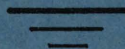


*File  
N.E.C.*

\* ✓

# ACTIVITIES OF THE FEDERAL EMERGENCY AGENCIES 1933 - 1938

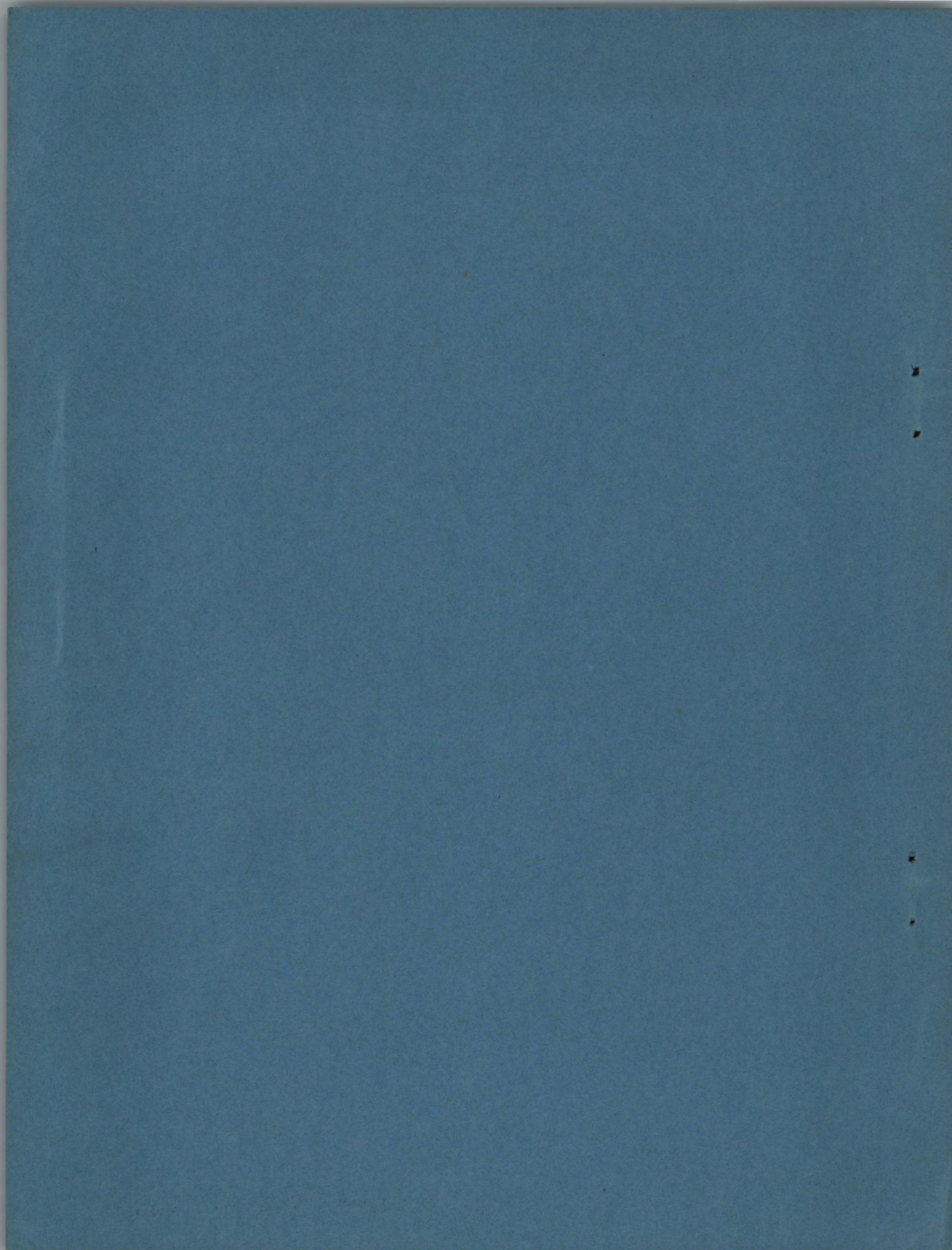


Assembled in response to numerous requests for historical and statistical data relating to the activities of the principal Federal emergency agencies.

The information contained herein has been obtained from published reports and releases of the respective agencies.

A handwritten signature in cursive script, appearing to read "J. V. Otter".

Prepared by  
NATIONAL EMERGENCY COUNCIL  
September 1938



## FOREWORD

In order to present a clear picture of the programs initiated since 1933 in the various fields of the economic and social life of the Nation, there have been included in this handbook certain of the new permanent agencies; also listed are certain existing divisions or agencies, the powers of which have been enlarged or amended to permit them to engage more effectively in the recovery program.

No attempt has been made to include all of the Federal agencies participating in the several programs.

## FOREWORD

In order to present a clear picture of the program initiated since 1933 in the various fields of the economic and social life of the Nation, there have been included in this handbook certain of the new government agencies also listed are certain existing divisions or agencies. The points of which have been enlarged or amended to permit them to engage more actively in the recovery program.

No attempt has been made to include all of the Federal agencies participating in the recovery program.

## CONTENTS

|  | <u>Page</u> |
|--|-------------|
| <u>BANKING AND INDUSTRY</u>                                |             |
| Reconstruction Finance Corporation . . . . .               | 1           |
| Disaster Loan Corporation . . . . .                        | 4           |
| RFC Mortgage Company . . . . .                             | 4           |
| Federal National Mortgage Association . . . . .            | 5           |
| Board of Governors of the Federal Reserve System . . . . . | 6           |
| Federal Deposit Insurance Corporation . . . . .            | 8           |
| <u>HOME FINANCING</u>                                      |             |
| Federal Home Loan Bank Board . . . . .                     | 10          |
| Federal Home Loan Bank System . . . . .                    | 10          |
| Federal Savings and Loan System . . . . .                  | 11          |
| Federal Savings and Loan Insurance Corporation . . . . .   | 11          |
| Home Owners' Loan Corporation . . . . .                    | 12          |
| Federal Housing Administration . . . . .                   | 13          |
| United States Housing Authority . . . . .                  | 15          |
| <u>AGRICULTURE</u>   |             |
| Agricultural Adjustment Administration . . . . .           | 19          |
| Commodity Credit Corporation . . . . .                     | 25          |
| Federal Surplus Commodities Corporation . . . . .          | 26          |
| Farm Credit Administration . . . . .                       | 28          |
| Farm Security Administration . . . . .                     | 32          |
| Land Utilization Program . . . . .                         | 36          |
| Soil Conservation Service . . . . .                        | 37          |
| <u>RELIEF AND WORK RELIEF</u>                              |             |
| History of Relief . . . . .                                | 39          |
| Reconstruction Finance Corporation . . . . .               | 41          |
| Civil Works Administration . . . . .                       | 41          |
| Federal Emergency Relief Administration . . . . .          | 42          |
| The Works Program . . . . .                                | 43          |
| Emergency Relief Appropriation Act of 1938 . . . . .       | 45          |
| Works Progress Administration . . . . .                    | 46          |
| National Youth Administration . . . . .                    | 50          |
| <u>PUBLIC WORKS</u>  |             |
| Public Works Administration . . . . .                      | 53          |
| Civilian Conservation Corps . . . . .                      | 56          |
| Bureau of Public Roads . . . . .                           | 58          |
| Bureau of Reclamation . . . . .                            | 61          |
| <u>LABOR</u>   |             |
| Social Security Board . . . . .                            | 63          |
| United States Employment Service . . . . .                 | 68          |
| Department of Labor - Wage and Hour Division . . . . .     | 70          |
| National Unemployment Census . . . . .                     | 73          |
| <u>OTHER FEDERAL ACTIVITIES</u>                            |             |
| Agencies concerned with electric utilities . . . . .       | 75          |
| Tennessee Valley Authority . . . . .                       | 78          |
| Electric Home and Farm Authority . . . . .                 | 81          |
| Rural Electrification Administration . . . . .             | 82          |
| Treasury Report on the Fiscal Year 1938 . . . . .          | 83          |
| General Budget Summary . . . . .                           | 87          |

BANKING AND INDUSTRY

|   |  |
|---|--|
| 1 | Reconstruction Finance Corporation . . . . .               |
| 4 | Disaster Loan Corporation . . . . .                        |
| 4 | WFO Mortgage Company . . . . .                             |
| 5 | Federal National Mortgage Association . . . . .            |
| 6 | Board of Governors of the Federal Reserve System . . . . . |
| 8 | Federal Deposit Insurance Corporation . . . . .            |

HOME FINANCING

|    |  |
|----|--|
| 10 | Federal Home Loan Bank Board . . . . .                   |
| 10 | Federal Home Loan System . . . . .                       |
| 11 | Federal Savings and Loan System . . . . .                |
| 11 | Federal Savings and Loan Insurance Corporation . . . . . |
| 12 | Home Owners' Loan Corporation . . . . .                  |
| 12 | Federal Housing Administration . . . . .                 |
| 15 | United States Housing Authority . . . . .                |

AGRICULTURE

|    |   |
|----|---|
| 19 | Agricultural Adjustment Administration . . . . .  |
| 28 | Commodity Credit Corporation . . . . .            |
| 28 | Federal Surplus Commodities Corporation . . . . . |
| 28 | Farm Credit Administration . . . . .              |
| 28 | Farm Security Administration . . . . .            |
| 28 | Land Utilization Program . . . . .                |
| 32 | Soil Conservation Service . . . . .               |

RELIEF AND WORK RELIEF

|    |  |
|----|--|
| 39 | History of Relief . . . . .                          |
| 41 | Reconstruction Finance Corporation . . . . .         |
| 41 | Civil Works Administration . . . . .                 |
| 42 | Federal Emergency Relief Administration . . . . .    |
| 42 | The Work Program . . . . .                           |
| 42 | Emergency Relief Appropriation Act of 1938 . . . . . |
| 48 | Work Program Administration . . . . .                |
| 50 | National Youth Administration . . . . .              |

PUBLIC WORKS

|    |                                       |
|----|---------------------------------------|
| 53 | Public Works Administration . . . . . |
| 55 | Civilian Conservation Corps . . . . . |
| 58 | Bureau of Public Roads . . . . .      |
| 61 | Bureau of Reclamation . . . . .       |

LABOR

|    |  |
|----|--|
| 62 | Social Security Board . . . . .                        |
| 68 | United States Employment Service . . . . .             |
| 70 | Department of Labor - Wage and Hour Division . . . . . |
| 72 | National Unemployment Census . . . . .                 |

OTHER FEDERAL ACTIVITIES

|    |  |
|----|--|
| 78 | Agencies concerned with electric utilities . . . . . |
| 78 | Tennessee Valley Authority . . . . .                 |
| 81 | Electric Home and Farm Authority . . . . .           |
| 82 | Rural Electrification Administration . . . . .       |
| 83 | Treasury Report on the Fiscal Year 1938 . . . . .    |
| 87 | General Budget Summary . . . . .                     |

## BANKING AND INDUSTRY

### RECONSTRUCTION FINANCE CORPORATION

The Reconstruction Finance Corporation Act, approved January 22, 1932, created the Reconstruction Finance Corporation for the purpose of providing emergency financing facilities for financial institutions; to aid in financing agriculture, commerce, and industry; and for such other purposes as authorized by Congress. To meet new situations as they arose, the Corporation's powers were enlarged and the scope of its operations extended to include more than twenty classes of loans and investments, in addition to loans to financial institutions, insurance companies, and railroads.

From February 2, 1932, through June 30, 1938, total authorizations amounted to \$12,377,643,519, of which \$9,726,255,653 was disbursed. The latter included \$2,745,467,066 disbursed for relief and allocations to other Governmental agencies by direction of Congress. The remainder, \$6,980,788,587, is the total of loans and investments made by the Corporation. Of this amount, \$5,108,268,030, or about 73 percent, has been repaid. The bulk of the Corporation's activities were completed prior to June 30, 1936, when \$8,809,000,000 had been disbursed, of which \$6,013,000,000 represented loans and investments.

The Corporation's principal activity has been to aid the banking system of the country, and thus directly an estimated 20,000,000 bank depositors. During the early years of the present decade the value of bank assets was impaired by falling prices of investment securities and by the increasing difficulty experienced by borrowers in the repayment of their loans. Bank credit was severely restricted, and a marked increase in bank failures occurred in the 1930-1932 period. To help remedy these conditions, the RFC advanced \$3,110,000,000 to banks (through June 30, 1938). About 37 percent of this sum, or \$1,138,000,000, represented loans to more than 4,900 open banks; 28 percent, or \$876,000,000, was in loans to more than 2,700 closed banks, largely for distribution to depositors so that the latter might obtain their funds as quickly as possible; and 35 percent, or \$1,096,000,000 represented the strengthening of the banking structure through the investment of RFC funds in preferred stock, capital notes, and debentures of banks (including \$18,000,000 of loans on preferred stock of banks) in more than 6,000 banks. Approximately 92 percent of the loans to open and

## Banking and Industry

closed banks, and 49 percent of the direct investments had been repaid as of June 30, 1938.

The RFC has made loans to numerous other types of borrowers, the principal types of which, together with the amounts disbursed, are listed below:

For loans to, and investment in preferred stock, in more than 130 insurance companies, to enable them to meet their obligations to policy holders and to rehabilitate their capital structure- \$125,068,000

To 94 railroads and receivers of railroads, for improvements, and the refinancing of maturing obligations at lower interest rates- \$578,180,000

To aid in financing self-liquidating construction projects. The total authorized amounted to \$399,967,487, which included \$73,000,000 authorized for the erection of the San Francisco-Oakland Bay Bridge; \$218,000,000 for the construction of a water distributing system, including the main aqueduct, to carry water from the Colorado River in Arizona to Southern California, and \$13,000,000 for the New Orleans Public Belt Bridge across the Mississippi. The Corporation's power to make self-liquidating loans was terminated June 26, 1933. However, on April 13, 1938, Congress authorized loans to aid in financing projects authorized under Federal, State or municipal law. Such loans authorized since April 13, and included in the above total authorizations, aggregated \$14,245,500- \$302,717,000

For reducing and refinancing the indebtedness of drainage, levee and irrigation districts. Disbursement of this sum has reduced the debts of the districts approximately 55 percent. Annual taxes and water charges to farmers have been reduced to about one-third of what they were, and the interest burden lowered from 6-6½ percent to 4 percent. Approximately 116,500 farms have benefited from this refinancing- \$ 81,942,000

To more than 3,800 industrial and commercial businesses where funds were not available at local banks. An additional \$68,476,000 was cancelled or withdrawn, many local banks making loans after the Corporation had indicated its willingness to furnish the funds. Funds made available by the Corporation have enabled the borrower to continue employment and in numerous instances actually to increase it- \$188,765,000

## Banking and Industry

To building and loan associations, including receivers, to meet maturing obligations to their certificate holders- \$118,110,000

To more than 200 mortgage loan companies, not including the RFC Mortgage Company and the Federal National Mortgage Association (see below), largely to enable them to continue in operation and to meet their maturing obligations to certificate holders. This amount excludes an approximate \$82,598,000 disbursed through mortgage loan companies to aid industry which has been included in the loans to industrial and commercial businesses- \$339,632,000

To various agricultural financing institutions, chiefly for the carrying and orderly marketing of crops. This total includes loans disbursed to the Commodity Credit Corporation; the Federal land banks; the Federal Intermediate Credit Banks; agricultural credit corporations; the Regional Agricultural Credit Corporations; joint-stock land banks; livestock credit corporations; the Secretary of Agriculture to acquire cotton; and loans for financing exports of agricultural surpluses (cotton, wheat and flour to China; cotton to Russia; and tobacco to Spain - total \$20,225,000)- \$1,433,575,000

To purchase 2,929 issues of marketable securities from the Public Works Administration. Of these purchases, \$434,927,482 worth were sold or collected at a premium over cost of \$13,249,715. Of total security purchases \$201,000,000 represents railroad securities purchased from the PWA, \$152,000,000 of which have been sold at a profit- \$579,153,000

Pursuant to an act of Congress, approved February 24, 1938, the Secretary of the Treasury cancelled the notes held by the Treasury which the RFC had issued in order to obtain the funds it disbursed for relief, or allocated to other Governmental agencies (\$2,745,467,066). No debt due to the Government was cancelled and no part of the notes so cancelled was for loans to banks, railroads, insurance companies, or any other borrower from the RFC.

