a private industry. . . . A very small proportion of the work undertaken under work relief programs would or could have been financed without Federal aid. . . . There is practically unanimity among the municipalities participating in their approval of work relief for persons who may be classified as employables and to limiting direct or home relief to those who are unemployable."

**Frank M. Haas, Jr., Executive Secretary, Ramsey County Welfare Board, St. Paul**

**Theodore H. Atene, Conservator, Department of Rural Credit, St. Paul**

**R. A. Stone, Dean of School of Business Administration, University of Minnesota**

**Guy A. Anderson, County Commissioner, Hennepin County, Minneapolis**

**George M. Stipp, President, Minnesota Federation of Architectural and Engineering Societies, St. Paul**

**HRVAN AnderHj.imes, Administrator, State Relief Agency Rev. L. A. Glenn, Executive Secretary, United Catholic Charities of Duluth**

**Anna Doris Skar, State Director, National Emergency Council, St. Paul**

**S. E. Olson, President, Minnesota Agricultural Society**

**George A. Bacon, County Attorney, Redwood County, Redwood Falls**

**S. L. Smith, Director, Division of Operations, Work Progress Administration, St. Paul**

**MISSISSIPPI**

"This Committee is of the unanimous opinion that without work relief all counties in Mississippi would be in a pitiable condition. . . . Projects of the highest value in the State of Mississippi have been those coming under the heading of public works, such as construction of and repairs to public buildings,"
including public schools, courthouses, and municipal buildings; construction and improvements to streets, sewers systems, highways, farm-to-market roads, parks and playgrounds, and other similar work designed to achieve permanent improvements... It is the judgment of this Committee that it (administration) has been free from dishonesty, graft, or pernicious political influence. ... The people of the State generally appreciate the work that has been accomplished under the Work Relief Program and feel that it has made a real and lasting contribution to the general welfare of our people.

NORMAN A. MOORE, Chairman, Mississippi Press Association
Mrs. ELIZABETH J. WILES, President, Mississippi Federation of Women's Clubs
Mrs. Lewis H. Yarborough, Past President, Congress of Parents and Teachers of Mississippi
Dr. G. T. Gillis, President, Belhaven College
Dr. Joe E. Fraser, Secretary, Mississippi Association of Supervisors
C. J. ELMORE, Manager, Mississippi Municipal Association
R. D. MARROW, State Adjutant, American Legion

MONTANA

"Without the funds supplied by the various Federal relief agencies, none of this work could have been accomplished. One of the most noteworthy phases illustrated by the report is the extent to which the Works Program has taught cities to appreciate the value of effective planning... Water conservation represents a phase of work relief wherein the projects constructed have a continuing indirect and regenerative value which the State Water Conservation Board reports as 'comparatively equivalent yearly to their total cost.' ... Montana's State entomologist estimates that cricket and hopper control campaigns... saved crops valued at $20,000,000. ... In many respects the committee finds that social benefits of the Works Programs are of even greater importance than vast physical improvements. ... The Committee recommends that work relief be continued in preference to any system of dole relief.

M. G. TROUPE, President, Montana State Association of County Commissioners, Fort Benton
CLARENCE REAVLEY, Editor, Montana Labor News, Butte
GEORGE FINLAY SIMMONS, President, Montana State University, Missoula
DR. W. J. BUTLER, Secretary, Montana Livestock Sanitary Board, Helena
L. H. YOUNG, Vice President, Montana State Association of County Commissioners, Livingston
Dr. FLOYD A. THOMPSON, President, Montana School of Mines, Butte
Mrs. LUCY M. THOMPSON, State Chairman, Child Welfare Committee, American Legion Auxiliary, Helena
ROGER THOMPSON, Superintendent, Crow Indian Agency
DR. W. L. ALLMAN, Physician and Surgeon, Billings
D. W. CHAPMAN, State Senator, Daniels County, Pocatello
B. H. McCARTY, Secretary, Montana State Association of County Commissioners, Hardin
H. E. RICHTER, President, Montana Municipal League, Miles City

NEBRASKA

"The superintendent of the State historical society, speaking of a project to organize its collections, said: "The achievement of this group of intensely interested and efficient people has been little less than a scientific miracle. Ten years' work has been done in less than a year.'"

Appraisal sponsors:
Nebraska Association of County Commissioners
Nebraska League of Municipalities
Works Progress Administration of Nebraska

NEVADA

"Whereas: Under the various work relief programs conducted with the assistance of the Federal Government in Nevada, civic improvements of the utmost importance to our people have been made possible; our lands have been protected from drought and infestation of crickets and other pests; needed work has been done that, without the Federal assistance, could not have been performed for many years to come, if at all; and the morale and ability to work of our unemployed has been preserved; now, therefore, be it

"Resolved: That the Nevada State Appraisal Committee, in meeting assembled, does unqualifiedly endorse the various Federal work programs as conducted in Nevada, and does urge the continuance of a work program as the proper means of taking care of the unemployed."

The Nevada State Appraisal Committee consisted of 49 persons, including 19 city officials, 20 county officials, and

BREWSTER ADAMS, MRS. CHARLES MAPES, GEORGE TOWNSEND, Representatives of the State Board of Relief Work Planning and Pension Control
ELAIS SAMTH, Head of Department of Physical Education for Women, University of Nevada
MRS. ALBERT BAHNS, President, Advisory Council, Parent-Teachers Association of Sparks
TOM JOLLY, Secretary, State Federation of Labor
MAY STILLWELL RICK, Assistant Director, Agricultural Extension Division, University of Nevada
JEANNE WIEG, Head of Department of History, University of Nevada
MRS. J. M. GLENN, President, United Parent-Teachers Association of Reno
MRS. O. G. PUKEY, President, Nevada Federation of Women's Clubs

NEW HAMPSHIRE

"On the basis of evidence submitted by State, counties, cities, and towns on the Federal work program it is the opinion of this Committee that the greater number of relief workers have given honest labor. ... The evidence clearly shows that the workmanship has been of good quality on the great majority of projects and of a permanent benefit to the communities. ... These improvements would not have been possible for many years without Federal aid, particularly on sewerage, water, road improvement, et cetera. ... These necessary things have placed their communities 10 years ahead of schedule. ... We believe that the establishment of the dole for able-bodied men and women willing to work would eventually cause the abolition of our form of government."

CHAR. T. PATTEN, State Comptroller, Concord
ALVIN A. LCDER, Attorney and former Mayor, Nashua
RICHARD H. DICKINSON, Selectman and Representative to the New Hampshire General Court, Danville
MISS HILDA T. MERRIAM, Program Chairman, State Federation of Business and Professional Women's Clubs, Manchester
HENRY T. TURNER, Telephone Executive (Retired), Laconia

57
NEW JERSEY

"The accomplishments of this Federally-aided community enterprise are to be observed everywhere in new or renewed municipal services and facilities, the salvation of public and personal morale among all classes of the population.... In spite of the tremendous expenditure and the diversified channels through which the funds have been spent, there is yet to be demonstrated any evidence of maladministration. The record of the WPA continues to be commendable for conduct and execution, and the record of its results, as it is to be written eventually in material terms, is represented largely by works of enduring value. ... The weight of evidence shows that the WPA and other Federally-induced employment must continue if fiscal disaster is to be averted in many New Jersey municipalities."

MRS. ETHEL M. HIRAM, Acting State Director, National Emergency Council, Newark

JAMES F. X. O'BRIEN, Corporation Counsel, Newark

ANTHONY A. QUEIN, Vice Chairman, State Housing Authority, Newark

JAMES M. CROCKETT, Publisher, Bergen Evening Record, Hackensack

CLAYTON E. MACENROTH, Mayor of Oakland

MATILDA E. KELLEHER, Mayor of Newark, President, Municipal League

SAMUEL S. KEENWORTH, Former Mayor of Belleville, Secretary, Municipal League

NEW MEXICO

"Examination of the reports of State, county, and city officials indicates that they are practically unanimous in the opinion that the work undertaken in their communities has been beneficial. Some go so far as to say that their communities have advanced from the standpoint of the moral welfare of the people employed.... a distinct improvement in both spirit and the amount of work accomplished has been noted under the WPA as compared with the CWA and FERA."