By Executive order the lending activities of the Corporation terminated October 18, 1937. On February 18, 1938, the President authorized the RFC to resume lending activities until June 30, 1939. Under this new authority the Corporation has authorized 2,001 loans to industrial and commercial businesses alone amounting to \$85,345,000 for the period February 18 through June 14, 1938. Banks participated in only 302 of these in the aggregate amount of \$11,438,000. The Corporation had an additional 2,365 applications from businesses as of the same date, aggregating \$81,617,000.

The Corporation's operating expense has been substantially less than one percent. It has paid the Treasury \$182,457,000 interest on money borrowed to make loans and investments. After payment of interest and all expenses, the operating surplus from loans and investments, giving effect to accrued interest receivable and payable, is \$190,902,000, of which \$164,390,000 has been collected. This surplus will be more than enough to cover losses on all loans and bank capital investments.

#### DISASTER LOAN CORPORATION

Prior to 1937, the Reconstruction Finance Corporation had made available special loan assistance in regions suffering from catastrophes such as earthquakes, conflagrations, tornadoes, hurricanes, and floods which occurred during the years 1933, 1934, 1935, and 1936. The sum of \$11,988,000 was disbursed for such purposes.

Under an Act approved February 11, 1937, Congress authorized the establishment of the Disaster Loan Corporation, which will ~~have~~ succession until dissolved by Congress, to continue such catastrophe loans. Under the Act, as amended, the Corporation is empowered to make loans arising out of catastrophes occurring during the years, 1936, 1937 and 1938. As of June 30, 1938, it had authorized 7,950 loans aggregating \$9,475,000, and had disbursed \$6,873,719.

#### RFC MORTGAGE COMPANY

On January 31, 1935, Congress authorized the Reconstruction Finance Corporation, with the approval of the President, to subscribe for or make loans upon, the nonassessable stock of any class of any mortgage loan company (and similar types of institutions) the principal business of which is that of making loans upon mortgages, deeds of trust and the like, and stock of any national mortgage association organized under Title III of the National Housing Act. Pursuant to this authority the RFC paid \$25,000,000 for stock of the RFC Mortgage Company and \$11,000,000 for stock of the Federal National Mortgage Association.

The RFC Mortgage Company was organized under the laws of the State of Maryland on March 14, 1935. Its purpose is to aid in the re-establishment of a normal market for sound mortgages on urban income-producing properties. When financing, or refinancing, of such properties as hotels, apartment houses, business and office buildings, is necessary

and cannot be obtained elsewhere upon reasonable rates and terms, the Company will consider applications for first mortgage loans. In addition, the Company will consider applications to finance new construction, provided there is an economic need for such construction; and will consider applications for loans to distressed holders of first mortgage real estate bonds and certificates (provided such bonds were not acquired for speculative purposes). Also the Company will purchase from mortgagees approved by the Federal Housing Administrator, at par and accrued interest, 5 percent FHA insured mortgages, on single family dwellings, and multi-family dwellings (up to four families), involving a principal obligation not exceeding \$16,000, provided in both cases such mortgages meet the eligibility requirements of the Company, and are not eligible for purchase by the Federal National Mortgage Association.

As of June 30, 1938, the Company had approved loans and purchases aggregating \$202,327,000, including conditional agreements, itemized as follows:

|   |              |
|---|--------------|
| Refinancing in cases of distress. . . . .   | \$69,705,000 |
| Construction of new buildings . . . . .   | 46,998,000   |
| For purchase of Federal Housing<br>Administration insured mortgages. . . . .                | 83,846,000   |
| For purchase of mortgages not<br>insured by the Federal Housing<br>Administration . . . . . | 1,778,000    |

#### FEDERAL NATIONAL MORTGAGE ASSOCIATION

In February, 1938, the Reconstruction Finance Corporation, at the request and with the approval of the President, organized the National Mortgage Association of Washington under provisions of Title III of the National Housing Act, as amended. Its name was subsequently changed to Federal National Mortgage Association.

The Association completes the machinery of making available the facilities and benefits authorized under the National Housing Act, as amended. Its principal objectives are:

1. To establish a market for insured mortgages on newly constructed houses or housing projects.

2. To facilitate the construction and financing of economically sound rental housing projects, apartment buildings, and groups of houses or multi-family dwellings for rent or sale, through the process of making loans secured by insured first mortgages on such properties.
3. To make available to both the individual and the institutional investor, bonds issued by the Association.

Accordingly, the Association will purchase from mortgagees approved by the Federal Housing Administrator, mortgages which have already been insured by the FHA under sections 203, 207 and 210 of the National Housing Act, as amended (under section 203, small homes up to \$16,000 and since May 16, 1938 farm homes as well; section 207, large-scale housing projects up to \$5,000,000; and section 210, housing projects from \$16,000 to \$200,000), and will issue commitments to purchase mortgages upon which the Federal Housing Administrator has issued insurance commitments. The Association, however, is expressly prohibited by law from making loans directly to mortgagors if such mortgages are insured, or acceptable for insurance, under the provisions of section 203.

The Reconstruction Finance Corporation, on behalf of the Association, sold on May 18, 1938, an issue of \$29,748,000 Federal National Mortgage Association Series A, 5-year, 2 percent notes, at par and accrued interest, to enable the Association to make loans on the security of FHA insured mortgages, and to purchase such mortgages. Through June 30, 1938, the Association had made commitments to purchase FHA insured mortgages aggregating \$9,062,000, exclusive of loans purchased from the RFC Mortgage Company aggregating \$34,106,367. In addition, the Association had approved large-scale housing loans aggregating \$2,215,000.

#### BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Under authority of an amendment to the Federal Reserve Act, approved June 19, 1934, the Reserve banks may grant credit accommodations to furnish working capital for established industrial or commercial businesses for periods not exceeding 5 years through the medium of financing institutions (or, in exceptional circumstances, directly to such businesses), and may make commitments with respect to the granting of such accommodations. This amendment was a means whereby banks were encouraged to make working capital loans to established concerns. Under this legislation, member banks are authorized to make industrial loans which are approved by the Industrial Advisory Committee and by the Federal Reserve Bank of the particular district,

having obtained in advance a commitment from the Federal Reserve Bank either to purchase or discount the obligations. In such cases the lending bank must obligate itself for 20 percent of any loss sustained; but it may keep the loan if it sees fit and profit thereby.

All operations of the Federal Reserve Banks under this provision of law are subject to regulation by the Board of Governors of the Federal Reserve System. The latter issued its regulation in reference to this matter and placed no restrictions upon the Federal Reserve Banks beyond those prescribed in the law itself; and placed the administration of this provision of law in the respective Federal Reserve Banks and in persons residing in and familiar with the problems of such Federal Reserve District. Approximately \$140,000,000 is available for the purpose of making these working capital loans. As of June 30, 1938, the Federal Reserve Banks had accepted 1,017 commitments amounting to \$58,650,000 and had made 1,267 loan advances in the amount of \$55,087,000.

In the field of banking proper, the Federal Reserve Board acts in cooperation with the Comptroller of the Currency, who supervises the National banks; the Federal Deposit Insurance Corporation, which brings a measure of Federal supervision over insured banks not members of either of the aforementioned systems; the Federal Open Market Committee, which regulates the open market operations of the Federal Reserve Banks; and also with the Secretary of the Treasury. Together they maintain a series of regulations and checks affecting almost every bank in the country. Through provisions incorporated in the Emergency Banking Act of 1933, the Banking Act of 1933, the Banking Act of 1935, and the Public Utility Act of 1935, these agencies are aided in providing an adequate circulation of the capital of the country, and a safe depository for the savings of the people.

The Treasury Department, the Federal Reserve Board, the Comptroller of the Currency and the Federal Deposit Insurance Corporation, in a joint statement made June 26, 1938, announced liberalized banking regulations that are intended to encourage the flow of private capital into the business structure of the nation. The new rules, which became effective July 1, 1938, affect the lending and investment policy of all banks in the country. The principal changes in the regulations provide that bankers may make commercial loans for a period longer than nine months without criticism by bank examiners that such loans are "slow" as long as the loans are otherwise sound; and also that they may invest in the bonds of small local corporations even though the securities are not quoted on the stock exchanges.

FEDERAL DEPOSIT INSURANCE CORPORATION

The major functions of the Federal Deposit Insurance Corporation are to protect depositors in insured banks against loss and to prevent the continuance or development of unsafe and unsound banking practices. The Corporation was organized under authority of the Banking Act of 1933, approved on June 16, 1933. Insurance of deposits by the Temporary Federal Deposit Insurance Fund became effective January 1, 1934, covering 13,201 of the nation's 15,000 licensed banks.

The deposit insurance law was revised by the Banking Act of 1935, which became effective on August 23, 1935. On that date, the permanent plan of deposit insurance went into effect replacing the temporary plan. Deposits in all insured banks are protected by the Corporation up to a maximum of \$5,000 for each depositor in a single right or capacity. Insured banks pay an assessment to the Corporation at the annual rate of one-twelfth of 1 percent of their total deposits, which is less than the annual rate of loss to depositors resulting from bank failures during the past 70 years.

The Corporation examines at least annually all insured banks not members of the Federal Reserve System. The Corporation may terminate the insurance of any bank which continues, after notice and hearing, to engage in unsafe and unsound banking practices or violations of law. Approval of the Corporation is also required for mergers or consolidations of insured with noninsured banks, for the opening or relocation of branches by insured banks not members of the Federal Reserve System, and for the reduction or retirement of capital stock or capital notes or debentures by insured banks not members of the Federal Reserve System.

During the 70 years prior to the establishment of deposit insurance approximately 20,000 commercial banks with deposits of about \$11,000,000,000 suspended operations because of financial difficulties or inability to meet the demands of their depositors. Losses to depositors amounted to about \$3,500,000,000 or about one-third of 1 percent per year of deposits in all operating commercial banks. In the 4 years prior to the assumption of office by President Roosevelt on March 4, 1933, there were 7,057 bank suspensions in the United States.

Since January 1, 1934, and through March 31, 1938, there have been only 214 licensed bank suspensions. Of these, 145 were insured banks with deposits of \$45,642,000, of which ultimately only 126 with deposits of \$36,472,000 were placed in receivership or liquidation.

The depositors in these 126 banks were protected to approximately 90 percent of their claims. Only 637, or less than one-half

of 1 percent of these depositors were not fully protected.

The remaining suspended insured banks were either merged or consolidated with aid from the Corporation through loans or the purchase of assets in the amount of \$16,723,000. Any loss to the Corporation on these loans and purchases will be less than the loss which would have been incurred had the banks been placed in receivership.

The deposits of the non-insured banks suspended during the same period amounted to \$37,817,000.

In the United States, including possessions, 13,793 operating commercial banks with deposits amounting to \$47,185,000,000 and 56 mutual savings banks with deposits amounting to \$1,004,000,000 were protected by deposit insurance as of December 31, 1937. The total amount of insured deposits in the insured commercial banks is estimated at 43 percent of the total deposits. As of the same date, there were 14,848 operating commercial banks with deposits of \$48,439,000,000 and 562 mutual savings banks with deposits of \$10,174,000,000 in the United States and possessions. The major number of the mutual savings banks are located in the States of Massachusetts and New York, and under existing banking laws in effect in these two States, the respective mutual savings banks contribute toward a State insurance fund.

00000000

The original power of the System providing insurance to meet the financial panic of 1933-1934, and because of the soundness of the mortgage financing situation, additional legislation was approved in 1935 strengthening the System. Legislation creating the Federal Savings and Loan System, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation was enacted in order to meet more adequately the needs of home owners and home financing. (The creation of the Federal Housing Administration was in the same interest, as were certain of the amendments instituted in the banking laws of the country).

Membership in the System is mandatory upon all Federal savings and loan associations. Membership is open to all home financing and thrift institutions, whether chartered under Federal or State laws, which are able to meet the Board's standards for soundness, and which, when chartered, are subject to inspection and regulation of the proper

## HOME FINANCING

### FEDERAL HOME LOAN BANK BOARD

The Federal Home Loan Bank Board was established under authority of an Act approved July 22, 1932. Subsequent legislation amended and broadened its powers and responsibilities. This has included the organization of the Federal Home Loan Bank System (1932); the Federal Savings and Loan System (1933); the Home Owners' Loan Corporation (1933); and the Federal Savings and Loan Insurance Corporation (1934).

#### Federal Home Loan Bank System

The Federal Home Loan Bank System was established to provide a credit reserve for thrift and home financing institutions in the United States. The System is comprised of twelve regional Federal Home Loan Banks and the member lending institutions. As of March 31, 1938 there were 3,939 such members, the assets of which amounted to \$4,183,498,000. Of these member institutions, 3,895 were savings and loan associations, 35 were insurance companies, and 9 were mutual savings banks. In 1937 they provided approximately 40 percent of the institutional financing of small homes in this country. Together they serve 1,216 towns and cities located in every State in the Union, as well as the District of Columbia, Alaska, and Hawaii.

The original powers of the System proving inadequate to meet the financial panic of 1932-1933, and because of the acuteness of the mortgage financing situation, additional legislation was approved in 1933 strengthening the System. Legislation creating the Federal Savings and Loan System, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation was enacted in order to meet more adequately the needs of home owners and home financing. (The creation of the Federal Housing Administration was in the same interest, as were certain of the amendments instituted in the banking laws of the country).

Membership in the System is mandatory upon all Federal savings and loan associations. Membership is open to all home financing and thrift institutions, whether chartered under Federal or State laws, which are able to meet the Board's standards for soundness, and which, when chartered, are subject to inspection and regulation of the proper

Government authorities. Types of institutions eligible for membership include building and loan associations, savings and loan associations, homestead associations, savings and cooperative banks, insurance companies, and similar home-financing organizations.

The System provides continued access to assured and ample credit, in the form of both long-term and short-term loans at low interest rates (not less than 3 percent nor more than 5 percent). Through February 28, 1938, the 12 Federal Home Loan Banks had advanced a total of \$412,976,882, of which \$225,458,814 had been repaid. Members also are afforded advice on financial and management policies.

#### Federal Savings and Loan System

The Federal Savings and Loan System was created to provide local thrift and home financing institutions under Federal charter in which people can invest their funds, in addition to providing sound and economical home financing. Federal savings and loan associations are so chartered, and have shown a rapid growth both in the number of associations, and in the amount of private share investments. This is attributed largely to two factors: First, all "Federals" insure their share accounts up to \$5,000 for each investor; and second, all "Federals" are subject to strict, periodical Federal examination. The latter is the responsibility of the Federal Home Loan Bank Board. As of May 31, 1938 there were 1,343 Federal savings and loan associations with total assets of \$1,196,200,000.

For the purpose of promoting, developing, rehabilitating, or reorganizing local thrift and home financing institutions in communities that are not adequately served, the Savings and Loan Division was organized within the Federal Home Loan Bank Board.

#### Federal Savings and Loan Insurance Corporation

The Federal Savings and Loan Insurance Corporation protects investors and depositors up to \$5,000 against loss in the event of default of an insured institution. Accounts in Federal savings and loan associations are required by law to be insured with the Corporation. State-chartered building and loan associations, savings and loan homestead associations, and cooperative banks, may, upon application, have their deposits insured up to \$5,000 if the Corporation finds that the capital of the applicant is unimpaired and its financial policy and management are sound. There are at present 1,935 insured institutions with total assets of more than \$1,700,000,000. Of these, 1,343 with assets of \$1,196,200,000 are Federally-chartered institutions.

The capital of this Corporation, in the amount of \$100,000,000, was obtained by the sale of its stock to the Home Owners' Loan Corporation.

Funds for reserves now totaling \$12,000,000 are obtained from premiums paid by insured institutions, earnings from investments, and admission fees. Expenses of the Corporation are paid entirely from the interest on the invested reserves.

#### HOME OWNERS' LOAN CORPORATION

The HOLC was organized, primarily, to save American families from losing their homes through foreclosure proceedings at a time when normal financing channels were closed, and general income had temporarily collapsed. In 1932 about 278,000 urban homes were forfeited by their owners, and by June 13, 1933, when the Home Owners' Loan Act was signed by President Roosevelt, homes in urban communities were being lost by their owners at the rate of almost 1,000 per day.

The HOLC set out to provide for the urban home-dweller, what the Farm Credit Administration provides for the farm dweller, namely, a long-term low interest rate amortized loan. In cases where the mortgage was financed or refinanced through the issuance of HOLC bonds, the rate to the home owner was 5 percent. In those instances where the mortgagee would not accept HOLC bonds and it was necessary to make partial payments in cash, the rate was 6 percent. All loans were made repayable in monthly installments over a period not to exceed fifteen years.

When the HOLC terminated its lending operations on June 12, 1936, it had made loans to 1,021,818 home owners in the amount of \$3,093,424,244. This sum represented about one-sixth of the estimated urban home mortgage debt of the country. It was also more than twice the dollar value of non-farm mortgages held by all life insurance companies in 1935 and nearly two and one-half times the mortgage holdings of commercial banks and trust companies. Of the 10,681,599 non-farm homes in the United States and possessions (1930 Census), 9.5 percent were mortgaged to the HOLC. It is estimated that approximately \$75,000,000 of the amount loaned was expended for necessary reconditioning of 400,000 of the homes refinanced by the HOLC.

Despite the assistance rendered by the HOLC a number of persons have found the burden of home ownership too heavy for their incomes; hence, the Corporation has been forced to possess their properties, some of which have been sold, and others have been rented for the time being.

It is the policy of the Corporation to analyze each foreclosure case and to pursue only those which the facts indicate are

hopeless. The average HOLC foreclosure was instituted only after the owner had been delinquent to the Corporation 20 months in both principal and interest, and more than 2 years in arrears on taxes when he was refinanced by the HOLC. Thus it is apparent that the average person who has lost his property to the HOLC was given every possible leniency and encouragement over a long period of time before foreclosure was finally instituted.

Of the homes foreclosed by the HOLC approximately 18.5 percent had been abandoned or virtually so; 21.5 percent were in the hands of persons who had means but refused to cooperate; 5.5 percent were in the names of persons who had died and whose heirs refused to assume their burden; and the rest were so hopelessly involved that even a social-minded government could not save them.

In contrast is the picture of the hundreds of thousands who have been able to retain their homes. They have been saved upwards of \$200,000,000 by concessions which the HOLC obtained from the mortgage holders when it stepped into the picture in 1933; they have been saved approximately \$135,000,000 in interest thus far in the lower rate which the HOLC has established; and they have approximately \$350,000,000 more equity in their homes.

#### FEDERAL HOUSING ADMINISTRATION

The objectives of the Federal Housing Administration, as provided for in the National Housing Act of 1934 and subsequent amendments, include the following: (1) the release of money frozen in existing mortgages; (2) the drawing of fresh capital into the housing field; (3) the stimulation of new construction and the repair of existing buildings; (4) the reduction of mortgage interest and financing charges; (5) the promotion of long term, amortized, single-mortgage financing; and (6) the setting of higher standards of construction and neighborhood stability.

When the FHA was organized, home building was virtually at a standstill. In 1934 only 54,000 non-farm dwelling units were built in the entire United States. Evidence of the building revival now under way is furnished by the estimate that approximately 276,000 non-farm dwelling units were constructed in 1937. This may be compared with the 509,000 dwelling units built in 1929.

The record of actual business on the books of the Federal Housing Administration for the country as a whole and for the individual

States shows definitely that its efforts at housing improvements have met with substantial success. Under the Better Property Improvement Credit Plan (Title I), banks and other lending institutions are protected against losses on loans up to \$10,000 for the improvement of existing structures, and up to \$2,500 for the construction of new buildings. The maximum term of a Title I loan is five years, except when the proceeds are to be used for the construction of new dwellings, when the maximum is ten years. The insurance coverage on property improvements loans amounts to 10 percent of the aggregate advanced by the lender. Under the original provisions of this part of the Act, which expired on April 1, 1937, more than 1,449,373 modernization and repair notes in the amount of \$560,751,206 were insured. This title of the Act was reinstated in modified form on February 3, 1938, to continue until June 30, 1939, and from February 3 through June 30, 1938, there were 106,171 notes valued at \$51,292,557 insured.

Under Title II of the Act, mortgage insurance is available, with certain exceptions, on 90 percent of the appraised value of any home property providing the structure does not accommodate more than four families, and is valued at less than \$16,000. The mortgage must contain complete amortization provisions requiring monthly payments by the mortgagor, and must have a maturity not less than four nor more than 20 years from the date of insurance. An exception to this latter provision allows for a maturity date of 25 years on certain types of home dwellings. As of June 30, 1938, 324,087 mortgages amounting to \$1,333,905,208 had been accepted for insurance. Almost 6,000 lending institutions have initiated insured mortgages in more than 2,450 of the 3,071 counties in the United States.

Beyond the record of dollars and cents value of the thousands of new homes built and the refinancing of existing homes generated through FHA's mutual mortgage insurance system, stands the intangible, though all-important factor of satisfaction with their investments which thousands have made in their homes. The knowledge that such home investments are protected with a maximum of precautionary measures which insure sound construction, careful planning, the use of good materials, and are in a neighborhood unlikely to be adversely affected by negative factors, affords the buyers of such homes an added measure of pride and joy in home ownership under FHA's plan.

The FHA has worked towards the elimination of the hit-or-miss methods of appraisal and home financing which contributed so much to the unhealthy real estate market of the late 20's. Today, the person who buys or builds, or refinances the mortgage indebtedness on an existing residential structure, has every reasonable assurance that the home he purchases meets the strict property and locational standards of the FHA. Every reasonable precaution is taken to remove guesswork from the transaction. Appraisal information deters the home buyer

from paying more for a property than its fair value; he is prevented from buying a property which will be beyond his means to finance; his repayments of the indebtedness are in one single mortgage, and include every charge. Likewise the standardization of interest and mortgage premiums; the location of the home in a neighborhood not likely to lose its character appeal; and the soundness and durability of its construction are assured through the activities of the FHA.

All these factors are the result of the FHA's appraisal and risk-rating system which, under the law, are mandatory with regard to every borrower offering a certain property, or plans therefor, as security for a mortgage insured by FHA. In short, it is FHA's job to be as certain as possible that the mortgage covering any individual property is economically sound and thus protect the Mutual Mortgage Insurance Fund which prevents loss to the private lending institutions which advance funds for such purposes. Both the borrower and the lender, therefore, benefit from these precautionary measures initiated by the FHA. All of the money involved in such transactions under the FHA system is private capital, loaned by private institutions such as banks, savings and loan associations, trust companies and similar lending concerns.

Further operations under the FHA plan include provisions for insurance of multi-family and group housing projects, ranging in size from \$16,000 to \$5,000,000. Private groups and certain public bodies may build groups of houses for sale or rent, with regulatory control exercised by FHA in the larger projects, and with additional provisions for resale of individual units to individual buyers. Nearly 50 such projects have been started throughout the country, a number of which have already been built and occupied.

#### UNITED STATES HOUSING AUTHORITY

The United States Housing Authority was created a body corporate of perpetual duration in the Department of the Interior, and placed under the general supervision of the Secretary of the Interior.

The Authority has been in existence only since November 1, 1937. In this brief period rapid strides have been taken toward establishing on a practicable, efficient basis, the program set forth in the Wagner-Steagall bill and known as the United States Housing Act of 1937.

Briefly, this act created an agency authorized to lend \$500,000,000 (subject to the approval of the President), over a period of three years, to State, county or municipal housing authorities "for the eradication of slums, for the provision of decent, safe and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity". (This amount has been increased to \$800,000,000, as stated below.) Not more than 10 percent, whether in the form of loans, grants or annual contributions, may be expended within any one State.

On November 1, 1937, two major tasks presented themselves to the Administrator of the USHA and his staff: (1) the launching of a new, decentralized program based on the initiative and responsibility of local housing authorities, and (2) the completion of the program begun by the Housing Division of the Public Works Administration, whose personnel and projects were transferred October 27, 1937 by Executive order to the United States Housing Authority.

The Authority may make loans to public housing agencies to assist in the development, acquisition, or administration of low-rent housing or slum-clearance projects. It is also authorized to make annual contributions or lump sum capital grants toward the maintenance of the low-rental character of such projects.

To quote from the act: "In the case of annual contributions in assistance of low rentals . . . . the total of such loans outstanding shall not exceed 90 per centum of the development or acquisition cost of such project. Such loans shall bear interest at such rate not less than the going Federal rate at the time the loan is made (Federal rate was 2.583 per cent on March 31, 1938) plus one-half of one per centum, and shall be secured in such manner, and shall be repaid within such period not exceeding sixty years, as may be deemed advisable by the Authority". The local housing agency must obtain the remaining 10 percent of the project cost from other sources.

To obtain annual contributions, the local housing agency, or the State, county or municipality, must contribute, in the form of cash, tax remissions, or tax exemptions, a sum equaling at least 20 percent of the annual contribution provided by the USHA. In addition, with certain exceptions, the local housing agency must eliminate, repair, or improve, a substantially equal number of unsafe and insanitary dwellings. In the event that any annual contribution is made for a period exceeding 20 years, the Authority reserves the right to re-examine the status of the project at the end of the first 10 years - and each 5-year period thereafter - to determine if any change should be made in the amount of the annual contribution. Annual contributions are not to be made for any period exceeding 60 years. The Emergency Relief Appropriation Act of 1938 amends this section of the act in re-

spect to the total of such contributions to be made and increases such amounts to aggregate \$28,000,000 annually.

Capital grants may be made when a public housing agency so requests and demonstrates to the satisfaction of the Authority that the capital grant method is better suited to the purpose of achieving and maintaining low rentals than the annual contribution method. If capital grants are made, the loan may not exceed the cost of the project, less the capital grant, but in no event may the loan exceed 90 percent of the project cost. The capital grant itself may not exceed 25 percent of the development or acquisition cost of the project. To obtain a capital grant the project must include the elimination, repair or improvement of a substantially equal number of unsafe or insanitary dwellings and in addition a contribution of not less than 20 percent of the development or acquisition cost in the form of cash, land, or the value - capitalized at the going Federal rate of interest - of community facilities or services for which a charge is usually made, or tax remissions or tax exemptions. To date, most, if not all payments, have been in the form of annual contributions rather than capital grants.

Of the \$800,000,000 available for loans to public housing agencies, \$427,299,000 had been earmarked as of June 30, 1938, for 110 communities in 25 States, Hawaii, and the District of Columbia; and \$111,070,000 worth of loan contracts had been signed with 17 local housing authorities.

To obtain the original \$500,000,000 to be made available for loans, the United States Housing Act of 1937 authorized the Authority to issue obligations in the form of notes, bonds, or otherwise, aggregating \$100,000,000 during the fiscal year 1937, \$200,000,000 during the fiscal year 1938 and \$200,000,000 during the fiscal year 1939. The Emergency Relief Appropriation Act of 1938 amends this section of the original act by authorizing the Authority to issue such obligations in an amount not to exceed \$800,000,000, such funds to be allotted to approved projects as rapidly as the program develops.

The speed with which the program has taken shape is all the more remarkable when it is remembered that of the present 166 duly constituted local housing authorities, only 46 were in existence November 1, 1937. At that time only 21 States had legislation permitting the organization and operation of local housing authorities. Eight States had housing legislation needing amendments. Today 33 States, Hawaii, and the District of Columbia have housing legislation. Only a few of these laws require amendments permitting tax exemption or some other slight adjustment.

At present 41 of the 51 low-rent housing and slum-clearance projects initiated by the Housing Division of the Public Works Adminis-

tration have been completed. Of these, 27 are practically fully occupied and the rest are rapidly approaching complete occupancy. In accordance with the requirements of the Act, these projects are being leased to local housing authorities as quickly as possible. Thus far, 20 projects in 14 cities have been turned over to such local authorities for management. When completed, the Federal projects will provide decent housing for 21,477 low-income families, at rentals well within their means. (For other Federal low-rental projects, see section devoted to Farm Security Administration - Suburban Resettlement.)

000000000

## AGRICULTURE

### AGRICULTURAL ADJUSTMENT ADMINISTRATION

In general, one of the main objectives of the Agricultural Adjustment Administration has been the restoration of farmers' purchasing power. Its program to achieve this objective has been amended both through the invalidation of certain provisions of the original act and through the passage of new legislation. However, its efforts have included plans for the reduction of certain crop acreages; co-operation with the Commodity Credit Corporation in the latter's provisions for marketing credit; the encouragement of soil conserving practices; the payment, under specific conditions, of cash benefits to farmers; and various other activities more fully described below:

Under the original Agricultural Adjustment Act of May 13, 1933, the Agricultural Adjustment Administration program was initiated to benefit our economy as a whole by invigorating urban industry as well as agriculture. The purpose of the act was to promote a balanced agricultural abundance which would harmonize farm welfare with the general welfare. Its immediate aim was to recognize the decline in agriculture's foreign markets and to restrict production of agricultural products for which satisfactory foreign markets no longer existed, thus avoiding an accumulation of surpluses which were forcing prices down to levels ruinous to farm income and farm buying power.

The Crop Adjustment Program of the AAA, which was held unconstitutional by the Supreme Court on January 6, 1936, acted to bring supplies into a better relationship with the shrunken markets. Under this program, rental and benefit payments were made to farmers for the controlled production of specified crops. The program resulted in the diversion of 35,768,000 acres in 1934, and of 30,337,000 acres continued in diversion in 1935, from crops which were being over-produced from the standpoint of satisfactory markets.