MRS. GEORGE C. TAYLOR, Business and Professional Women's Club

MRS. VERNON G. SORREL, Parent-Teachers Association

MRS. LEE ROBBINS, Business and Professional Women's Club

REV. H. A. ZIMMERMAN, Pastor, First Presbyterian Church

DIRECTOR GEORGE P. HARMS, Representative of State University

WALTON W. OILERT, Representative of Works Progress Administration

NEW YORK CITY

"The quality of WPA work has been uniformly as high as that done under contract.... Speaking generally, I think I can say that nowhere on our work relief program today is anyone doing anything that isn't useful and constructive and contributive to the public welfare. "I know that the city has benefited by the Works Program, the value of its plant having been greatly increased, and it has maintained services that are indispensable in a modern growing city."

MAYOR F. H. MORGAN

"If there are any persons who still doubt that the unemployed people want work—and want it desperately—the experience of WPA employment in New York City is a complete and final answer. ... If anyone doubts the value of WPA work to the City of New York in terms of permanent improvements in streets, building parks and playgrounds, he has only to open his eyes in almost any part of the city and behold a vision of transformed facilities."

CLEMENT J. BEAN, Jr., Chairman

ANTHONY V. SHEEHAN, City Planning Commissioner

VERNON R. ROWE, Chief Engineer, Board of Estimate

WILLIAM HOBSON, Commissioner of Welfare

NEW YORK STATE

"... The work program is almost unanimously considered to be worthwhile from the standpoint of community needs and benefits to the needy employed.... The public improvements of a construction nature have been suited to the needs of the community and are of a permanent character.... only one dissenting.... that projects of a non-construction nature have rendered a definite service to the community. The officials unanimously stated that the public improvements and services provided... would not have been accomplished if they had been dependent upon local and State funds. With two exceptions, the various officials felt that the quality of workmanship... has been satisfactory. (And) that work relief keeps the destitute unemployed fitted and maintains their employability. Among 114 answers, 113 favored a work relief program for employable relief cases. The Committee is of the opinion that the Works Progress Administration has only taken care of the unemployment situation in New York State."

ROBERT C. WHEELER, Barker & Wheeler, Consulting Engineers, New York and Albany

C. A. HOLMQUIST, Director, Division of Sanitation, State Department of Health, Albany

HON. GEORGE J. SWARTZ, Mayor of Poughkeepsie

V. C. LEWIS, Ex-Mayor of Fulton

DR. BAILLIE A. NEWTON, Mayor of Massena

NORTH CAROLINA

"The WPA is the Federal Works Program agency which has proven to be the most efficient.... The work has been useful and permanent.... Relief workers have given honest labor to the best of their abilities. ... The workmanship has been good. Many instances are noted where the finished projects were the equal of similar jobs done by private contract.... Work relief is a method better than direct relief for caring for the unemployed. ... The WPA has helped to keep relief workers fitted for private jobs and many reports show that workers have improved their skill status by the training given the competent foremen.... The public facilities built are permanent and are of such nature that they serve the majority of people in each subdivision. Moral and health standards of entire communities have been raised through construction and social welfare projects."

THEODORE B. JOHNSON, Consultant, North Carolina State Planning Board, Raleigh

PETER CROCKETT, Jr., Executive Secretary, North Carolina League of Municipalities, Raleigh
NORTH DAKOTA

"The program of Federal aid projects is worthwhile to all governmental and private groups. . . . Work relief has in the greater number of instances helped to keep relief workers fit for private jobs. . . . The permanent projects are found to be as generally permanent, if not more so, as similar improvements constructed in any manner or under whatever plan. . . . It appears that approximately 90 percent of the facilities constructed under Federal aid in North Dakota were not available before. . . . The returns indicate the workmanship has been generally good. . . . It is the very general opinion of all those reporting that work relief is preferable to direct relief."

Fred J. Fiedich, Mayor, Valley City
J. W. Brand, City Manager of Minot
L. C. Hampton, School of Engineering, North Dakota University, Grand Forks
R. J. Hughes, Chairman, City Park Commission, Wahpeton
Merrill Walker, Secretary, North Dakota Farmers Union, Jamestown
Pauline M. Reyoras, Assistant State Club Leader, North Dakota Agricultural College, Fargo
Dan Hartland, President, Farmers' Tobacco and Labor Assembly
Carl D. Johnson, City Auditor of Fargo

OKLAHOMA

"This drought-ridden agricultural State has been drawn from the verge of economic disaster almost entirely through the job-giving benefits in the Federal Works Program. . . . Workmanship on WPA projects was equal to or above the highest standards of the best contract work. . . . WPA workers produced an honest day's labor for a dollar they cost."

Henry G. Bennett, President, Oklahoma A. and M. College and Chairman of Oklahoma Planning and Resources Board
Bob Taylor, City Manager, Bartlesville
Ves Stemple, Editor, Lawton Constitution
Dr. Leonard Logan, for Dr. W. B. Bixell, President, Oklahoma University
Norman J. B. Gray, Member Board of County Commissioners, Tulsa County
Paul Taylor, Superintendent, El Reno City Schools

OREGON

"The testimony of those reporting clearly indicates that the State and its local agencies have secured much permanent construction and have benefited greatly by the Federal support of work-relief projects for local benefit. . . . The evidence at hand shows that the experience in all fields—State, county, city, and other units—has been beneficial to the governing bodies, and to their people, and that the basic principle of all, for those capable of doing work, is best suited to the maintenance of self esteem, regard for citizenship, and respect for organized government."

Report submitted by:
League of Oregon Cities

Pennsylvania

"The works programs in Pennsylvania, starting with CWA until the present time, have been of material benefit and have had a most salutary and wholesome effect on the unemployed, and the effects on the communities as a whole have been most beneficial and a distinct aid in bringing about a return to normalcy. . . . It is felt, from a careful study of the reports, that the prosecution of the various works projects, other than PWA, has been at about a 60 percent standard of efficiency as compared to private contract work, but when it is considered that a great majority of the projects have been initiated without any planning program, and mostly in a desire to put men to work, it is felt that this degree of efficiency is a high one when added to the benefits that have accrued to the unemployed by reason of their employment on the projects. Not one report submitted disagreed with the contention that work relief was far more preferable than direct relief."

N. L. Lichtenhwalmer, Chairman, State Director, National Emergency Council
Max Stern
Charles M. Hamilton

RHODE ISLAND

"According to the reports of State, city, and town projects, the following conclusions can be very safely drawn:

"(1) The WPA projects have certainly been selected for worthwhile purposes.

"(2) The work has been very satisfactorily done.

"(3) The municipalities and the taxpayers thereof have benefited or will benefit financially.

"(4) The work of the unemployed has been kept on a higher plane than possible under a dole system.

"(5) The opinion of all those administering relief seems to be that work relief should be had wherever possible.

"(6) The majority of those reporting are in favor of a continuation of Federal administration of relief—of those who commented only one believed that local administration would be preferable."

Rev. Artieke H. Clough, O. F. S. Dean of Providence College
E. K. Clark, Vice President and General Manager, American Screw Co., Providence
James E. Dunn, Mayor of Providence
Prof. M. C. Mitchell
Henry J. Lef, State Budget Director and Comptroller, Providence
Grace M. Sherwood, State Librarian and State Record Commissioner
Man. Royal Tavt, President, League of Women Voters, Providence

SOUTH CAROLINA

"The Committee after a long discussion of the Works Program as a whole concludes that the program has supplied useful work to a veritable army of unemployed, and that the projects have contributed immeasurably to the upbuilding of the community and, indeed, to the physical, material, educational, social, and moral betterment of the whole State. The communities have received benefits which without Federal aid could not and would not have been secured for many years, if at all. . . . The Committee is firmly of the opinion that work relief is preferable to the dole."

Dr. J. Ben Kennedy, President, University of South Carolina, Columbia
Max C. Y. Hair, South Carolina Federation of Women's Clubs, Columbia
James H. Hare, Superintendent, State Department of Education, Columbia
Prof. E. L. Swinney, Civil Engineering, University of South Carolina, Columbia
Rev. D. F. Burns (former President of South Carolina Conference of Social Workers), Columbia
W. Barney Moore, Jr., Banker and Attorney, Columbia
SOUTHEAST TEXAS

"We find that cities and counties, cooperating with the Government Works Program, have sponsored many projects which have made improvements which could not have been undertaken by the sponsoring agencies except after possibly 15 or 20 years without this Government assistance.