As of March 31, 1938, total rental and benefit payments under this program were as follows (after January 6, 1936 payments were made only in fulfilment of rental and benefit agreements already made):

| <u>Commodity</u>                          | <u>Amount</u>          |
|---|------------------------|
| Cotton                                    | \$ 348,240,986         |
| Wheat                                     | 357,371,243            |
| Tobacco                                   | 62,010,753             |
| Corn-Hogs                                 | 488,749,589            |
| Sugar                                     | 87,410,815             |
| Rice                                      | 9,642,973              |
| Peanuts                                   | 3,712,991              |
| Rye                                       | 204,158                |
|   | <u>\$1,357,843,508</u> |
| Less undistributed credits                | <u>522,424</u>         |
| Total rental and<br>benefit payments..... | \$1,357,321,084        |

After the invalidation of the Crop Adjustment Program, an amendment to the Soil Conservation and Domestic Allotment Act (approved February 29, 1936) authorized benefit payments to farmers for soil-conserving and soil-improving practices, and designated the Agricultural Adjustment Administration as the agency to administer this part of the act.

Under the Conservation Program during 1936 (the latest year for which complete acreage statistics are available), approved soil-building practices were carried out on 52,841,000 acres of crop land and 31,444,000 acres were shifted from soil-depleting crops to soil-conserving crops.

As of March 31, 1938, a total of \$497,169,923 had been expended under the 1936-1937-1938 Conservation Programs as follows:

|   |                |
|---|----------------|
| Performance payments to farmers.....  | \$458,160,610  |
| Payments to county associations.....  | 38,184,633     |
| Payments for conservation of naval stores...<br>(turpentine and rosin)..... | <u>824,680</u> |

Total expenditures..... \$497,169,923

Total expenditures by the AAA from its beginning in May, 1933 through March 31, 1938 have amounted to \$2,440,615,557. Of this amount, \$1,357,321,084 was paid out under the Rental and Benefit Program, and \$497,169,923 was paid out under the Conservation Program. Of the remainder, \$275,606,023 was expended in the purchase and diversion of agricultural commodities, the distribution of which has been carried out by the Federal Surplus Commodities Corporation.

Beginning with the 1938 crop year, the Conservation Program was amended and new provisions were added by the Agricultural Adjustment Act of 1938 (approved February 16, 1938). This act makes possible a permanent and comprehensive national farm program. It strengthens and broadens previous farm legislation, including the Soil Conservation and Domestic Allotment Act under which the conservation programs of 1936 and 1937 have been carried on. In addition it makes special provisions for five major crops, without materially changing the agricultural conservation programs under which cooperating farmers can obtain payments to assist them in carrying out the conservation purposes of the program. The AAA Farm Program, as it is now called, provides for:

1. The continuance of the AAA Soil Conservation Program and of conservation payments;
2. The establishment of national acreage allotments at levels designed to give production ample for domestic consumption, exports, and reserve supplies;
3. The granting of loans on wheat, cotton, corn, tobacco, and rice to encourage systematic storage of surpluses;
4. The establishment under specified market conditions of marketing quotas on cotton, corn, wheat, tobacco, and rice, provided two-thirds of the producers voting in a referendum approve of such action;
5. The making of parity payments to producers of cotton, corn, wheat, tobacco, and rice, in amounts and under conditions fixed by Congress; and
6. The establishment of crop insurance for wheat, beginning with the crop harvested in 1939. (The gradual accumulation of wheat supplies paid in by farmers as insurance premiums will constitute a major part of the Ever-Normal Granary supplies of wheat.)

The Act contains additional provisions for small agricultural producers, including increases in all soil conservation payments under \$200. Beginning in 1939 a limit of \$10,000 will be placed on individual payments. The act provides also that, as far as practicable, the Secretary of Agriculture must protect the interests of tenants and sharecroppers and small producers. Tenants and sharecroppers are specifically designated as agricultural producers. Payments are to be divided between landlord and tenant in proportion as they share in the crop, except that payments for soil-building

practices are to be divided in the proportion that landlord and tenant contribute to the carrying out of the practices.

A brief resume of the provisions of the act as they apply to each of the five crops is given below:

**Cotton:** No 1938 national acreage allotment for cotton was provided by the act, but a baleage allotment was set between limits of 10,000,000 and 11,500,000 bales. This has resulted in a national acreage allotment for 1938 of approximately 28,000,000 acres. A marketing quota, approved in a referendum held March 12, permits the marketing without penalty of the actual or normal production of this acreage, plus any cotton held over from previous years.

Hereafter national baleage allotments will be set by November 15 for the succeeding calendar year, and a referendum on marketing quotas will be held each year not later than December 15 for the succeeding marketing year.

Loans for the storage of cotton (if the price is below 52 percent of parity, or if production exceeds a normal year's domestic consumption and exports) are to be available each year through the Commodity Credit Corporation.

In addition to conservation payments, cotton growers who comply with 1939 acreage allotments will receive parity payments totalling approximately \$86,000,000.

**Wheat:** A national wheat acreage allotment of 62,500,000 acres was established by the act for the 1938 crop year for the purpose of computing conservation payments. For the 1939 crop year, a minimum acreage of 55,000,000 acres has been established. The actual allotment will provide for an acreage sufficient to yield a supply equal to 130 percent of a normal year's domestic consumption and exports, or approximately 900 million bushels.

Marketing quotas, if approved in a referendum of producers, will go into effect whenever the supply exceeds 135 percent of normal.

Under the Price Adjustment Act (approved June 21, 1938), wheat growers who comply with the 1939 wheat acreage allotments will receive approximately \$53,000,000 in parity payments.

In addition, there has been set up in the Department of Agriculture the Federal Crop Insurance Corporation which, beginning with the wheat crop harvested in 1939, will insure producers against losses in yields due to unavoidable causes. Premiums for insurance will be payable either in wheat or its cash equivalent. Reserve built up by an accumulation of premiums, which must be stored as wheat, are expected to reach a total of between 50,000,000 and 100,000,000 bushels. The Corporation has a capital stock of \$100,000,000, owned by the Government.

**Corn:**

Outside of the commercial corn-producing area, the provisions of the act with regard to corn are dovetailed into the Soil Conservation Program.

In the commercial corn-producing area, special acreage allotments and loan, storage, and quota provisions serve to set up an Ever-Normal Granary for corn. All payments, however, are conditioned upon conservational farming practices.

The corn acreage allotment for the commercial corn area for the 1939 crop was set at 40,491,279 acres. This allotment as well as succeeding allotments, which must be announced by February 1 of each year, are designed to keep corn supplies at a level 10 percent above a normal year's domestic consumption and exports (about 2,600,000,000 bushels in 1938).

Loans will be made by the Commodity Credit Corporation on corn stored under seal on farms during any year when the November crop estimate shows a crop in excess of normal requirements, or when the farm price is below 75 percent of parity.

Marketing quotas will be effective, if approved in a referendum, when the apparent supply at the beginning of the marketing year is 10 percent greater than the normal supply.

In addition to conservation payments, parity payments totalling approximately \$69,000,000 will be made to corn growers in the commercial area who comply with their 1939 acreage allotments.

**Tobacco:** The act applies to six kinds of tobacco. Payments are in line with those under the AAA Conservation Program and are conditioned upon conservational farming practices. The acreage allotments are the same as those under the soil program.

Marketing quotas for any kind of tobacco are effective, if approved in a referendum, in any year when the supply of tobacco exceeds the reserve supply level. Marketing quotas were approved in 1938 for flue-cured, burley, and the dark tobaccos. The 1938 quota for flue-cured tobacco was set at 733,200,000 pounds; that for burley tobacco at 357,000,000 pounds; and that for the dark tobaccos at 147,900,000 pounds.

In addition to the conservation payments, if tobacco prices fall below 75 percent of parity, parity payments will be made to tobacco growers who comply with their 1939 acreage allotments.

**Rice:** National rice acreage allotments and domestic allotments for rice are to be announced each year not later than December 31. The national rice acreage allotment for 1938, under the Soil Conservation program, was set at 850,000 acres.

Marketing quotas will be effective, if approved in a referendum of producers, in any marketing year (except the year beginning in August 1938) when the apparent supply exceeds the normal supply by more than 10 percent.

In addition to the conservation payments, parity payments will be made to rice growers who comply with the 1939 acreage allotments in proportion to the amount the farm price received for rice falls below 75 percent of parity.

## COMMODITY CREDIT CORPORATION

Pursuant to an Executive order, the Commodity Credit Corporation was incorporated under the laws of the State of Delaware on October 17, 1933. Subsequent Congressional action extended its life as a Government agency until June 30, 1939.

The Corporation was created primarily to make loans to producers to finance the carrying and orderly marketing of agricultural commodities. Funds for the use of the Corporation were first advanced by the Department of Agriculture and later by the Reconstruction Finance Corporation. The Corporation makes loans to producers upon cotton, corn, wool, mohair, and to certain cooperative associations on tobacco, peanuts, figs, dates, prunes, raisins and butter. The loans are made through local banks and lending agencies, with such commitments to be accepted by the Corporation. Direct loans are made in those instances where local credit facilities are not available. Originally the loan program included gum turpentine and gum rosin, but when the marketing agreement and licenses to processors - promulgated under the Agricultural Adjustment Administration - were declared invalid, this type of loan was terminated. During the 1938 season, a loan of \$4,038,833 was made to a cooperative association on turpentine and rosin, under provisions contained in the Agricultural Adjustment Administration Act of 1938.

Loans to producers upon the 1937 and 1938 cotton crops were contingent upon participation in the agricultural conservation programs (AAA) and upon the marketing adjustment programs subsequently promulgated. Loans to producers upon the 1937 and 1938 corn crops were restricted to those producers who have received or will receive a performance payment in connection with their participation in the 1937 and 1938 agricultural conservation programs. (AAA).

On March 12, 1938, in accordance with a recommendation made by the Secretary of Agriculture - and under provisions of the Agricultural Adjustment Administration Act of 1938 - the Commodity Credit Corporation initiated a \$50,000,000 wool loan program for wool producers on their 1937 and 1938 production. The loans are made for a 10-month period, with final maturity date set at May 31, 1939. The loans will bear interest at 4 percent. Of the wool loan fund, \$3,000,000 has been set aside for loans to mohair growers. The loans to both wool and mohair producers will make it possible for growers to stretch out the marketing season and thus avoid any material upset which might follow concentrated marketing for a shorter period or even for a marketing period of normal length. The loans will enable growers to tide over the present depressed wool and mohair market prices.

As of June 30, 1938, the total disbursements of the Corporation in its several programs amounted to \$738,865,996, of which \$516,139,499 was loaned to cotton producers; \$51,415,842 to cotton pool loans; \$141,578,830 to corn producers; and \$555,025 to wool and mohair producers. Of the total disbursed on all programs, \$241,134,843 remains outstanding and repayable.

The cotton producer's pool, established in connection with the first program of the AAA, has completed preparations for buying up the outstanding participation trust certificates and liquidating the pool's activities. The program had its beginning in 1933, when cotton option contracts were issued to producers as part payment for removing cotton acreage from production.

For the present crop year, the Corporation, as of the same date, had loaned, or accepted commitments on loans made by lending agencies, totalling \$237,807,711 on 5,444,163 bales of cotton (includes loans of \$6,928,044 on 164,798 bales which have been repaid and the cotton released); \$21,396,185 on 44,139,353 bushels of corn; and \$1,081,137 on 6,021,425 pounds of wool (in addition 39,308,605 pounds of wool have been appraised for loans aggregating \$6,965,624). The average price on cotton was 8.39 cents per pound; on corn, 48.47 cents per pound; and on wool, 17.75 cents per pound, as of June 30, 1938.

#### FEDERAL SURPLUS COMMODITIES CORPORATION

The Federal Surplus Relief Corporation was formed October 4, 1933. Its name was changed to the Federal Surplus Commodities Corporation on November 18, 1935.

Its principal activity is to assist the Agricultural Adjustment Administration in its program for the removal of surplus farm products, by furnishing the machinery for the purchase and distribution of such products to State relief organizations. The primary emphasis on the activities of the Corporation is placed not on relief but on the removal of surplus farm products from normal channels of trade.

In pursuance of this policy, the actual distribution of food is the responsibility solely of the welfare departments in the various States. On proper presentation of needs officially indicated by State welfare agencies, commodities are shipped to central warehouses designated by these agencies and immediately become their property. Each State under its welfare department maintains its own distribution organization and the responsibility for the proper allocation of the

foodstuffs is not the function of the Federal agency. These commodities are donated to State relief agencies for distribution to needy persons within the State in addition to, rather than in lieu of, other forms of relief. For the purpose of general supervision respecting warehousing and related activities, the Corporation maintains a field staff functioning under nine regional supervisors.

Up to July 1, 1937, surplus commodities were bought by the Agricultural Adjustment Administration and turned over to the FSCC for distribution. After that date, as a result of Congressional legislation, both the buying and distribution have been handled by the FSCC under the direction of the A.A.A.

During the first 4 years, more than 2,765,000,000 pounds of foodstuffs were purchased and turned over to the States. From the standpoint of agriculture, the purpose of these purchases was to improve selling conditions for farmers by diverting surplus supplies of farm products from normal commercial outlets. From a broader point of view, this distribution has done much more than dispose of surpluses. By stimulating interest and consumer demand, not only among people on relief, but also among those able to buy, surplus-removal programs have helped to increase normal sales to consumers, and for certain products, definitely simplified the difficult problem of what to do with farm surpluses. Many people who had previously never used these surplus products, such as citrus fruits, acquired a taste for them and have become, from the standpoint of the growers, potential customers who may be expected to buy whenever their buying power is restored.

A study of the commodities bought and distributed shows that every important type of foodstuff has been included. The quantities distributed during the first four years were as follows:

|                |                    |
|----------------|--------------------|
| Meats          | 920,000,000 pounds |
| Grain products | 450,000,000 "      |
| Vegetables     | 565,000,000 "      |
| Potatoes       | 450,000,000 "      |
| Fruits         | 565,000,000 "      |

Also distributed were cheese, skim and evaporated milk, butter and lard, sugar, eggs and fish.

Announcement was made on July 6, 1938 that FSCC purchases of surplus commodities will be somewhat increased as a result of a recent survey showing the need for additional food among people on relief. This survey indicated the need by 2,626,000 relief families for additional foodstuffs. This compares with the distribution of

surplus commodities to an average of 2,000,000 families each month during the 10 months ending May 1, 1938.

Expanding the buying operations of the FSCC to an extent sufficient to provide for the distribution of food to all the 2,626,000 relief families indicated above would call for an expenditure of approximately \$175,000,000. This compares with the \$79,000,000 total funds presently available to the FSCC for all surplus removal operations.

Section 32 of the AAA Amendments of 1935 provided an amount equal to 30 percent of customs receipts to be expended annually for surplus relief purchases; for diversion to new uses and new loans; and for exports. In August 1937, Congress earmarked \$65,000,000 of the 1938-1939 funds for cotton price adjustment payments leaving \$79,000,000 for surplus removal operations.

In addition to augmenting the food supplies of approximately 2,000,000 relief families a month, the surplus relief program has aided in the establishment of school lunch projects for the benefit of needy children. It is estimated that nearly 1,000,000 children have regularly received lunches prepared wholly or partially from these supplies.

#### FARM CREDIT ADMINISTRATION

The purpose of the Farm Credit Administration is to provide a complete and coordinated credit system for agriculture by making available to farmers long-term and short-term credit. The Farm Credit Administration, created by the Farm Credit Act of June 16, 1933, consolidated the then existing Federal agricultural credit organizations, and enlarged the scope of the activities provided for under previous legislation. The FCA also provides credit facilities for farmers' cooperative purchasing and marketing organizations.