The Works Program has been definitely a program for the conservation of our human resources. ... We believe a program; the same as or similar to the present works program is the most effective and efficient way to meet relief needs, both from the standpoint of the workers and the sponsoring agencies."

George Sealy, President, Galveston Wharf Co.  
John Walker, Walker Lumber Co., Weimar  
W. J. Bryan, Freeport  
Mrs. M. L. Goss, Houston  
R. E. Bruce, Judge, Liberty  
L. A. Mackenzie, Belvilie  
Mrs. E. H. Sim, Houston  
W. N. Blanton, Chamber of Commerce, Houston  
T. L. Evans, Chamber of Commerce, Houston

SOUTHWEST TEXAS

"The construction projects are of a permanent nature and so distributed as to be a great benefit to the public as a whole. These facilities were needed and efficiency in the work has improved from the beginning until this time. ... Most of the program, both in construction and public service, could not have been put through by the community without aid of the Federal Government and the unemployed. ... It is the universal opinion that work relief is better than direct relief, both for the community and for the individual."  

Col. W. H. Tuttle, San Antonio Public Service Co., San Antonio  
Rev. Alfred H. Ramey, St. Mary's University, San Antonio  
Mrs. A. H. Wasn, San Antonio  
D. R. Thomas, Chamber of Commerce, San Antonio  
Fred W. Malley, Bexar County Court House, San Antonio

TENNESSEE

"Our study of the reports of the various county judges and the mayors of many of the cities of Tennessee convinces us that the work of the Works Progress Administration has developed into a well planned and coordinated program for the betterment of social, economic, and health standards of living in our State.

We have found the consensus of opinion among the local authorities most concerned to be that without this assistance their communities could not have taken care of their unemployed, that in most instances the program has provided much care adequately, and that its by-product has been the permanent improvement of the public domain.

We note also that with practical unanimity these authorities hold work relief to be the most desirable form of public assistance to the unemployed."

Mrs. Mary French Caldwell, noted historical writer  
Jennifer Perry, Editor, The Nashville Tennessean  
Prof. Issac H. Hensley, Political Science Department, Vanderbilt University

NORTHWEST TEXAS

"The effect of the unemployment has been very beneficial. The effect on the communities as a whole has been good. The work has been effective from the standpoint of material results, much of which will prove of lasting benefit to the communities, and has greatly improved the morale of the citizenship. We believe relief laborers have given honest labor to the best of their ability."

R. E. Harris, President, Fort Worth National Bank  
Mrs. Henry B. Trigg, National Secretary, Garden Club, Fort Worth  
Carl N. Hall, Dean, Texas Christian University, Fort Worth  
Don Wester, Editor, Fort Worth Press  
Bishop H. A. Boat, Presiding Elder, Methodist Church South,  
James M. North, Jr., Editor, Fort Worth Star-Telegram  
James H. Allison, Vice-President, Wichita Daily Times
WEST VIRGINIA

"As a result of the activities of the Federal Government's responsibilities, the added benefit of state and local work relief programs have given way under this program to optimism, hope, and work. These appraisals indicate very clearly that only through the aid of the Federal Government has suffering and even starvation been prevented. There is almost universal praise for the type of work which has been done under the Works Progress Administration. Not a single unit reporting contends that these many improvements could have been secured through its own resources. Our State seems to be unanimously in favor of work relief as compared with direct relief for employables. The effect upon the workers themselves and upon the communities as a whole is much better under the work relief plan."

EDMUND BAILTY, Director, National Emergency Council

WAYVING

"The Federal Works Program has been a great aid in securing necessary improvements which would have been impossible had it been left to each community to assume complete financial responsibility. Many communities state that they are from 5 to 8 years ahead of the development that would have been possible without the aid of Federal projects. In most cases these programs have covered the field of needy employables except where local financial limitations prevented placing in operation sufficient projects to give work to all. In the main, the projects are useful, well planned, and as valuable as any regularly employed could have made them. There is unanimity in the opinion that work relief is more American and more constructive to men and communities than a dole."

LEslie A. MILLER, Governor, Cheyenne

S. R. DEMORE, Consultant, National Resources Committee
SPONSORS OF APPRAISALS IN THE STATES

The State (and city) agencies that sponsored the appraisal in the States were:

League of Municipalities
(Nine States)

- Alabama
- California
- Florida
- Kansas
- Massachusetts
- (Massachusetts Mayors' Club)
- New Jersey
- Oregon
- (League of Oregon Cities)
- Tennessee
- Virginia

State Planning Board
(Seven States)

- Colorado
- Georgia
- Indiana
- Louisiana
- Maryland
- Wyoming
- South Dakota

State Planning Board and
League of Municipalities
(Two States)

- Arizona
- North Carolina

State University
(Two States)

- University of New Mexico
- University of Washington

Co-sponsor and Works
Progress Administration
(Eight States)

- Idaho (State Planning Board and the WPA)
- Iowa (Iowa League of Municipalities, State Executive Council, and the WPA)
- Maine (Municipal Association and the WPA)
- Mississippi (Mississippi State Planning Commission and the WPA)
- Montana (State Planning Board, Montana Municipal League, State Association of County Commissioners and the WPA)
- North Dakota (League of Municipalities, Association of County Commissioners and the WPA)
- Oklahoma (Governor E.W. Marland, Oklahoma Municipal League, Oklahoma Educational Association and the WPA)
- Nebraska (Association of County Commissioners, League of Municipalities and the WPA)

Works Progress
Administration
(Fourteen States)

- Arkansas
- Delaware
- Michigan
- Minnesota
- Nevada
- New Hampshire
- New York State
- Pennsylvania
- Rhode Island
- South Carolina
- Texas
- Utah
- West Virginia
- Kentucky

Mayor's Appraisal
Committee

- New York City

TOTAL

- 42 States
- 1 City
Confidential

EXCERPTS FROM POLITICAL REPORT FOR MONTH OF MAY 1939 FROM AMERICAN CONSUL, YUNNANFU

Shipment of War Materials

The Yunnanfu-Indochina Railway was out of commission for five days during May due to wash-outs in Indochina, but this did not greatly affect the shipment of war materials. The Burma highway remained open and it is believed that trucks maintained a fairly regular service. There is reported to be some congestion at the ferry on the Wukiang River on the highway between Kweiyang and Chungking which is causing delay in the schedule of the trucks. One foreigner reported seeing 89 trucks at the crossing at one time waiting to be ferried across. He himself had to wait 9 hours for his turn. The highway from Yunnanfu to Kweiyang is reported to be in extremely bad condition, and there are also reported to be many damaged trucks along the road. Mr. T. L. Soong, Head of the Southwest Transportation Company, which organization has charge of the transportation of military supplies over the highways in southwest China, arrived in Yunnanfu during May and has established a headquarters here. He hopes to improve the service for the shipment of war materials and to coordinate with his service the export of commercial products. He plans to leave shortly for an inspection trip over the Burma road.
Highways

The Minister of Communications made an inspection trip over the Burma road. It is reported that improvements are still being made, and travellers express the view that it will be kept open during the rains, although there will be unavoidable breaks that may require several days or even weeks to repair. The Highway Administration is well aware of the problem and reportedly has made preparation to cope with it.

The Louchow-Yunnanfu road, it is now reported, will not be ready for traffic on June 1. It is doubtful whether it can be put into regular service for another two months.

It is learned that the Renault Company has signed an agreement with the Chinese Government to operate a fleet of four hundred Diesel trucks over this road as soon as it is ready for traffic. One hundred trucks will be kept in reserve at all times. The company is to have complete charge of operation, repair and service, and is now engaged in erecting a large shop in Yunnanfu. It is believed that the company expects to receive preferential treatment from the Yunnan-Indochina railway, as it is reported that Renault is the largest shareholder in the railway.

A school has been conducted in Yunnanfu for some time, training drivers and mechanics for the trucks...
to be used on the roads of southwest China. 1,300 young Chinese boys are reported to have come from overseas to enter the school, and it is reported that 216 of them have already been assigned as drivers on the Burma road. In this connection, it should be noted that General Motors has sent a factory service man to Yunnanfu to organize service and train mechanics for its vehicles now in use in this part of China.