The Farm Credit Administration provides the following types of credit:

- (1) Long term first mortgage credit through the combined efforts of the 12 regional Federal land banks and local national farm loan associations.

- (2) Long term credit (primarily of an emergency character) secured by first or second mortgages, with supplemental chattel security (acceptable under certain conditions), provided by the Land Bank Commissioner through the agency of the 12 land banks.
- (3) Intermediate (production) credit (maturities at the approximate time of marketing -- generally from 6 months to 1 year, and under certain conditions in excess of 3 years) provided by the 12 intermediate credit banks acting as banks of discount for production credit associations, banks for cooperatives, and agricultural credit corporations, within the FCA; and to livestock loan companies, state and national banks, and similar financing institutions outside the FCA with regard to direct production credit extended to agricultural producers.
- (4) Marketing and capital loans to farmers' cooperative associations provided by the Central Bank for Cooperatives, and 12 district banks for cooperatives.
- (5) Emergency crop and feed loans. These depend upon annual authorizations of Congress, and are extended by the Production Credit Commissioner operating through 12 regional offices.

According to estimates made by the Department of Agriculture in 1933, the mortgage debt on 2,300,000 farms was \$9,250,000,000 at the beginning of that year. Because of the diminished value of the purchasing power of the farmer's dollar, taxes were delinquent and approximately one-half of the 2,300,000 mortgaged farms were potentially liable to foreclosure. Interest rates on loans and mortgages were high, and the terms of repayment were short. The reorganization effected by the creation of the Farm Credit Administration enabled the Federal land banks, and later the Land Bank Commissioner, to check the rate of foreclosure by permitting the farmer to obtain money at rates and terms consistent with his ability to repay.

The activities of the agencies within the Farm Credit Administration are as follows:

The Federal land banks, organized in 1916, and incorporated under the FCA in 1933, offer long-term, low-interest rate loans on first mortgages to farmers through national farm loan associations, and to individual farmers in localities where there are no farm loan associations.

The Land Bank Commissioner, whose office was set up later in 1933, makes loans of an emergency character secured principally by second mortgages on property already mortgaged to a Federal land bank. Congress recently extended the  $3\frac{1}{2}$  percent interest rate in effect on land bank loans and the 4 percent interest rate in effect on Commissioner loans.

Production Credit Corporations exercise a supervisory position over the 538 (March 31, 1938) production credit associations which issue short-term loans (present rate - 5 percent) to farmer members for general agricultural purposes. (The production credit associations furnish loans of the types made by the regional agricultural credit corporations originally set up by the Reconstruction Finance Corporation and now in process of liquidation).

The Banks for Cooperatives provide credit for farmer-cooperative purchasing and marketing organizations. The Banks take the place of the Agricultural Marketing Act revolving fund, loans from which are in process of liquidation. Depending upon the type of loan made, the interest rate may be 2, 3, or 4 percent.

The Federal Intermediate Credit Banks principally make loans to and discount the paper of the production credit associations and the banks for cooperatives. The present rate in effect is 2 percent.

In addition, the Farm Credit Administration was authorized to make emergency crop and feed loans to applicants who do not have acceptable security for loans from the other FCA agencies. These funds are appropriated yearly by Congress and are disbursed by the Production Credit Commissioner.

The number and amount of the loans made by the above-named agencies from May 1, 1933 through June 30, 1938 were as follows:

| <u>Institution</u>                 | <u>Number</u>   | <u>Amount</u>      |
|------------------------------------|-----------------|--------------------|
| Farm mortgage loans:               |                 |                    |
| Federal land banks                 | 334,695         | \$ 1,320,452,356   |
| Land Bank Commissioner             | <u>512,212</u>  | <u>954,542,275</u> |
| Total                              | 846,907         | \$ 2,274,994,631   |
| Short-term Credit:                 |                 |                    |
| Production credit associations     | 1,000,760       | 972,219,009 a/     |
| Emergency crop loans               | 1,566,178       | 172,805,165        |
| Drought relief loans               | 300,614         | 72,008,540         |
| Regn'l Agricultural Credit Corps.  | 115,733         | 424,802,582 a/     |
| Federal Intermediate Credit Banks  |                 |                    |
| Loans to and discounts for private |                 |                    |
| financing institutions             | (not available) | <u>590,979,601</u> |
| Total                              | ----            | \$ 2,232,814,897   |

## Loans to cooperatives:

|   |                   |
|---|-------------------|
| Federal Intermediate Credit Banks (not available) | \$ 136,270,214 a/ |
| Banks for cooperatives                            | 5,093 346,646,539 |
| Agricultural Marketing Act revolving fund         | 222 81,032,559 a/ |
| Total   | \$ 546,151,565 b/ |

|             |       |                 |
|-------------|-------|-----------------|
| Grand Total | ----- | \$5,053,961,093 |
|-------------|-------|-----------------|

a/ Includes renewals.

b/ Loans in the amount of \$17,797,747 made from Agricultural Marketing Act revolving funds were refinanced by the banks for cooperatives during the period. The amount of such loans is excluded from the total in order to avoid duplication.

## FEDERAL FARM MORTGAGE CORPORATION

The Emergency Farm Mortgage Act of 1933, approved May 12 of that year, made available to the Land Bank Commissioner a fund of \$200,000,000 to meet an urgent demand for credit which could not be provided by the existing permanent credit units of the farm credit system. The Federal Farm Mortgage Corporation Act, approved January 31, 1934, expanded these emergency facilities by establishing the Federal Farm Mortgage Corporation. The \$200,000,000 fund allotted to the Land Bank Commissioner, and the proceeds thereof, as well as the mortgage and credit instruments previously taken over by the Land Bank Commissioner, were transferred to the Corporation for the purpose of subscription to its authorized capital of \$200,000,000.

The Corporation is authorized, subject to the approval of the Secretary of the Treasury, to issue and have outstanding at any one time bonds in an aggregate amount not exceeding \$2,000,000,000. These bonds are guaranteed both as to principal and interest by the Federal Government.

To accomplish the purposes of its creation, the Federal Farm Mortgage Corporation is authorized to invest its funds in mortgage loans made under the provisions of the Emergency Farm Mortgage Act of 1933 and to aid in financing the Federal land banks through loans made to them on the security of consolidated Federal farm loan bonds, and exchanges of the Corporation's bonds for such consolidated bonds, issued by the 12 Federal land banks.

Federal Farm Mortgage Corporation bonds aggregating in value \$1,409,759,900 were outstanding as of June 30, 1938. The decreasing

demand for new Federal land bank and Land Bank Commissioner loans and the favorable principal collections have made it possible to curtail greatly the issuance of Federal Farm Mortgage Corporation bonds during the years 1936 and 1937.

#### FARM CREDIT ADMINISTRATION ACTIVITIES DURING 1937

The conditions of the farmer's business, as reflected by financing of the Farm Credit Administration, continued on an "even keel" during 1937. Total loans made through institutions operating under the FCA aggregated \$653,000,000 as compared to \$677,000,000 in 1936.

Most of the new money borrowed by farmers during 1937 was used - as in 1936 - for crop and livestock production and for other short-term purposes. Borrowing on farm mortgages continued to decline, indicating that farmers in most areas are in better financial position and that creditors are not pressing for collection of farm debts.

The production credit associations continued to lend farmers more money than any other institution under supervision of the FCA. Farmers borrowed some \$286,000,000 from the 538 cooperative associations for crop and livestock production in 1937 compared with \$228,000,000 in 1936. Farmers' cooperative marketing and purchasing associations used the services of the 13 banks for cooperatives more extensively in 1937, borrowing \$99,000,000 compared with \$81,000,000 in 1936.

#### FARM SECURITY ADMINISTRATION

The Farm Security Administration is principally concerned with assisting low-income farmers, and in providing aid to farm tenants. This agency, within the Department of Agriculture, succeeded the Resettlement Administration, which was created by Executive order April 30, 1935, as an independent agency operating within the Works Program. The change was accomplished under authority of a memorandum of the Secretary of Agriculture dated September 1, 1937. The Land Utilization program was transferred to the Bureau of Agricultural Economics, Department of Agriculture, under provisions incorporated in the Bankhead-Jones Farm Tenant Act. At the same time the new Farm Tenant Purchase Division was added to the Farm Security Administration under authority of the same act.

The Resettlement Administration was created in order to coordinate all Federal activities relating to aid provided for farmers located on sub-marginal lands. Accordingly the Resettlement Administration took over the Subsistence Homesteads Division of the Department of the Interior; the Rural Rehabilitation Program and the Land Program of the Federal Emergency Relief Administration; and the Land Policy Section of the Agricultural Adjustment Administration.

The duties of the Resettlement Administration, as prescribed by the President, were: to administer approved projects involving rural rehabilitation, relief to stricken agricultural areas, the resettlement of destitute or low-income families from rural and urban areas, to initiate and administer a program of approved projects with respect to soil erosion, stream pollution, seacoast erosion, reforestation, forestation, flood control, and other useful projects, and to make loans to finance in whole or in part the purchase of farm lands and equipment by farmers, croppers, tenants or farm laborers.

To carry forward these policies, the work was divided into three main categories: Land utilization, rural and suburban resettlement, and rural rehabilitation.

Immediately following its organization, a relief program was undertaken to resettle destitute farm families, and to provide work on the land being acquired for conversion into national use. The fundamental problem confronting the Resettlement Administration was the readjustment of farm people to the land resources of the Nation. In the early years of the Nation, 90 percent of the population was agricultural. Now it is estimated that not more than 20 percent is engaged in agricultural pursuits. During this transition period, however, thousands of farm families have been forced off of the land because of mistaken policies of land settlement, exploitation of resources, overfarming, and overgrazing.

#### Rural and Suburban Resettlement

The 126 projects, comprising 724,720 acres, administered by the Farm Security Administration, provided homes and farms for approximately 14,000 families. At the present time, 10,000 families are in occupation.

The projects, created for specific needs of particular groups of farm and urban families, include the infiltration type of project, the agricultural community type, and the suburban community type.

The infiltration type of project involves the resettlement in existing farming communities of those farm families who have been cultivating submarginal lands. These projects involve the actual purchase of individual farms for deserving tenant farmers. The agricultural community type provides for the resettlement of several farm families as a group upon adjoining tracts of land in order that they may take advantage of the ordinary forms of community organization, and also may become self-subsisting. In this same category is included the industrial-agricultural community type of project where families raise crops for their own consumption, deriving their income from employment found on the project. Residents in these two types of projects, in addition to rural rehabilitation loan recipients (see below), are further aided by the payment of monthly cash advances designed to help them until they become self-subsisting in their new homes. As of February 28, 1938, over 500,000 families had received grants totalling \$63,500,000.

The families selected to inhabit these projects have been moved from four general "stranded" areas: (1) dry areas; (2) dead lumbering areas; (3) dead mining areas; and (4) dying agricultural areas. It has been estimated that one-fourth of the Nation's total population lives in the affected areas, not all of whom, however, are engaged in agriculture.

The suburban resettlement type of project provides good housing facilities for urban low-income groups and demonstrates community planning. Three such projects are in operation. These are "Greenbelt," located at Berwyn, Maryland; "Greendale," located at Milwaukee, Wisconsin; and "Greenhill," located at Cincinnati, Ohio. The purpose of these communities is to point the way to a method of providing adequate security and proper living conditions for low-income families. As of February 28, 1938, expenditures on these three projects totalled \$33,264,166. These three projects will, when fully occupied, accomodate about 3,000 families.

#### Rural Rehabilitation

Under this program loans are made to farmers for the purchase of livestock, farm equipment, repairs, and feed and seed purchases (feed and seed loans are distinct from those made by the Farm Credit Administration). The impoverished farmer who can not obtain credit from any other agency is aided through this type of loan, which is coupled with guidance. More than 620,000 farm families, as a result

of these loans, are rapidly becoming self-supporting. Each loan has averaged approximately \$300. When the loan is received, the farmer works out a farm plan with the rehabilitation supervisor, in order to insure the best use of the money and the use of good farm management practices. Loans are repayable over a 5-year period at a 5 percent rate of interest. Rehabilitation loans to February 28, 1938, totalled \$186,486,887, including \$10,000,000 advanced from State crop funds. Of this total, \$50,000,000 has already been repaid. Under this program better leasing arrangements have also been gained for the tenant farmer.

Another service given not only to rehabilitation families, but to all farm families applying for the service, is Farm Debt Adjustment. There are 2,720 county agricultural advisory credit committees (county farm debt adjustment committees) in 44 States, now engaged in voluntary debt adjustment activities. This represents a total personnel of more than 500 in the State committees and over 13,000 on the voluntary county committees.

The common-sense approach of these committees in their handling of cases of excessive indebtedness has done much to win the confidence of the debtors and creditors with whom they have been working. Much credit is due them for helping to restore the stability of the agricultural credit structure in the various communities. Through their voluntary adjustment of existing farm debts, the farmer is enabled to reassume his obligations and carry on successful farming, while the creditor collects on loans which might have been hopelessly frozen. As of February 28, 1938, the debts of 68,948 individual farmers have been reduced \$57,801,241 from a total indebtedness of \$229,188,387. As a result nearly \$4,000,000 in back taxes has been paid to local governments. In addition to these individuals, 37 group cases involving 5,450 farmers have had their debts adjusted from \$6,502,327 down to \$3,960,392.

Under Title I of Public Resolution No. 122 (75th Congress), signed by the President June 21, 1938 and known as the Emergency Relief Appropriation Act of 1938, \$175,000,000 is appropriated to the Secretary of Agriculture for the Farm Security Administration for administration, loans, relief, and rural rehabilitation during the fiscal year ending June 30, 1939.

#### Farm Tenant Program

Since short-term leases often mean the gradual impoverishment of landlords, tenants, and the land itself, the Farm Security Adminis-

tration is authorized under the Bankhead-Jones Farm Tenant Act, approved July 22, 1937, to make loans to a limited number of tenants, share-croppers and farm laborers for the purchase of farms. Congress appropriated \$10,000,000 for this purpose during the fiscal year ending June 30, 1938; \$25,000,000 for use during the fiscal year 1939 and authorized but did not appropriate, \$50,000,000 for the fiscal year 1940.

From these appropriations, funds are allotted to each State and territory on the basis of farm population and the prevalence of farm tenancy. The selected farm tenant buys a family-size farm which can be operated by his labor and that of his family. These farms will yield sufficient income to support the family satisfactorily while making provision for the repayment of the loan. Such loans are repayable at 3 percent interest over a 40-year period.

As of June 30, 1938, 1,886 loans had been approved for Farm Tenant Purchase, amounting to \$9,141,106, and checks have been issued for \$3,329,877.

#### Other Activities

In addition to the activities outlined above, the Farm Security Administration is maintaining transient relief work in the State of California. It has also released two films "The River" and "The Plow That Broke the Plains," which graphically portray the effects upon the national economy of the soil exploitation which, until recently, was practiced generally.

#### LAND UTILIZATION PROGRAM

As originally organized under the Resettlement Administration, it was the purpose of this division to purchase sub-marginal land that was too poor to provide as adequate standard of living for its occupants, and to develop it according to the best use for which it was adapted. The program was carried on in conjunction with the Rural Resettlement Program, the residents of these sub-marginal lands being provided with supplementary incomes derived from the work available on the respective developments. The land purchased was intended for such public purposes as forests, parks, recreational areas, wild-life

sanctuaries, improved ranges and Indian reservations. Forty-six recreational projects, involving 401,472 acres were transferred to the National Park Service on November 11, 1936.

Under authority of Title III of the Bankhead-Jones Farm Tenant Act, this division was transferred to the Bureau of Agricultural Economics, Department of Agriculture. The Bureau is completing the projects already begun and in addition, under authority of the same title of the act, has placed approximately 20 new projects in operation. As of June 30, 1938, 104 projects were active; 8,706,000 acres (exclusive of the acreage involved in the projects transferred previously to the National Park Service) were optioned, of which 7,815,000 had actually been purchased. Expenditures for development work on these projects since November, 1935 have totalled \$51,000,000. During the past fiscal year the weekly employment on these active projects averaged between 18,000 and 20,000 men, all of whom are taken from the relief rolls provided by the Works Progress Administration.

The new projects of the Bureau of Agricultural Economics, initiated under the Land Utilization Program, have placed emphasis upon land-use adjustment, particularly in the grazing areas of the Great Plains. Under authority granted by the above named act, the Secretary of Agriculture has authorized the purchase of some 2,192,000 acres, for which options have been accepted on 132,000 acres. In the Great Plains area extensive water-development work has been carried on and four large dams are being constructed in Texas and Oklahoma. Over 2,000 dams in all have been constructed on land already acquired in all parts of the country.

The ultimate administration of the projects now in process of completion rests with the Secretary of Agriculture, who may recommend to the President that other Federal, State, or Territorial agencies may best administer such property, specifying the conditions of use and administration which will best serve the purposes of a land-conservation and land-utilization program. Under this authority, the Bureau has transferred 31 migratory bird refuge projects to the Bureau of Biological Survey, Department of Agriculture, and 26 Indian lands projects in whole or in part to the Office of Indian Affairs, Department of the Interior. There remains 1 bird refuge and 4 Indian lands projects awaiting ultimate transfer.

#### SOIL CONSERVATION SERVICE

The Soil Conservation and Domestic Allotment Act of 1935 transferred the Soil Erosion Service, established within the Department

of the Interior in 1933, to the Department of Agriculture as the Soil Conservation Service.

The Soil Conservation Service - as distinguished from the Agricultural Adjustment Administration, which approaches the question of soil conservation from a national viewpoint - engages in intensive local operations, in which each farm is treated as part of a regional pattern. The Service has established 172 demonstrational projects in 45 States. Demonstrations of practical control are carried on in cooperation with farmers in these areas. The various soil and farm management studies become the basis for a soil conservation plan applicable to the whole of each demonstrational area. Besides conducting these projects and carrying on similar work with the Civilian Conservation Corps, the Service is encouraging soil conservation associations, more than 400 of which have been organized.

In 1934, the original Soil Erosion Service made a survey of 1,907,000,000 acres representing the total area of the country exclusive of urban and water territory; 578,167,670 acres showed little or no erosion; 322,961,231 acres showed wind erosion, and 337,000,000 acres showed gully erosion. The direct cost to the farmers of the country is estimated to be at least \$400,000,000 annually in soil lost through erosion.

Various methods are advocated by the SCS to combat this condition. Strip cropping is one. It consists of planting strips or banks of clean-tilled crops, such as cotton or corn, between strips or banks of close-growing crops. This method checks the run-off waters, increases absorption, and filters out soil washed from the clean-tilled areas. Other recommended methods include contour plowing, and the diversification of crops.

A reforestation program is also being encouraged among the farming areas.

00000000

## RELIEF AND WORK RELIEF

### HISTORY OF RELIEF

During recent years, the relief of unemployment and distress has been a major national problem. The tremendous increase in the extent of need, and the assumption by the Federal Government of a substantial share of the responsibility of meeting the need, have focused attention on the administration of relief during the depression years and have made the general public aware of the issues involved.

Although much has been written concerning the scope and nature of the contemporary relief problem, little is known of the extent of the burden in the United States in the decades preceding the depression of the 1930's.

In brief, the story is one of continued expansion in relief expenditures for at least two decades before the beginning of Federal emergency relief activities for the unemployed. More liberal relief practices and new legislative provisions for public relief have contributed to the upward trend, but there is also evidence that the level of need has risen progressively higher with the passage of time.

Prior to the twentieth century, public outdoor relief in the United States was extended almost exclusively under the provisions of local poor laws, modeled for the most part after the English poor laws of Queen Elizabeth's time. Many of these laws dated from early Colonial days and have undergone only minor change during the intervening years. In some States the laws have been modernized and embody more progressive concepts of relief administration.

Traditionally a local responsibility, poor relief usually has been financed from local property taxes and dispensed by local overseers of the poor with little or no State supervision or control. Applicants for relief were frequently required to take a pauper's oath and to waive various political and civil right as a prerequisite to receiving aid. The social stigma attached to poor relief has led gradually to the introduction of new statutory forms of relief for special classes who are in need obviously through no fault of their own or are deemed

to have a special claim on society for consideration and care. Relief extended under these statutes to persons not in institutions has commonly been termed "categorical relief" or "aid to special classes," to distinguish it from general outdoor relief given to paupers in accordance with the local poor laws. Legislation for aid to the aged, aid to the blind, and aid to dependent children dates, for the most part, after 1910.

Laws authorizing aid to the aged were enacted in Montana and Nevada in 1923, but the period of greatest development in this type of legislation has been since 1930. Eight States enacted old-age legislation in the 5 years from 1925 to 1929, and 19 States from 1930 through 1934. Under the stimulus of the Social Security Act, 10 additional States passed laws during 1935, and at the present time all States have enacted old-age relief laws.

The requirements of the Social Security Act that all counties must participate in extending relief to a particular category before the State can benefit from Federal grants-in-aid for that type of relief have induced many States to make their laws mandatory upon the county units and will contribute to the continued growth of expenditures for these forms of relief.

The practical effect of State and Federal participation in emergency relief activities was to bring almost to a halt in most localities the extension of outdoor poor relief by municipal and township units. The poor laws remained in effect but were virtually inoperative. With the withdrawal of the Federal Government from the support of direct relief at the end of 1935, extension of relief in many of the States reverted to the traditional poor laws, but a few States have merged unemployment relief activities with poor relief under permanent State Welfare Departments.

Until 1929 the gradual rise in relief costs over the years was a matter for State and local rather than national concern. But with the advent of the depression, relief costs throughout the country moved rapidly upward, overtaking local and State resources and thus focusing attention on the Nation-wide problems of unemployment and the relief of distress caused by unemployment.

Traditional concepts of relief have assumed: (1) that relief should be given at a subsistence level; (2) that it should be given only to persons found through a means test to be in need; and (3) that it should be continued only so long as need continues. The employment programs operated by the Civil Works Administration, the Civilian Conservation Corps, the Works Progress Administration, and other agencies participating in the Works Program have embodied some but not all of these concepts.

**RECONSTRUCTION FINANCE CORPORATION**

Prior to the relief and employment programs inaugurated in 1933 and subsequent years, the Reconstruction Finance Corporation, under authority of the Emergency Relief and Construction Act of 1932, advanced the sum of \$299,984,999 to the Governors of the States-- to a few municipalities and counties--for direct relief purposes. No Federal supervision was exercised over the way in which this money was spent, the responsibility resting solely with the Governors of the States, or local officials. Originally disbursed as loans, Congress passed legislation in 1938 declaring the sums lent to be considered non-repayable.

**CIVIL WORKS ADMINISTRATION**

In May 1933, Congress authorized the establishment of the Federal Emergency Relief Administration, and gave it authority to make grants of money to the States for the direct relief of destitution under Federal supervision. On November 9, 1933, the President created the Federal Civil Works Administration, the purpose of which was to eliminate as far as possible the need for direct relief on the part of persons capable of earning their own livelihood.

By November 16, 1933, State and local administrations began providing jobs under this new program for 2,000,000 persons who were on the FERA relief rolls, and later an additional 2,000,000 persons who were unemployed but not on direct relief were added. The prevailing low wage rates were paid. Roads and airports were built, public buildings repaired, recreational centers constructed, and white collar projects instituted. The total cost of this program, which came to an end on March 31, 1934, was \$933,850,000, of which \$844,000,000 came from Federal funds, \$6,000,000 from State funds, and \$83,850,000 from local funds. At its peak the CWA employed 4,107,164 persons. The program was gradually demobilized during the Spring of 1934, and on April 1, 1934, work opportunities and a program of direct relief, as well as rural rehabilitation, replaced it under the Federal Emergency Relief Administration.

## FEDERAL EMERGENCY RELIEF ADMINISTRATION

At the close of the CWA, those persons willing and able to work were transferred to work projects carried on by the FERA in conjunction with State and local relief administrations. This program was known as the Emergency Work Relief Program. At its peak period, work relief was extended to 2,446,266 cases representing 10,306,579 persons. Nearly \$1,300,000,000 was expended for work relief, of which \$1,026,320,541 was from Federal funds and \$270,336,459 from State and local funds. Of this total, 27 percent went for highways, roads and streets; 15 percent for public buildings; 12 percent for parks and other recreational facilities; 5 percent for conservation; 9 percent for sewer systems and other utilities; 21 percent for white-collar and goods projects; and the remainder for airports, sanitation and health projects, and the distribution of commodities. With the advent of the Works Progress Administration in April 1935, this program came to a close, and projects incomplete at the time were transferred to the new agency.

The number of families on the FERA direct relief program, as distinguished from the work relief program, reached a peak early in 1935 when a total of 2,829,799 cases were receiving direct relief. Cases include families and single persons, each considered as a unit. It is estimated that these cases represented 9,863,686 persons.

Relief was usually granted in cash in order to preserve the normal functioning of the family and to maintain the existing channels of retail trade. Some relief was given through orders on merchants. In addition, there was a distribution of surplus commodities purchased by the Agricultural Adjustment Administration and distributed through the then named Federal Surplus Relief Corporation (subsequently named the Federal Surplus Commodities Corporation).

Relief grants to States were classified, in general as grants for general relief purposes, and special grants for transient relief, rural rehabilitation, education, purchase of commodities, drought relief, women's projects and miscellaneous. At the peak period of the FERA, January 1935, an estimated 20,982,861 persons were receiving relief under the general and special programs including emergency work relief.

Under provisions of the Emergency Relief Appropriation Act of 1936, the FERA was directed to liquidate and wind up its affairs. Funds available for terminating this agency were withdrawn after June 30, 1937. As of February 28, 1937, grants totalling \$3,023,712,398

and an additional \$44,216,880 to the territories, had been made. Under the Emergency Relief Administration Act of 1936 no provision was made for direct relief to needy individuals by the Federal government, the burden being turned back to the individual States. Work relief, however is still provided through the Works Program, principally by the Works Progress Administration.

The following activities of the FERA were transferred or discontinued as stated below:

1. The Student Aid Program has been administered since July 1935 by the National Youth Administration.
2. The Transient Program was discontinued and its activities replaced by WPA projects.
3. The Rural Rehabilitation Program was transferred to the Resettlement Administration (now the Farm Security Administration) July 1, 1935.
4. The Land Program was transferred to the Resettlement Administration.
5. Federal assistance under the FERA was withdrawn from the Self-Help Associations October 1, 1935.

#### WORKS PROGRAM

By authority of Public Resolution No. 11 (74th Congress), approved April 8, 1935, (known as the Emergency Relief Appropriation Act of 1935) the President, in a series of Executive orders, inaugurated a broad program of public works to be carried out by more than 60 units of the Federal Government. It is the purpose of the Works Program to provide work on useful projects for large numbers of employable persons in need of relief. The activities of the various agencies under this program have been financed by allocations from the appropriations made in the Emergency Relief Appropriation Acts of 1935, 1936, and 1937, and for the fiscal year 1939 by the Emergency Relief Appropriation Act of 1938; in the case of the Civilian Conservation Corps and the non-Federal Projects Division of the Public Works Administration, subsequent regular legislative provisions supplied funds in addition to the use of allocations from the act of 1935. As of June 30, 1938, the total expenditures from the aforementioned appropriation acts amounted to \$8,286,313,827.

In creating the Works Progress Administration, the President made it responsible to him for the honest, efficient, speedy, and coordinated execution of the Works Program as a whole. To this end, the Works Progress Administration was empowered to formulate and require uniform periodic reports of the employment on projects.

Within the framework of the Works Program were incorporated many of the emergency relief activities of the Federal Government that had been undertaken in the years immediately preceding, and also certain modified and new activities. The operations of the Program are carried on under the direction of the President by three kinds of agencies: One group, comprising more than 40 regular Government services and bureaus, has expanded its activities along the lines of the general objectives of the Works Program; the second group, consisting of previously established emergency agencies such as the Public Works Administration and the Civilian Conservation Corps, has carried on their original programs; and the third, consisting of agencies created specifically for participation in the Works Program, has been delegated powers consistent with the particular phase of the recovery program with which they are concerned. The latter group includes the Works Progress Administration, which substituted a Federal program of work projects for the grants-in-aid to States for direct or work relief made by the Federal Emergency Relief Administration.

Federal funds for the Works Program have been supplemented by local funds provided by sponsors of projects. This has occurred on projects of the Works Progress Administration and of the non-Federal Division of the Public Works Administration. Some indication of the extent of sponsors' funds provided under the Works Progress Administration program is available from the data on WPA projects placed in operation. Through May 31, 1938, the total of sponsors' funds pledged for projects on which work had been initiated by that time amounted to \$746,000,000. The PWA non-Federal projects for which grants have been made through May 31, 1938, from 1935 Emergency Relief Administration Act funds and funds provided for that purpose under subsequent enactments have a total estimated sponsors' contribution of nearly \$1,200,000,000. In part, the latter funds have been borrowed from the Federal Government through use of the PWA revolving funds.

The Works Program is continued during the fiscal year ending June 30, 1939 through funds provided by the Emergency Relief Appropriation Act of 1938. The provisions embodied in this act are as follows:

## Emergency Relief Appropriation Act of 1938

Title I of this act appropriates a total of \$1,712,905,000 for the fiscal year beginning July 1, 1938.