Foreign Trade

Exports are believed to have increased during May, the bulk of shipments consisting of exports consigned to the National Foreign Trade Commission from Szechwan. Since its operations in Yunnanfu began in February, the Commission has shipped by rail to Haiphong 972,316 kg. of tung oil, 144,215 kg. of bristles, 29,250 kg. of raw silk, and 415,314 kg. of hides and skins.* Other commodities exported include rhubarb, nutgalls and quicksilver. Shipments of tung oil and bristles are tabulated below, month by month:

<table>
<thead>
<tr>
<th>Month</th>
<th>Tung Oil</th>
<th>Bristles</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>kg</td>
<td>kg</td>
</tr>
<tr>
<td>February</td>
<td>31,360</td>
<td>55,650</td>
</tr>
<tr>
<td>March</td>
<td>166,956</td>
<td>43,275</td>
</tr>
<tr>
<td>April</td>
<td>134,524</td>
<td>26,525</td>
</tr>
<tr>
<td>May</td>
<td>639,476</td>
<td>18,765</td>
</tr>
</tbody>
</table>

Source: Local office of the Foreign Trade Commission.

*To the end of May.
Some of the difficulties encountered by the Commission have now been overcome. Prior to May 15, shipments from Yunnanfu by the Commission were restricted by the railway to three cars a week, due to lack of warehouse space in Haiphong; but the Commission has now secured godowns of its own there and the restriction has been lifted. It also has sufficient space in Yunnanfu, and exports, especially of tung oil, are expected to increase steadily.
Copy of a telegram from the National City Bank of New York to Minister H.J. Procopé
15/6/39.

refer your letter June twelfth $160,693.00 paid Federal Reserve Bank today
The Honorable,
The Secretary of Commerce,
Washington, D. C.

My dear Mr. Secretary:

The preliminary draft of the proposed Presidential Proclamation to be issued in accord with House Joint Resolution No. 241, Public Resolution No. 16, which was forwarded for my consideration with your letter of June 7th, 1939, meets with my full approval.

I perceive no objection to the forwarding of this mutually satisfactory draft to the Director of the Bureau of the Budget by the Department of Commerce prior to the consolidation of the Lighthouse Service with the United States Coast Guard of the Treasury Department on July 1, 1939.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Encl.

Secretary of the Treasury.

File to Mr. Thompson
Lighthouse Week

By the President of the United States of America

A PROCLAMATION

WHEREAS Public Resolution No. 16, 75th Congress, 1st Session, provides:

"That the week commencing August 7, 1939, is hereby designated as Lighthouse Week in commemoration of the one hundred and fiftieth anniversary of the enactment by the first Congress of the United States of the ninth Act of said Congress, which was approved by President George Washington on August 7, 1789, and laid the foundation of the United States Lighthouse Service by providing that all expenses in the necessary support, maintenance, and repairs of all lighthouses, beacons, buoys, and public piers to render navigation safe and easy should be paid for by the Treasury of the United States. During said week all Government officials are hereby directed to display the flag of the United States on all Government buildings, and are requested in appropriate manner to celebrate the enactment and approval of said Act.

SEC. 2. That the President of the United States is hereby requested, by appropriate proclamation, to call attention of all citizens of the United States to said event and to request the cooperation of all citizens, communities, civic organizations, States, municipalities, counties, public agencies, churches, and schools in an appropriate recognition of the devoted, efficient, faithful, and splendid work of the Lighthouse Service for one hundred and fifty years in the safeguarding of life and property upon the sea."

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, pursuant to the above public resolution, do hereby call attention of all citizens to the observance of the week commencing August 7, 1939, as Lighthouse Week, and do request the cooperation of all citizens, communities, civic organizations, States, municipalities, counties, public agencies, churches, and schools in an appropriate recognition of the devoted, efficient, faithful, and splendid work of the
personnel engaged in administering and operating lighthouses
and other facilities for rendering navigation safe and easy and
for the safeguarding of life and property upon the sea.

IN WITNESS WHEREOF, I have hereunto set my hand and
caused the seal of the United States to be affixed.

DONE at the City of Washington this    day of

in the year of our Lord nineteen hundred and thirty-
nine, and of the independence of the United States
of America the one hundred and sixty-third.

By the President:

Secretary of State
Various representatives of the American Bankers Association appeared today before the Subcommittee of the Senate Committee on Banking and Currency which is considering the Mead bill, and testified against that bill. Those testifying were Mr. Robert M. Hanes, Vice President of the American Bankers Association and President of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina; Mr. Henry W. Koeneke, President of the State Bank Division of the American Bankers Association, and President of the Security Bank of Ponca City, Oklahoma; Mr. H. E. Cook, President of the National Bank Division of the Association and President of the Second National Bank of Bucyrus, Ohio; Mr. James M. Perkins, Chairman of the Board of the National City Bank of New York; Mr. Edward Elliott, Vice President of the First National Bank of Los Angeles; Mr. Wood Netherland, Vice President of the Mercantile Bank of Cincinnati; and Mr. Kurtz, President of the Pennsylvania Company of Philadelphia.

The testimony of these witnesses followed the same general pattern. They stated that there are adequate credit facilities available to business enterprises, both large and small, and that in spite of personal solicitation and advertising they have been unable to find borrowers so that they may put their idle reserves to work. They stated that in recent years their banks have developed the practice of making term loans and have entered into the
personal loan field. Several of the witnesses testified that while there is
some need for furnishing small and medium sized business enterprises with a
means of obtaining risk or proprietorship capital, this is not a function of
the commercial banking system. They stated that the Mead bill would not
furnish any credit facilities not made available under existing law by the
Reconstruction Finance Corporation and Federal Reserve banks.

Senator Mead, in refutation of the statements of the witnesses that
their banks are anxious to extend credit, pointed to the fact that the
Reconstruction Finance Corporation has made many loans previously rejected
by banks. He stated that while he is willing to accept amendments to his
bill, he is unalterably opposed to the creation of any new agency to administer
its provisions.

The next hearing will be held next Wednesday, at which time representa-
tives of small business will testify as to the need of additional credit
facilities.

E. M. F.
This Bank's Contacts with Small Business.

Because we are a large New York City bank I suppose people think of us as concerned primarily with big business, whereas the fact is that most of our customers are relatively small. In addition to our head office we have in New York City seventy-two branches, each of which operates as a country bank in its own community. In other words, the manager in charge is supposed to know the conditions in his neighborhood and its financial needs and try to meet them. It is for this reason that 97 per cent of our deposit accounts, or over 600,000 accounts, are in amounts of $5,000 or less, and average only $300 apiece. We are making loans to over 330,000 different borrowers. It is probably not far from the truth to say that one in every ten or twelve people in New York City does business with us in one way or another.

Our Loan Experience.

Let me try to tell you very simply and briefly about our experience in making loans especially to the small business man. Our lending experience may be classified under three separate headings.

1. Regular Loans - Head Office and Branches. The first of these is the regular loan facilities which we offer through our head office and domestic branches. On June 1, 1939, our total loans of this sort amounted to $327,000,000, loaned to 6,178 customers. If you take out of them $67,000,000 which was loaned to stock exchange firms and
dealers, it leaves $260,000,000 loaned to just over 6,000 customers for business and individual needs. Of these 6,000 customers, 91 percent were borrowing amounts of $50,000 or less. The total dollar amount of this group is approximately $33,000,000. So you see that in terms of number of customers the relatively small loans predominate.

2. Term Loans. The second class of loan which is included in the above total but deserves separate mention is our so-called term loans. While banks have for many years been lending to customers for longer periods than a year, this practice has in recent months received more study, and banks are now making much more largely what are called term loans, that is, loans with maturities running from one up to five years, and in some cases ten years, with amortization payments to pay off the loan in whole or in part. We now have on our books more than $35,000,000 of these loans. One may think of them as in some degree capital loans. They have been used to retire outstanding debt, to purchase machinery or equipment, or finance improvements of one kind or another to be paid out of earnings. I believe the amount of such loans should be limited in relation to our total assets.

3. Personal Loans. In 1928 The City Bank decided to set up a special department for caring for the needs of the small borrower. With the intimate contact with the people of the city given us by our 72 branches it was felt that if a small loan business could be successfully carried on it would be good for our branches and help a large group of people, many of whom had been driven by circumstances into the hands of loan sharks.