The distribution of this amount was made as follows:

|  |               |
|--|---------------|
| Works Progress Administration                                    |               |
| Highways, roads and streets . . . . .                            | \$484,500,000 |
| Buildings, parks, recreational areas, conservation, etc. . . . . | 655,500,000   |
| Educational, professional, clerical, cultural, etc. . . . .      | 285,000,000   |
| National Youth Administration. . . . .                           | 75,000,000    |

The Works Progress Administrator is authorized to allocate to other Federal departments for the purpose of operating projects of the types specified for WPA under Title I, including administrative expenses, the sum of \$60,000,000 and to prescribe rules and regulations for operation of such projects. The Administrator is also authorized to use from the funds allocated to the WPA a sum aggregating not more than \$25,000,000 for the purpose of providing direct relief for needy persons.

|                                       |               |
|---------------------------------------|---------------|
| Department of Agriculture:            |               |
| Farm Security Administration. . . . . | \$175,000,000 |

|   |           |
|---|-----------|
| Department of the Interior:                     |           |
| Puerto Rico Reconstruction Administration . . . | 6,000,000 |

|                                     |           |
|-------------------------------------|-----------|
| General Accounting Office . . . . . | 4,180,000 |
|-------------------------------------|-----------|

|                             |            |
|-----------------------------|------------|
| Department of the Treasury: |            |
| Various . . . . .           | 18,050,000 |

|                                  |         |
|----------------------------------|---------|
| Department of Commerce:          |         |
| Bureau of Air Commerce . . . . . | 325,000 |

|  |           |
|--|-----------|
| U. S. Employees' Compensation Commission . . . . . | 3,500,000 |
|--|-----------|

|                                      |         |
|--------------------------------------|---------|
| National Emergency Council . . . . . | 850,000 |
|--------------------------------------|---------|

|  |         |
|--|---------|
| National Resources Committee . . . . . | 750,000 |
|--|---------|

|                                    |           |
|------------------------------------|-----------|
| Department of Labor:               |           |
| U. S. Employment Service . . . . . | 3,000,000 |

|                                 |           |
|---------------------------------|-----------|
| Department of Justice . . . . . | 1,250,000 |
|---------------------------------|-----------|

Title II of the act appropriates the sum of \$965,000,000 for use until June 30, 1940 by the Federal Emergency Administrator of Public Works.

Title III increases the amount authorized in the Third Deficiency Appropriation Act, fiscal year 1937, for use in the acquisition of sites and construction of public buildings outside of the District of Columbia, from \$70,000,000 to \$130,000,000 for the 3-year program (1938-39-40); and appropriates \$25,000,000 for such construction during the fiscal year 1939.

Title IV appropriates the sum of \$100,000,000 to the use of the Rural Electrification Administration for the fiscal year 1939, and \$700,000 additional for administrative expenses during the fiscal years 1938 and 1939. (In addition, this agency received a regular appropriation amounting to \$40,000,000 for the fiscal year 1939.)

Title V appropriates the sum of \$212,000,000 for parity payments to producers of wheat, corn, cotton, rice and tobacco.

Title VI amends the United States Housing Act of 1937 by authorizing the United States Housing Authority to issue obligations not to exceed \$800,000,000 and to enter into contracts with housing authorities to provide annual contributions which will not exceed \$28,000,000 per annum in total.

#### WORKS PROGRESS ADMINISTRATION

The Works Progress Administration was established May 6, 1935. Its purpose has been to remove from the relief rolls, through the prosecution of public projects or into private employment, a maximum number of persons within the shortest possible time. This is done through the operation of projects initiated by States and municipalities, and through coordination with other agencies sharing in the Works Program. The WPA has provided jobs to more than 75 percent of the workers aided under the Works Program. As of September 30, 1937, 158,036 projects with an estimated cost of \$4,690,134,316 had been completed, were under construction, or had been approved for construction. Projects are initiated in the localities where they are to operate, under a procedure by which local or State officials prepare the plans and submit applications for such projects to the WPA. The major types of projects selected for operation in their order of

importance, are: Work on highways, roads, and streets, which represents expenditures of more than one-third of the total cost of all projects selected; expansion of public recreational facilities, such as parks, playgrounds, etc., representing 10.5 percent; work on public buildings, such as schools and hospitals, 11 percent; sewer systems and other public utility projects, 9.3 percent; and white collar projects, 10.7 percent. Work also has been done on flood-control and conservation, sanitation and health, harbor and transportation projects; and on the so-called "goods" projects which produce necessities for distribution among the destitute unemployed.

Almost four-fifths of the total funds made available by the WPA are used for direct labor costs. Employment on all projects under the Works Program for the week ending March 31, 1938, totaled 2,921,000, and of these, 2,395,000 were employed on WPA projects. Employment at the peak of the Works Program, March 7, 1938, was afforded to 3,850,000 persons. The total expenditures made by the Works Progress Administration, including administrative expenses, and National Youth Administration expenditures, for the States and territories as of June 30, 1938 amounted to \$4,683,730,246. State and local sponsors added another \$791,000,000. A more specific enumeration of the accomplishments of this agency through October 1, 1937, (the latest date for which a physical enumeration is available) reveals the following statistics:

#### Public Buildings

Work completed on a total of 42,870 public buildings, including 18,629 educational buildings. These totals include new buildings as well as repairs, improvements, and additions.

#### Transportation and Navigation Aids

Approximately 43,870 miles of new roads and streets were constructed and 146,901 miles repaired and improved; 19,272 new bridges were erected, and 13,166 improved. Other roadside improvements include sidewalks, paths, guardrails and guardwalls, and landscaping.

New airplane landing fields numbering 105 have been constructed, and 109 reconditioned. Hangars have been built and repaired, markers and beacons provided, and miles of runways constructed and improved.

Of docks and piers, 81 have been built, and 128 reconditioned. Three hundred new boats of wooden construction have been added and 450, including 11 steel ships, have been reconditioned. Additional useable waterfronts, have been provided, and canals, channels, and basins constructed and improved.

## Conservation

More than 21,000 acres were reforested, 1,196 miles of fire-breaks provided, and 2,481 miles of fire and forest trails created. Of plants and trees, 9,485,158 have been planted in 115 nurseries. More than 130 fish hatcheries and 825 bird and game sanctuaries have been established and remodelled. Other important conservation activities include treatment of 4,200,000 acres for eradication of noxious plants and removal of insects and plant diseases; destruction of more than 24,000,000 rodents; trimming and removal of trees; flood and soil erosion control, and irrigation work.

## Sanitation and Health

More than 4,000 miles of new water lines were constructed, 1,400 miles repaired and conditioned; 51 new water treatment plants were completed and 19 reconditioned. Construction of 780,000 sanitary toilets, 33,500 cesspools, and 3,500 septic tanks, the last named in rural districts. Storage tanks, reservoirs, and cisterns with 1,750,000,000 gallons capacity built in more than 1,000 locations; sewage disposal plants serving 150,000 additional establishments provided. More than 30,000,000 feet of new open ditches were excavated and 50,000,000 improved for storm water run-off and mosquito control; 836,000 gallons of oil and insecticide were sprayed for insect control and 66,750 openings in 7,500 abandoned mines sealed for prevention of stream pollution.

There were 1,400 medical and 815 dental clinics established; 2,500,000 general examinations made and immunization treatments given to 550,000 persons.

## Education

In addition to the construction and remodeling of educational buildings, 100,000 classes have been established and conducted. Among these are classes for elimination of illiteracy and the teaching of vocational and avocational subjects. During the month of October, 1937, the enrollment totalled 1,145,000 persons.

## Recreation

In addition to the construction and remodeling of about 6,000 recreational buildings included in public buildings statistics, 700 parks have been created and 3,000 existing parks improved. New playgrounds were constructed at 1,107 places, 3,583 improved, with supervision and leadership provided by WPA. Nine thousand community centers are being operated and assistance provided in an additional 6,000.

### Goods and Services

Articles made in sewing rooms totalled 108,500,000; 24,000,000 pounds of fruit and vegetables were canned and preserved; 128,000,000 school lunches were served; 2,000 new libraries built, 5,800 traveling libraries and 3,500 reading rooms established; workers renovated and catalogued 47,000,000 books. Historical, planning, mapping, line and location surveys have been made and valuable research and statistical studies completed. Housekeeping advisers made 3,500,000 visits; 700 nursery school assistants were provided; 1,000,000 pages and 40,000 maps have been translated into Braille for the blind.

### Arts

Artists have completed 125,000 art objects; 4,500 musical performances have been given, and an average of 1,500 theatrical performances per month have been given. Writers have produced 116 original books and pamphlets, principally guide books.

### Other Activities

Other activities include construction of 16 new power houses and repair of 34; 1,178 miles of new transmission, power distribution, and telephone lines constructed and 819 miles repaired. Placement of 25,370 new police and fire alarm signal boxes has been accomplished; 322 tunnels have been built and 35 remodeled.

To relief clients 67,460,877 quarts of milk and 512,798,422 pounds of foodstuffs have been distributed. Miscellaneous operations embrace furniture and shoe repair, gardening, archaeological excavations, and many others.

### Future Operations

Public Resolution No. 122 (75th Congress), signed by the President on June 21, 1938, and which is cited as the Emergency Relief Appropriation Act of 1938, extends the Works Progress Administration to June 30, 1939, and appropriates \$1,425,000,000 together with balances or allocations made or to be made under Emergency Relief Appropriations Act of 1937 and joint resolution of March 2, 1938, for administration and projects, which will provide the WPA with funds to continue and expand its Works Program. Some of the operations for which specific allocations are made under this appropriation are:

|  |               |
|--|---------------|
| For highways, roads, and streets-  | \$484,500,000 |
| For public buildings; parks and recreational facilities; public utilities; electric transmission and distribution lines; designated sanitation and transportation projects; flood control; conservation and others; miscellaneous construction projects- | \$655,500,000 |
| For educational, cultural, service and other projects, and for miscellaneous non-construction projects-  | \$285,000,000 |

Other detailed information as to the projected distribution of the appropriation is not available at this time.

#### NATIONAL YOUTH ADMINISTRATION

The National Youth Administration was established on June 26, 1935, as a part of the Works Progress Administration, through Executive Order No. 7086. It has two major programs, first, work projects for high school, college and graduate students; second, work projects for out-of-school youths. In the three years since its inception the NYA has been allocated \$159,749,089, and has aided, on the average, between 400,000 and 500,000 youths. During the present fiscal year, \$75,000,000 was set aside for the NYA under the Emergency Relief Appropriations Act of 1938. It is, therefore, expected that more than 600,000 youths will be directly assisted through wages paid by the NYA for useful work performed, while many hundreds of thousands of others will benefit from the services rendered by NYA workers.

Under its Student Aid Program the NYA was aiding 333,320 young men and women, from 16 to 24 years of age, during the month of April 1938, of whom 232,048 were high-school students; 98,676, college students; and 2,596, graduate students. Selected largely on the basis of need and their ability to perform satisfactory work, these students were engaged in many types of useful activities. The school students, who earned up to \$6 a month, were employed on such jobs as clerical work for principals and teachers, supervision of playground activities, assistance in libraries and cafeterias, and repair of classroom equipment. College and graduate students, on the other hand, earned a maximum of \$20 and \$40 a month respectively, working not only in college

offices, libraries and museums performing work that university budgets could not normally provide for; but also as often as possible in research and other types of work closely related to their field of concentration.

In April 1938, the NYA Work Projects Program was employing, on a wide variety of jobs, 158,810 out-of-school youths, between 18 and 24 years of age - of whom 95 percent came from families certified as in need of relief. Working on a one-third time basis at an average national wage of over \$17, these young men and women were employed in such activities as those of improving roads and highways; beautifying parks and public grounds; building youth centers, vocational shops, and small public schools; assisting in conservation work; constructing playgrounds, athletic fields, swimming pools, tennis courts, and playground equipment; acting as recreational leaders and assistants; assisting in nursery schools and hospitals; preparing school lunches; making clothes for needy families as well as equipment for public institutions; helping in libraries and museums; preparing and distributing books; making visual aids for schools; and working on resident training projects.

Along with their project work most of the NYA workers received considerable vocational experience and training. This was not, of course, intended to qualify them as skilled workers, but, together with the related information which many received in classes after working hours, they did become acquainted with the general requirements and aptitudes necessary to a given type of work and have been provided with a sound work experience and knowledge - attributes which greatly enhance their chances of obtaining a suitable job in private employment. This form of training, combined with the usual procedure of shifting young persons from one job to another until they find the type of work for which they are best fitted, also gives NYA employees a chance to test their abilities in a number of occupations.

At Quoddy Village, Maine, which is assisting some 300 young men from the New England States, this program of combined work experience and vocational guidance is being conducted on a very thorough and intensive basis. During a term of 4½ months, the enrollee works for a period of 6 weeks at 3 different vocations, chosen by himself from among the 25 for which Quoddy offers job opportunities. Hours are divided between the work involved in maintaining the Village plant and informal classes dealing with information related to their trade.

The NYA is also expanding its Resident Training Program in which this same principle of integrating and coordinating work and

education is being carried out. Projects employing nearly 8,500 young men and women are now operating in some 125 places. The majority of these have as their purpose the providing of practical instruction in the fundamentals of successful farm life to the tenant and other low income farm youth. A number of resident projects, however, provide instruction and work experience in such fields as auto mechanics, marine training, wood-working, and bricklaying.

For all young people, regardless of their financial status, the NYA has set up special job guidance and placement services. Pamphlets and studies describing the requirements and possibilities in 50 or 60 occupations have been prepared and distributed. Job information classes have been conducted. Vocational radio programs have been arranged. And, with the cooperation of various State Employment Services, junior placement counselors have been assigned to the staffs of public employment offices in 78 cities of 31 States and the District of Columbia. From March 1936, when some 20 or 30 junior divisions were established, until April 1938, the counselors have interviewed 259,060 young people, of whom 103,881 were found jobs in private employment.

00000000

## PUBLIC WORKS

### PUBLIC WORKS ADMINISTRATION

In consequence of the need for employment in the construction industry and in all of the industries which supply its materials, which was greatest in 1933, the enlarged public works program of the Federal Government was set in motion by the National Industrial Recovery Act of 1933, approved by the President on June 16 of that year. During the first half of 1933 virtually no new construction work had been undertaken by private organizations. Although the Government had already increased its program of public building to some extent, the total volume of contracts for new construction in the first 6 months of 1933 was only 14 percent of that in the corresponding period of 1929. This extremely low volume of activity was the culmination of five years of drastic reductions in new construction. Contractors and builders, workers in the building trades, and employees normally at work in factories fabricating building materials were widely unemployed. Construction was more severely depressed than any other major American industry. As an inevitable consequence, the heavy industries were also depressed. In the first half of 1933 factories making durable goods of all kinds employed only 44 percent as many men as in 1929, lumber mills but 45 percent of their 1929 crews, cement mills 44 percent, and steel mills 54 percent. Many of these workers were employed for shorter hours.

The original act which established the Federal Emergency Administration of Public Works provided a total fund of \$3,300,000,000 to be allotted for various kinds of public works and public relief projects. Subsequent legislation augmented these funds and extended the life of the organization to June 30, 1941.

The Public Works Program which began in 1933 was undertaken in three major divisions: Projects conducted directly by agencies of the Federal Government; projects undertaken by State and local authorities or other non-Federal bodies; and loans to industry on a commercial basis for such purposes as the development and improvement of the railroads and other private construction work.

State and local authorities which operated under the non-Federal program provided most of the funds for their projects, but the Public Works Administration was authorized initially to make direct grants from the Federal Treasury amounting to 30 percent of the cost of labor and materials to be used on the projects. Later the maximum grant was raised to 45 percent of total cost. The State or local agency financed the remaining 70 percent or 55 percent, respectively. Borrowing by the sponsor from the Public Works Administration has been optional. If the municipality or other public body has been able to finance its share through the sale of bonds or an allotment of actual cash, the Public Works Administration has furnished only the cash grant. Early in the program, however, the Public Works Administration accepted sponsors' bonds as security for loans. More recently the State and local bodies have been able to obtain loans from commercial sources at rates lower than those charged by the Public Works Administration (4 percent).

All public works, to be approved, were required to have specific social value, and to be conducted in such a way as to relieve unemployment in areas where the employment situation had become serious. Rules governing the work provided for the payment of prevailing rates in the locality and for the protection of pay envelopes against "kickbacks". Most of the hiring was done either through trade-unions, where contractors had an agreement with a union, or through the offices of the United States Employment Service.