Since that time our personal loan department has made in the neighborhood of one and a half million small loans in a dollar amount of $458,000,000. Today we have on the books about 325,000 of which we
estimate that about 30,000 are to small business men. These loans range from two or three hundred to two or three thousand dollars. As the volume of our small loans has increased and our handling of them improved we have reduced the cost to the borrower who now pays a discount of 3-1/3% which is an effective rate of 6% on the outstanding balance.

In addition to these figures our personal loan department is making a substantial amount of loans on time contracts, that is to enable people to buy washing machines, refrigerators, and other household goods.

Other Banks Doing Similar Service.

I cite these facts about our own operations simply to illustrate that a great deal is now being done for the small business man in our community, and it is my information that other banks in all parts of the country are carrying forward somewhat similar services. So it is a mistake to say that the small business man is neglected.

Are Other Borrowers Without Needed Credit Facilities?

But you may well raise the question whether besides these people whom we and the other banks have been serving there may not be a large number of business men who are not receiving the credit facilities they require. One way of testing this question is to examine the loans declined.

Loans We Have Declined.

It is well known that all banks have been holding large amounts of excess funds which they are extremely anxious to employ. As one way of making sure that all of our staff were making all the loans they could, our executive committee has asked the officers to report
to them every week the loans which the officers have declined. I have had an analysis made of these loans declined in the year from the middle of May 1938 to the middle of May 1939. These figures are exclusive of the personal loan department and loans by foreign branches. In this whole year 219 loans were declined. In twenty-seven of these cases the conversations did not reach the point where definite amounts were mentioned, but in the other 192 cases the total of the loans rejected was $16,979,000. These applications ranged in size from participations in term loans to large national concerns down to a $200 loan to an individual who wished to market artificial fish bait.

For the purpose of comparison I might mention that if we had made all the loans which were declined and all were still outstanding, the total amount of our loans outstanding would be increased by less than 5 per cent.

While these figures alone suggest very clearly that there is no great unsatisfied demand for credit, that conclusion is even clearer when one examines the character of the loans declined. They may be classified into the following groups:

<table>
<thead>
<tr>
<th>Group</th>
<th>Description</th>
<th>Number of Applicants</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
<td>Refinancing proposals or cases in which borrower could obtain financing elsewhere</td>
<td>47</td>
<td>$7,589,000</td>
</tr>
<tr>
<td>Group 2</td>
<td>Speculative or promotional loans</td>
<td>15</td>
<td>2,377,000</td>
</tr>
<tr>
<td>Group 3</td>
<td>Poor character or poor financial condition</td>
<td>107</td>
<td>2,424,000</td>
</tr>
<tr>
<td>Group 4</td>
<td>Insufficient collateral or credit standing for amount requested, or poor earnings available to retire long term obligations</td>
<td>23</td>
<td>4,589,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>192</td>
<td>16,979,000</td>
</tr>
</tbody>
</table>
It is my judgment that there were very few cases included in this list which would be considered suitable loans either under the terms of the Mead bill or under the arrangement suggested by Chairman Eccles when he appeared before your Committee. In fact, I may say that the analysis that we have made currently of these loans declined has been very reassuring to me as indicating that our bank is performing its social obligation to meet the legitimate credit needs of the community in which we operate.

Survey of Districts.

We have taken still one further step in our desire to make sure that our institution is neglecting no reasonable opportunity to extend credit. We have recently formed a special committee independent of the usual operating officers to make a comprehensive sample survey of the businesses in a number of our branch districts to find out whether there are any businesses which could properly use credit to whom we have not made our facilities available. It is a little early to draw final conclusions on these surveys, but so far they have not uncovered any considerable neglected field for making loans. You will understand that in all of our branches it is not our practice to sit back and wait for prospective borrowers to come to us, but the active officers of each of our branches are constantly visiting the business men in their regions to seek to discover ways in which they can be of service.

R.F.C. and Federal Reserve Experience.

Additional evidence as to whether business needs for credit and working capital are being met is, I believe, to be found in the experience of the R.F.C. and the Federal Reserve banks in making
business loans. Some of our people have been in pretty close touch with what these agencies are doing, and we can testify, as perhaps they would hesitate to do, that in our judgment they have been following a vigorous, painstaking, but liberal policy in seeking to meet every legitimate demand for credit not covered by the ordinary bank lending facilities. It is to me very interesting and significant that in the five years these agencies have been at work they have found so few cases where they could make business loans. At the present time they have outstanding only about $140,000,000 of such loans and commitments, which is less than one per cent of the loans of the commercial banks.

Personal Experience with Lending.

One final comment I should like to make on lending policy. I have had a good many years' experience in making loans and in watching the results over a period of years of all kinds of lending, and that experience leads me to believe that many of the people who are most anxious to borrow money and who make the most noise about it, and who, if they are not satisfied at their own banks, are most likely to make vigorous appeals to Congress and other agencies of government, are people who are visionary and impractical or inexperienced. It is to those who are business-like no favor to these people to loan them money freely, for the result is simply to get them in debt up to their necks, and they are never able to get out. They simply add to the long list of business failures and personal bankruptcies. And what is worse, they drag others down with them. Every business man knows his toughest competition comes from an incompetent rival who does not know his costs. Subsidizing that kind of competition makes things harder for the business man.
who is doing a good job. The best favor you can do both to the borrower and the business community is to compel the would-be borrower to submit his case to a thoroughly experienced lending officer who is a realist in these matters, and who has the judgment to make loans in relation to the capacity of the borrower to repay the loan. The idea that the way to prosperity is to make it easy for people to get into debt does not stand the test of experience.
June 15, 1939

My dear Mr. President:

I am inclosing hereewith a second progress report from John Hanes on the tax bill.

Yours sincerely,

The President,
The White House.
June 15, 1939

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The President,
The White House.
To: Secretary Morgenthau
From: Mr. Hanes

The Subcommittee of the Ways and Means Committee on Internal Revenue taxation at its meetings on Tuesday, June 13, 1939, made the following decisions with respect to matters to be included in the revenue bill:

1. Rosenfield Case Problem.

It was agreed (by vote) that there shall be included in the bill a provision for elimination of tax liens on securities as against bona fide transferees who are without notice of the lien at the time of the transfer.

2. Discharge of Indebtedness.

Mr. Cooper stated that he felt relief from tax with respect to discharge of indebtedness through the purchase by a financially unsound corporation of its own obligations should not be available for more than three years; it should not be considered as a permanent provision of the tax law. It was agreed by vote that a relief provision shall be included in the bill freeing unsound corporations from tax with respect to indebtedness incurred before June 1, 1939, where the indebtedness is discharged by purchase at a discount after the passage of the revenue act and within three taxable years after December 31, 1939. Mr. O'Donnell stated that, in the long run, this might increase revenue and, in any event, will not result in a loss.

3. Foreign Tax Credit.

It was agreed (in the absence of objection) that there shall be included in the bill a provision to revise the foreign tax credit so that the receipt of intercorporate dividends and interest on partially exempt Federal obligations will not operate to improperly diminish the amount of the credit for foreign taxes paid. This provision will reduce net income, where referred to in the foreign tax credit provision, by the amount of the intercorporate dividend credit and the amount of such interest.
4. Exemption of Insurance Companies other than Life or Mutual from Personal Holding Company Tax.

Mr. McCormack presented the proposal of insurance companies other than life or mutual that they be not subject to the personal holding company tax in years in which they have losses from insurance business as a result of which their gross income (as specially defined) consists only of investment income. Mr. Tarleau explained the proposal and stated that the Treasury does not object to it and has prepared a draft to accomplish it. Mr. Tarleau also stated that he could give no assurance that the Treasury could take care of this problem by regulation. The Subcommittee agreed (in the absence of objection) that, if it would cause no delay in drafting, a provision to eliminate this problem shall be included in the bill.

5. Exemption from Stamp Tax.

Mr. Boehne presented the proposal of the American Bankers' Association that transfers of worthless securities by executors and administrators be exempted from stamp tax. Mr. Tarleau stated that the Department is not opposed to this matter, in principle, but has not had time to prepare a draft with the drafting service. It was agreed (by vote) that if this proposal will not delay drafting, it shall be included in the bill.

6. Relief for Americans in the Philippines.

Mr. Duncan presented proposals to allow American corporations a deduction for charitable contributions made to organizations in the Philippines and to allow Americans a credit against estate tax for inheritance tax paid to the Philippines. It was first agreed (in the absence of objection) that, if these proposals will not delay drafting, they shall be included in the bill. Since they are without the scope of the bill, however, it was finally agreed to take no action and that the Treasury may state its views before the Senate.

7. Shipping Beer to American Samoa.

Mr. Buck presented a proposal with respect to beer shipped to American Samoa. It was rejected by the Committee.
8. **Net Loss Carry-over to Partners and Individuals.**

Mr. Disney said that he feels that the Committee Report should state strongly that the Committee believes that a net loss carry-over should be given in the future to partners and individuals.

9. The Subcommittee voted to refer its recommendations and a draft of the bill to the full Committee.
Memorandum for the Secretary:

At a meeting held this afternoon in the State Department, at which were present representatives of the War Department, Navy Department, Department of Commerce, Department of the Interior, Dr. Feis of the State Department and myself, a discussion was had concerning procedure to be followed in connection with submission of an estimate for an appropriation to provide for the purchase of strategic and critical materials.

During the meeting, Dr. Feis received word from the Secretary of State that a meeting was to be held in the Office of the President tomorrow morning at 11:45 A. M. for a discussion of the amount of money to be appropriated.

It was the opinion of those present that at least $25,000,000 should be asked for to be expended during the fiscal year 1940 for the purchase of strategic and critical materials.

Colonel Hines, representing the War Department, stated that it was the desire of the Secretary of War that whatever amount was ultimately agreed upon should be appropriated half to the War Department and half to the Navy Department.

Prior to this meeting it had been agreed that the total amount was to be appropriated to the Treasury Department direct. The matter was left to be discussed at the meeting with the President tomorrow, and it is understood that Assistant Secretary Johnson will present the War Department’s views of a 50% appropriation to that Department. The Navy Department is agreeable to having such money as is appropriated given directly to the Treasury Department.

A copy of Public No. 117, 76th Congress, providing for acquiring stocks of strategic and critical materials is attached here-to for your information.

H. E. Collins
AN ACT

To provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of Congress and the purpose and intent of this Act to provide for the acquisition of stocks of these materials and to encourage the development of mines and deposits of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in time of national emergency.

Sec. 2. To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine which materials are strategic and critical under the provisions of this Act and to determine the quality and quantities of such materials which shall be purchased within the amount of the appropriations authorized by this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be purchased the Secretaries of State, Treasury, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

Sec. 3. The Secretary of War and the Secretary of the Navy, when they deem such action appropriate because the domestic production or supply of any of the above materials is insufficient to meet the industrial, military, and naval needs of the country, shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department and from the funds authorized by the provisions of this Act, to make purchases of such materials in accordance with specifications prepared by the Procurement Division of the Treasury Department and approved by the Secretary of War and the Secretary of the Navy, and to provide for the storage and maintenance, and, where necessary to prevent deterioration, for the rotation of such materials. To accomplish such rotation, the Secretary of the Treasury, with the approval of the Secretary of War and
the Secretary of the Navy, is authorized to replace acquired stocks of any such material subject to deterioration by equivalent quantities of the same material in such manner as he deems will best serve the purposes of this Act. The Secretary of the Treasury is empowered to meet, out of the funds authorized in this Act, expenses necessary to accomplish such rotation. The Secretary shall include in his annual report to Congress a detailed statement of expenditures made under this section and the method of rotation employed. The materials so purchased shall be stored by the Procurement Division of the Treasury Department on military and naval reservations or in other locations approved by the Secretary of War and the Secretary of the Navy.

Sec. 4. Materials acquired under this Act except for rotation to prevent deterioration shall be used only upon the order of the President in time of war, or when he shall find that a national emergency exists with respect to national defense as a consequence of the threat of war.

Sec. 5. Purchases under this Act shall be made in accordance with Title III of the Act of March 3, 1933 (47 Stat. 1320), but a reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond.

Sec. 6. For the procurement, transportation, maintenance, rotation, and storage of the materials to be acquired under this Act, there is hereby authorized to be appropriated the sum of $100,000,000, out of any money in the Treasury not otherwise appropriated, during the fiscal years June 30, 1938, to and including June 30, 1943, to be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

Sec. 7. (a) That the Secretary of the Interior, through the Director of the Bureau of Mines and the Director of the Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and mode of occurrence of the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; to explore and develop, on public lands and on privately owned lands, with the consent of the owner, deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, cross-cutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

(b) For the purposes of carrying out the provisions of this section there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, for each of the fiscal years ending June 30, 1940, 1941, 1942, and 1943, the sum of $500,000, of which amount $350,000 shall be appropriated to the Bureau of Mines and $150,000 to the Geological Survey.

Approved, June 7, 1939.
PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Paris, France

DATE: June 15, 1939, 6 p.m.

NO.: 1138

FOR THE TREASURY DEPARTMENT.

Statement of the Bank of France dated June 8 which was published today showed an increase in commercial advances of 885 million francs. There was a reduction of 1613 millions in circulation. There was an increase of 2,808 millions in deposits. There was an increase of 14 millions in Treasury account showing receipts from loan issue of May 15. Rates of gold reserve 63.72 percent as compared with 64.25 percent.

On the exchange market trading was light. A moderate amount of sterling was obtained by the fund. Almost no change in continental currencies. Important sales of dollars to support the florin were made by Amsterdam. Calm security market with undertone better.

WILSON.

Regraded Unclassified
Secretary of State,

Washington.

835, June 15, 6 p.m.

FOR TREASURY FROM BUTTERWORTH.

The security markets were weak today owing to the developments in Tientsin. The British fund a seller of dollars at 4.68½ all day but not operating in the three months' forward dollar which went to 1 5/8 premium. The fund is said to have sold about $7,000,000 mostly in the morning and to have supplied about 120 of the 180 of gold sold at the fixing. One bar was married and the market was prorated at 69%. The Bank of France bought a small amount of sterling today around 166.72.

RR:DDM

KENNEDY
PARAPHRASE OF TELEGRAM RECEIVED
FROM: American Embassy, Berlin, Germany
DATE: June 15, 1939, 11 a.m.
NO.: 499.

The following data on the German-Yugoslav trade and payments agreement signed at Cologne on June 7 was obtained from the Yugoslav Legation and from German sources; the text of the agreement has not yet been published here and detailed information is not yet available.

It was not possible for Germany to get Yugoslavia to let her buy on a barter basis with blocked marks larger amounts of products Germany needs, such as ores, wool, flax, antimony, hides and skins, oil seeds, coal, bauxite, hemp and cellulose. Complete freedom is retained by Yugoslavia to allot the very considerable portions of exports of these commodities every month, as at present, and free currency must be used to pay for them. Her present regulations still stand with regard to exports of copper, zinc, aluminum and lead, for which free exchange must be used in payment. Yugoslavia must have free exchange, she insisted, so that interest payments abroad can be met, and so that necessary supplies, particularly raw materials for her textile industry, can be bought from other countries. French and British companies, it is to be noted, control Yugoslav production of copper, lead and zinc.

It
It was agreed, however, that Yugoslavia would relax in favor of Germany her regulations which require full or part payment in free currency for the above-mentioned products if the exchange situation of Yugoslavia should become easier, or if there is increased utilization of German synthetic and other raw materials, as for instance light metals, synthetic resins, cell wool, and so on, in which latter event Yugoslavia could decrease the amount of her imports of raw materials from countries requiring payment in free exchange. It is also understood that Yugoslavia agreed to sell to Germany on a clearing basis any production from exploitation of new deposits of zinc, copper or lead by German or Yugoslav interests. There is however no provision in the agreement giving preferential rights for exploitation of Yugoslav mineral resources to Germany.

Agreement was reached that Yugoslav banks would stabilize the rate of the German clearing mark at 14.5 dinars to the mark; nominally, the exchange parity has been around 17.5 dinars to the mark, but the clearing mark has been selling at a fluctuating discount presumably because of blocked balances which Yugoslavia has accumulated in Germany due to greater imports by Germany from Yugoslavia than exports to Yugoslavia. About twenty million marks in blocked balances are held by Yugoslavia in Germany at
at present, and from three hundred to five hundred thousand reichsmarks in blocked balances are held in the protectorate by Yugoslavia.

A previous separate arrangement will govern trade between the protectorate and Yugoslavia until, according to a German communiqué, "the removal of the tariff frontier between the protectorate and Reich".

The German share in the foreign trade of Yugoslavia has risen from about 25 percent to 50 percent with the acquisition of Austria, Sudetenland and the Protectorate. There was a drop in exports from "the old Reich" in 1938 to 118,000,000 marks; in 1937 they had been 134,000,000 reichsmarks. The Yugoslav Legation in Berlin explained this decline as being the result to a large extent of the inability of Germany to make satisfactory deliveries of machinery and other goods, in her present situation of full employment and shortage of labor and materials.

It may be said in conclusion that it does not seem that much concrete prospect of increasing trade between Germany and Yugoslavia is offered in the new agreement itself.

It is requested that this telegram be repeated to Commerce, and to the Treasury as Heath's No. 36.

END OF MESSAGE.
Secretary of State,
Washington.

1145, June 16, 4 p.m.
FOR THE TREASURY.

The French press carries without comment the official announcement from Basel of the election by the board of the B.I.S. of T. H. McKittrick, partner of Higginson and Company, London to succeed Beyen as President of the Bank effective January 1, 1940.

Events in the Far East continue to preoccupy the markets here and transactions in exchange and securities were on a small scale today. Sterling was again offered and the fund was able to obtain a moderate amount at 176.72. No important changes took place in continental currencies. Rentes were down about one franc and losses in variable revenue securities ranged from one to three per cent.

WILSON

DC:DDM

GRAY
Paris
Dated June 16, 1939
Rec’d 2:04 p.m.
PARTIAL PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Berlin, Germany
DATE: June 16, 1939, 4 p.m.
NO.: 506

Today the German press featured the announcement of the offer to foreign holders of Reichsbank shares and of the new Reichsbank law as an example of German "fairness" and the progress of National Socialist control in Germany. Over two months ago it was announced that foreign shareholders would be bought out (reference, my 220 of April 1, 10 a.m., Treasury No. 8). Since the dismissal of Schacht last January, it has been taken for granted that the independence of the Reichsbank would be finally extinguished.

The Principal points of the new Reichsbank law are:
(one) the institution's president shall have sole authority to make decisions in place of the majority of the board of directors; (two) the Fuehrer shall have the right to decide the amount of the Government's "operating credit" with the Reichsbank; (three) the Fuehrer shall also have the right of decision as to the amount of Reich Treasury bills which the Reichsbank may hold in its portfolios; (four) in addition to the regular Board of Directors of the Reichsbank a consultative council will be established in order to ensure a direct connection of the Reichsbank with "business practice"; (five) only Aryan Germans may be Reichsbank shareholders.
holders and new conversion shares will be issued on a
5% instead of as at present a 12% dividend basis.

It was not surprising that there was a provision that
the decision of the president instead of the majority of
the board of directors shall rule in accordance with the
"leadership principle" of National Socialism. It was under-
stood that the Reichsbank had become an authoritarian
institution from the time the presidency was given to
Economics Minister Funk. The provision for giving Hitler
power to determine and change presumably upward from its
present limitation of 300,000,000 marks the amount of oper-
ating credit of the Government with the Reichsbank removes
only a purely formal check on Government borrowing from
the Reichsbank. The power already rested with the Govern-
ment, and was used to borrow indirectly from the Reichsbank
by causing banks to take short and long term securities
of the Government, which the banks then took to the
Reichsbank for discounting or pledged with that institu-
tion. The provision giving the Fuhrer power to determine
again presumably upwards the amount of Treasury bills which
may be held by the Reichsbank only removes another nominal
and in practice ineffective check against borrowing from
the central bank by the Government.

Since
Since new bank law only German citizens may be shareholders of Reichsbank all foreigners and German Jews must surrender their shares. New shares will be issued to German shareholders while special compensation offers are made to foreigners and Jews.

The following offer of compensation to foreign shareholders will be submitted for approval by the Board of Directors at a stockholders' meeting called for June 13. Foreign citizens and juridical persons domiciled abroad will receive for every 100 marks of Reichsbank shares 200 marks of new preferred gold discount bank shares without voting power. Beginning with the business year 1939–40 these shares will be entitled to a 4% dividend guaranteed by the Reichsbank. As the new standard 5% dividend of Reichsbank becomes effective retroactively for 1938 foreign shareholders will receive a cash bonus of 1–1/2% on new gold discount bank shares corresponding to 3% on old Reichsbank shares. This is supposed to compensate shareholders for the 3% dividend loss for 1938 (heretofore only 8% out of 12% Reichsbank dividend was transferable). Dividends on new shares and cash bonus will be fully transferable. Resolutions approving the issue of new preferred shares of gold discount bank will be passed in the near future in an extraordinary meeting of that bank.
bank. Foreign shareholders must present old shares for exchange against new shares not later than April 30, 1940. Holders who do not want to accept the foregoing offer are at liberty to sell shares otherwise their shares can be annulled if not presented before that date.

German shareholders who can qualify as Aryans have to present their shares for conversion prior to April 30, 1940. For each 500 marks of old shares they will receive an equivalent amount of new shares with a fixed dividend of 5%. As compensation, however, for the present higher market value of Reichsbank shares (their quotation on June 14 was 178-1/2%) they will receive in addition 400 marks in 4-1/2% Treasury bonds amortizable by drawing in 27 years. Thus in future they will receive 9-1/2 marks on 900 marks (formal note marks shares and 400 marks treasury bonds). German non-Aryans who cannot be shareholders in the new Reichsbank will be compensated in treasury bonds only at the ratio of 900 marks in bonds for 500 marks of shares finally the 4% dividend for 1937 impounded under the dividend limitation law will be paid out to all three categories of present shareholders. They will receive it in the form of a tax certificate in the amount of three reichsmarks 78 pfennigs for 100 marks shares. This amount is not transferable to foreign shareholders.

Repeat to Treasury as No. 37 from Heath and to Commerce.

END OF MESSAGE.

KIRK.
Gray
London
Dated June 16, 1939
Rec'd 3 p. m.

Secretary of State,
Washington.

844, June 16, 7 p. m.
FOR TREASURY FROM BUTTERWORTH.

One. Signs are accumulating of greater business activity which though obviously stimulated both directly and indirectly by arms expenditure is not confined to industries so affected. The unemployment returns for May 15 show an all time record for employment, the greatest decline in unemployment in any May and in any January to May period. Steel production made a record for May and the home consumption and exports of coal are both up on last year. Shipbuilding orders stimulated by the subsidy plans are now at a high level while the textile industries have made less spectacular progress in spite of some government orders.

The principal sign that recovery goes beyond the directly stimulated arms industries lies in the sharp increase in the May overseas trade returns which show well
well spread upward movement in both raw material imports and general domestic exports. Imports of armament industry requirements, however, are beginning to produce the trend predicted in section two of my No. 685 of May 15, 6 p.m. Whereas the import surplus for the first four months of 1939 was 16% less than that for the corresponding period of 1938, the figure for the five months period is only 13.8% less than for the January to May inclusive figure of last year.

Meanwhile, disregarding the political tension of the past two days resulting from developments in Tientsin the stock markets have reflected the expectations of greater industrial activity while the gilt-edged market after gaining considerable strength and absorbing the South African and Northern Ireland loans is now digesting the Australian loan. Since this market is a barometer of the international political situation further flotations may be delayed even after the Australian loan has been absorbed but its condition up to a few days ago indicated that the outlook for the arms borrowing program when long term flotations become necessary is not unfavorable.

With
3-#844, From London, June 16, 7 p.m.

With unemployment still close to one and one-half million there is still slack to be taken up but bottlenecks will doubtless become numerous when the million level is reached and special measures to curtail consumption of non-essentials may be needed before many months to supplement the new Ministry of Supply and Priority Powers. Already a decline in private automobile sales in May after increases in April and earlier months has resulted from the increase in the horsepower tax which was announced in the budget speech on April 25 to take effect next January.

Two. In spite of the slight expansion in the credit base reflected in this week's Bank of England return in a three point seven pounds increase in public deposits (with bankers deposits practically unchanged) today's Treasury bill rate was 16S 7.81D as compared with 14S 5.23D last week, doubtless reflecting the political outlook.

Three. Sterling was again weak today with the British fund selling dollars at 468-1/8 probably losing about 2 to 3 million in the spot market. The British authorities also offered the three months' forward dollar at
4-#844, From London, June 16, 7 p.m.

At a premium of 1-3/4 and later at 1-11/16.

Hoardings demand caused a rise in the price and the premium over shipping parity of gold today. Three hundred bars were wanted at 148 shillings 5 pence and 287 at 6 pence but the final number of bars dealt in was 83, 13 of which were married and 22 supplied by the British fund, the final price at 6-1/2 pence representing a 1 penny premium.

Kennedy

WGC

CSB
June 16, 1939

TO THE PRESIDENT:

Under the Act approved May 3, 1939, the President is authorized, whenever he finds that the public interest renders such a course advisable and upon agreement with the Government of any other American republic, or the Government of the Commonwealth of the Philippine Islands, or the Government of Liberia, if such Government is desirous of obtaining the services of a person having special scientific and other technical or professional qualifications, to detail under certain conditions for temporary service to any such Government, any such person in the employ of the Government of the United States.

Several requests have been received from South American Governments for the detail of employees of the United States Government having special knowledge of governmental functions and some of the Departments of the Government, because of large lump-sum appropriations available to them, are in a position to make these details without interfering with their regular work. There are some, however, and this is particularly true of the Treasury, which are not in a position to make such details unless additional funds are made available to them for this purpose.

The State Department considers this an important matter from the standpoint of our relations with the South American countries. In view of the importance which is attached to this matter it would seem advisable, and it is so recommended, that the Congress make funds in the amount of, say, $250,000, available to the President to be allocated by him to any Department, not otherwise having funds available, for the purpose of making the details authorized under the above-mentioned act.
The appended report is of interest because it claims that there is no need for additional bank credit to legitimate business.

1. This study reaches the conclusion that only 5 percent of reporting businesses indicated that they were unable to obtain bank credit during the period 1933-1938.

2. The results of this study differ markedly from other studies which have been made on the availability of bank credit and a careful reading of the results indicates that this study cannot be accepted as reliable until a study is made of the more detailed data.

3. The most important reason why bank credit was refused to small businesses, the study concludes, is due to the speculative fiscal policy of this Administration combined with the high level of surtaxes and the undistributed profits tax.

MR. WHITE
Branch 2058 - Room 208
For release Thursday, June 15, 1939, or any day thereafter without further notice.

NO NEED FOR NEW CREDIT AGENCIES SHOWN BY SURVEY

Credit Refused by Banks to Only 5% of 1,755 Concerns Reporting Experience from 1933 to 1938

MOST REFUSALS FOUND JUSTIFIABLE

Federal Agency Loans Negligible in Amount; Called Costly, Impersonal, Slow

NEW YORK, June 14. - Bank credit for legitimate business purposes was obtained without difficulty by more than 91 per cent of the 1,755 concerns, large and small, that reported on their credit experience from 1933 to 1938 in a survey of bank credit facilities in the United States recently completed by the Division of Industrial Economics of the National Industrial Conference Board, the results of which will be published in detail in book form late this month.

A total of 9,000 firms were approached in connection with the survey. Replies numbered 1,755 and, since the identities of reporting concerns were protected, it is believed that a great majority of those which did not return the questionnaire were either satisfied with their credit situation, or else had no serious cause for dissatisfaction. This inference is supported by the fact that the ratio of replies to the number of firms approached in the Conference Board survey of the availability of bank credit in 1932 was double that in the present one, reflecting the acute credit stringency which prevailed in 1931 and 1932.
The firms covered by the survey, most of which are engaged in manufacturing, were asked to answer this question: "Do you now find, or have you recently found, any difficulty in obtaining from your bank the credit accommodation required for legitimate business purposes?" Other questions concerned specific details of any refusal or restriction, the company's experience with government lending agencies, the need for such agencies, and suggestions for improving the credit situation of industry.

In reply to the first question, 1,601 of the 1,755 firms reported that they had no bank credit problems; 3.7 per cent had received less accommodation than they asked for; and 5.1 per cent had been refused credit by their banks.

Many of the concerns reporting refusal or restriction were in the construction industries, which were in a depressed condition throughout most of the five-year period. It was also found that nearly half of the concerns reporting refusal or restriction did not require bank credit in its ordinary, or short-term uses, but for longer periods, and "without reference to any given business transactions as source of funds for repayment."

Although most of the 154 firms experiencing difficulty had requested accommodation on the basis of the general credit of the company, 82 were not rated in a rating service widely used in the granting of trade credits.

Other facts disclosed in regard to the 154 refusals or restrictions were the following:

General working capital was sought in 101 cases, and "many of these requests, if granted, would have involved semi-fixed capital loans repayable over a period of from two to five years, and in some instances over a longer period."

In 117 cases, or 73 per cent of the total, unsecured paper was offered as collateral; real estate or chattel mortgage collateral was offered by only 18 concerns, or 11 per cent.

More than four-fifths of the firms reporting refusal or restriction were small or very small, that is, companies having a capital of $500,000 or less.

Reasons for Refusal or Restriction

Legal limitations and requirements of bank examiners accounted for 12 per cent of refusals and restrictions, condition of the bank for 1 per cent, policy of the bank for 54 per cent, and financial condition of the reporting concern for 33 per cent.

In connection with the high percentage of refusal or restriction attributed to bank policy, however, it is pointed out that the information was furnished only by the borrower or potential borrower, and "it is only natural that a concern whose application for credit has been refused should stress those bases for refusal that pertain to
banking policies, rather than those which have to do with the financial condition of the company."

In many cases, it is believed that banks preferred to base refusal or restriction on some secondary consideration relating to banking policy rather than to imply that the financial condition of the concern did not warrant the loan requested.

Thirteen companies stated that additional credit had been denied because loans had already been extended to the legal limit permitted for one borrower. Unsatisfactory current earnings were the grounds in 18 cases, unsatisfactory financial statements in 16; others were unstable market conditions in the industry of the applicant, unsatisfactory ratio of current assets to current liabilities, and excessive inventories.

The report of the survey reveals, on the other hand, that "A substantial number of concerns reported that the banks voluntarily offered them funds in excess of current requirements, or suggested that they accept a line of credit even though none had been requested. This active solicitation suggests that the banks desire to avail themselves of every opportunity to increase their industrial and commercial loans."

No uniformity was found in the opinions of industrial executives as to the proper role of banks in the financing of industry.
"The majority of the executives of companies reporting credit refusal or restriction who expressed an opinion believed that loans for intermediate periods to highgrade concerns represent a safe and profitable medium for the employment of banking funds."

"The comment offered most frequently by the executives of concerns reporting no bank credit experience or no bank credit difficulty was that the requirements of all deserving borrowers are being met under existing credit facilities."

Facilities for Financing Small Enterprise

The high percentage of small concerns among those reporting refusal or restriction of credit is accounted for in part by "the extreme credit liquidation and deflation in the period from 1929 to 1933. Rehabilitation of the financial structure of many small concerns required additional equity capital or loan funds for relatively long periods. The undistributed profits tax acted as a deterrent to the improvement of the equity capital position through the retention of earnings. In the early part of the period of revival, many banks were not in a position to consider requests for intermediate and long-term loans. The attitude of the banks was affected by the adverse classification of such loans by the examining authorities."

Federal fiscal policies are also found to have an important bearing on both the financial problems of industry and on bank credit policy.

"Since 1933," according to the report, "the economy has been dependent on federal spending to an unprecedented extent. Because of the artificial support afforded by expenditures in excess of revenue
June 16, 1939.

Assistant Secretary Gibbons,

W. R. Johnson.

In accordance with your verbal request for information concerning the disposition of seized and forfeited cameras, you are advised that all seized and forfeited cameras which have become available since January 15, 1936, have been turned over to Government activities for official use.

Since January 15, 1936, when authority was granted to take over seized and forfeited cameras for official use by the Government, practically all of the forfeited cameras of any value have been assigned for official use in the Customs Service. Some small cameras which would not meet customs requirements have been authorized by the Procurement Division for transfer to other Government activities which could use the cameras to good advantage. We are unable to recall any cases since January 15, 1936, where cameras were sold, all of the cameras having been taken over for official use by the Government.

A few cameras of value have been assigned to the Bureau of Narcotics, the Secret Service, and the Bureau of Internal Revenue, which cooperate with the Customs Service in connection with the enforcement of the Customs revenue laws.

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