Up to June 16, the date that the new Public Works Administration Act of 1938 was passed by Congress, allotments had been made for 15,902 Federal projects and 10,543 non-Federal projects, or a total of 26,445 projects. These were located in 3,068 counties and independent cities of the United States and the cost was \$4,338,367,794, of which roughly \$1,000,000,000 has been supplied by the applicants. Contracts had been awarded on 98.2 percent of all Public Works Administration projects for which allotments had been made, and only 1,406 projects under the old program remained to be finished.

The classes of non-Federal projects preferred for grants included waterworks, sewer projects, sewage disposal projects, municipal power plants, highways, bridges, tunnels, power projects, public schools, and hospitals.

Embraced in the Power Division program were hydroelectric, steam, and Diesel plants of an additional 600,000 kilowatt capacity, sufficient to serve a population of 5,000,000 persons. Power allotments were made on 281 non-Federal projects in the amount of \$96,800,000 for which the total construction cost, including funds provided by the applicants will be \$130,000,000.

The PWA has made loans to 32 railroads involving work in 43 States in the amount of \$200,974,500. The money has been used for the modernization of trains and rails, electrification of through routes and the improvement of rolling stock. (See RFC for additional loans to railroads).

In addition to the Federal and non-Federal programs and loans to railroads, the PWA inaugurated a low-cost housing and slum-clearance program. The projects are located in urban centers on former slum sites or elsewhere, according to local needs and recommendations. On October 27, 1937, 51 projects were transferred to the newly created United States Housing Authority. (See United States Housing Authority) Of the \$147,000,000 set aside for this program, \$136,669,759 was allotted.

As originally announced on September 20, 1937, the PWA programs were to be brought to a close, and with this in mind, no more applications were accepted. As of November 1, 1937, the 48 State PWA offices were regrouped into seven regional offices, which function at the present time. However, with the passage on June 16, 1938, of the new Public Works Administration Appropriation Act of 1938 (Title II of the Emergency Relief Appropriation Act of 1938) a new public works program was inaugurated which will be in force until June 30, 1941. This act authorizes a fund of \$965,000,000 to remain available until June 30, 1940, up to \$750,000,000 of which may be used for grants for non-Federal projects - grants are not to exceed 45 percent of the cost of a project - and up to \$200,000,000 of which may be used for Federal projects. The fund will make it possible to authorize projects having total construction costs of \$1,866,000,000. The act also authorizes the use of a \$400,000,000 revolving fund, realized from the sale of securities under the original act, for the financing of loans made for non-Federal projects.

New applications for non-Federal projects must be filed with the Public Works Administration by midnight, September 30, 1938, to be eligible for consideration under the provisions of the bill. This deadline does not apply to amendatory applications filed on applications which were submitted prior to October 1, 1938. Projects must be started prior to January 1, 1939 and substantially completed by June 30, 1940.

Prior to June 16, PWA had on file 2,714 projects which had been approved but for which no funds were available. Allotments for these approved projects would result in \$1,007,400,000 worth of construction with the applicants bearing 55 percent of the cost.

Since June 16, and as of July 3, 1938, allotments have been made to 2,595 projects with a total estimated construction cost of \$637,141,609. Of this total, 1,844 with an estimated construction cost of \$477,406,638 were approved non-Federal projects.

### CIVILIAN CONSERVATION CORPS

The Civilian Conservation Corps was created by Act of Congress approved June 28, 1937, succeeding the emergency agency known as the Emergency Conservation Work which was established by Executive order dated April 5, 1933, under the Act of March 31, 1933. The 1937 act creating the agency extended its period of operation until June 30, 1940.

The CCC, together with the four cooperating government departments--War, Interior, Agriculture, Labor,--the Veterans' Administration--and the large group of State relief and conservation agencies which have shared in the conduct of the CCC program, have directed their major efforts to the attainment of the triple objectives of alleviating unemployment, reclaiming and improving unemployed youth, and rehabilitating and conserving the nation's natural resources.

Over 150 major types of work are carried on by the enrollees. The general classifications of this work are forest culture, forest protection, erosion control, flood control, irrigation and drainage, transportation improvements, structural improvements, range development, wildlife, landscape and recreational developments. The program has cost so far a sum slightly in excess of \$1,920,000,000.

The CCC program for the 6-month period April 1 to September 30, 1938, provides for the operation of 1,500 camps in the United States. The \$286,000,000 available during the fiscal year beginning July 1, 1938 will provide employment for an aggregate of approximately 530,000 persons, including enrollees, Reserve officers in charge of the camps, technical personnel which supervises the work programs, educational advisers, and others needed in the maintenance of the 1,500 camps. While the CCC basic law limits the number of enrollees to a maximum of 300,000, not including Indians and residents of Alaska, Hawaii, the Virgin Islands and Puerto Rico, it is anticipated that an aggregate of about 460,000 young men and 40,000 war veterans will work in the Corps for varying periods of time during the fiscal year. The average enrollee remains in the Corps nine months before accepting his discharge.

As of April 30, 1938, there were 247,533 enrolled juniors and war veterans; 3,914 territorials; 7,500 Indians and 43,647 non-enrolled personnel consisting of Reserve officers, supervisors and exempted camp employees.

In the five years ending April 5, 1938, the principal results of the program have been as follows:

Employment furnished to an aggregate of 2,242,000 persons, of whom slightly more than 2,000,000 were enrolled men. Of the enrolled group, 1,868,000 were young men between the ages of 17 and 23 inclusive, 160,000 were war veterans, 60,000 were Indians, and 30,000 were territorials. Enrollees enlist for a 6-months' period, and may enroll for each succeeding 6-months' period up to a total of 2 years, providing they fulfill requirements and are acceptable to the Corps.

During this 5-year period, the enrolled personnel consisting of juniors and war veterans were paid cash allowances which enabled them to contribute more than \$435,000,000 to needy dependents at home. Enrollees are paid a basic cash allowance of \$30 a month and out of this sum each sends home to needy dependents approximately \$25.

More than 1,750,000 young men received educational and practical work training. More than 65,000 illiterates were taught to read and write, and more than 400,000 enrollees left the camps to accept private jobs prior to completing their terms of enrollment.

The CCC has advanced the national reforestation program by planting 1,255,000,000 forest tree seedlings on 1,255,000 acres of unproductive land; by improving forest stands on 2,949,000 acres; and by conducting aggressive campaigns against tree diseases such as the white pine blister, rust, and tree attacking insects, on 16,722,000 acres.

It has strengthened forest fire protection systems in public forests, parks and adjacent areas by the construction of 97,510 miles of truck trails and minor roads; the building of 64,231 miles of telephone lines; the reduction of fire hazards along 64,374 miles of roads and trails; and the erection of more than 4,000 fire lookout and observation towers. CCC enrollees who have been working in the forests have expended 7,700,000 man-days on forest fire fighting duty or on fire prevention or fire suppression work.

The CCC has furnished men and materials for the initiation and advancement of the nationwide erosion control program. Since the Spring of 1934 the Corps has constructed 3,982,000 check dams and

planted 250,000,000 quick-growing type trees on eroded farm areas.

It has opened up recreational opportunities in the national forests and parks by stimulating new State park developments, and by improving and developing recreational facilities in national and State parks, and other areas. It has increased the recreational acreage of the country by more than 700,000 acres.

The CCC has acquired and developed a chain of national wildlife refuges, built 4,100 fish raising pools, improved some 6,000 miles of streams, stocked lakes, ponds and streams with 466,000,000 fingerlings and young fish, and conducted rodent control operations over 28,761,000 acres.

Despite this impressive record of physical accomplishments, the CCC considers one of its greatest accomplishments to be the physical and mental improvement apparent in the young men who have passed through its ranks.

#### BUREAU OF PUBLIC ROADS (DEPT. OF AGRICULTURE)

When the first Federal (Road) Aid Act was passed in 1916 there were only five States in which there was a single improved trans-State highway: Massachusetts, Connecticut, New York, New Jersey and Maryland. In 1917, due to the requirements of the Federal Aid Act, all of the States had State highway departments but the majority of the departments were only feeling their way toward a more scientific and business-like management of highways. In only a few was there a clear conception of a connected State highway system. In 1916 the total funds spent under State supervision were \$74,500,000 of which \$41,000,000 were State funds. These State highways were used by some 3,500,000 motor vehicles, of which 215,000 were trucks.

The picture at the end of the generation is of a system of some 537,000 miles under State control, this being made up of 340,000 miles of connected through routes, 178,000 miles of secondary roads and 19,000 miles of urban streets which are the through route extensions in municipalities of over 3,000 population. In addition there are some 2,463,000 miles of roads that are not the responsibility of the State highway departments. In 1936 the total of funds spent under State supervision for all highway purposes amounted to \$1,131,151,000. The total State highway income was \$1,145,600,000 - an advance of \$243,580,000 over the preceding year.

These highways are now used by some 28,221,000 motor vehicles, of which 4,024,000 are trucks. The United States possesses 70 percent of the automobiles registered at the present time throughout the world. The United States also possesses 3,000,000 of the 9,600,000 miles of the existing highways in the world.

During the pioneer period of road development the attention of State and Federal Governments was properly centered on the Federal-aid system, (whereby the Federal Government matched State contributions dollar for dollar, with certain exceptions), which was the network of main rural highways of interest to all classes of highway users. In recent years, however, there has developed a widespread and justified demand for better road service for communities not directly on the main highway system.

Until the passage of the National Industrial Recovery Act in June, 1933, Federal funds for road construction were expendable only on the important inter-State and inter-County roads included in the Federal-aid highway system, and on roads in the national forests, parks and other Federal areas. Expenditures on city streets and local rural roads not included in the Federal-aid system were specifically prohibited by law. The NIRA authorized expenditures of certain types on secondary or feeder roads, and on extensions of the Federal-aid system into and through municipalities. Later the Emergency Relief Appropriation Act of 1935 further liberalized methods of expenditure by authorizing expenditures on the so-called farm-service roads as distinguished from main arteries. These are roads not included in either the Federal-aid or State highway systems.

Besides improving and enlarging the existing road system in the country, the recent emergency expenditures have been made with the view in mind of relieving unemployment. Towards this end the NIRA Act authorized \$400,000,000 as a direct road grant to the States and the Hayden-Cartwright Act of June 18, 1934 authorized a supplementary \$200,000,000. This latter act also provided \$125,000,000 as Federal-aid to States in each of the fiscal years 1936 and 1937. The emergency program was continued by allocation of \$200,000,000 for highways and \$200,000,000 for grade crossing elimination and protection as direct grants to the States from funds provided by the Emergency Relief Appropriation Act of 1935.

The act approved June 16, 1936 further authorized \$125,000,000 during each of the fiscal years 1938 and 1939 for Federal-aid roads; \$25,000,000 during the fiscal years 1938 and 1939 respectively for Federal-aid secondary or feeder roads; and \$50,000,000 during each of the fiscal years 1938 and 1939 for grade crossing elimination which need not be matched by the States, and various amounts for the highways in national parks, forests, public lands and other Federal areas.

The act of June 8, 1938 makes provisions for the continuation of Federal participation in road construction through June 30, 1941, by authorizing the appropriating of \$100,000,000 and \$115,000,000 respectively during the fiscal years 1940 and 1941 for Federal-aid highway construction, \$15,000,000 during each of the fiscal years 1940 and 1941 for Federal-aid secondary or feeder roads, and \$20,000,000 and \$30,000,000 respectively during the fiscal years 1940 and 1941 for grade crossing elimination which need not be matched by the States. Additional sums are being made available for highways, road improvements and bridges under the new PWA 1938 non-Federal program, and also by the Works Progress Administration from funds appropriated by the Emergency Relief Appropriation Act of 1938.

Not all of the sums authorized for appropriation have been as yet appropriated, nor have all funds appropriated been expended. As of June 30, 1938, the accomplishments of the Bureau since 1933 under the various programs outlined above have been as follows:

#### Miles of road completed

|                              |               |
|------------------------------|---------------|
| Federal aid rural post roads | 18,513        |
| Federal aid secondary roads  | 713           |
| Public Works Highways        | 35,598        |
| Works Program Highways       | <u>12,904</u> |
| Total miles completed        | 67,728        |

#### Miles of road under construction

|                              |            |
|------------------------------|------------|
| Federal aid rural post roads | 7,306      |
| Federal aid secondary roads  | 1,261      |
| Public Works Highways        | 71         |
| Works Program Highways       | <u>321</u> |
| Total                        | 8,959      |

#### Miles of road approved for construction

|                              |           |
|------------------------------|-----------|
| Federal aid rural post roads | 3,641     |
| Federal aid secondary roads  | 1,261     |
| Public Works Highways        | 74        |
| Works Program Highways       | <u>74</u> |
| Total                        | 5,050     |

#### Works Program and Federal aid Grade Crossings

Eliminated, reconstructed, or signals installed

|                           |            |
|---------------------------|------------|
| Completed                 | 3,047      |
| Under construction        | 672        |
| Approved for construction | <u>465</u> |
| Total                     | 4,184      |

Of the \$1,428,750,000 appropriated and apportioned to the States during the period June 1933 - June 1938 (excluding funds appropriated for roads in national forest, park and related areas) there remained \$277,179,455 as of May 31, 1938 unexpended and available for approved projects until July 1, 1938 when in addition the new appropriations will be received for the fiscal year 1939.

**BUREAU OF RECLAMATION**  
(DEPT. OF INTERIOR)

On June 17, 1902, President Theodore Roosevelt signed the Federal Reclamation Act which was to provide home sites and new opportunities for Western settlers, and nationally, to derive lasting benefits from the conservation of the arid soils and the scant waters of the West.

During these past 36 years, 34 irrigation projects have been constructed to serve more than 3,000,000 acres of lands which recently were desert. On the projects which have been put in operation, 900,000 people make their homes and find their livelihood on nearly 50,000 irrigated farms and in 257 towns and cities which serve and are dependent upon them. These people have built communities which support 859 public schools and 996 churches. Their banks at the close of 1937 had deposits totalling more than \$225,000,000.

The original need for a Federal Reclamation Service became apparent when enough people had entered into the arid portions of the West to make the division of the available waters a problem. The reclamation policy adopted by the Government was to invest funds received from the sale of public lands in the Western States in irrigation. This money was placed in a revolving fund, into which settlers must repay the cost of construction projects. Repayments are within 2 percent of all money that has become due and payable. Subsequent legislation has amended this procedure, but not the principle.

At the present time, 20,000,000 of the 700,000,000 acres in the arid West are irrigated, and this small fraction forms the major support for 12,000,000 people. Surveys show that there is sufficient unused water available to irrigate an additional 10,000,000 acres. Beyond the boundaries of these acres, however, lie the hundreds of millions of acres in outright deserts and mountains, which will forever remain uncultivated.

The Bureau of Reclamation has played an increasingly important part in the widening of the agricultural base for this growing section of the country. For 15 years it has been the principal agency in the field of irrigation construction. What has been done under the Federal Reclamation Act, then, assumes a greater importance. To date the Bureau has built 138 storage and diversion dams, 20,000 miles of large canals, and has expended \$237,000,000 on projects which have gone into operation and are settled.

Since 1933 the Bureau has received an added impetus in its work, and is now engaged in the greatest construction program in its history. Projects under construction will, upon completion, add an additional 2,500,000 acres to the watered area of the Western States. These projects will also provide supplemental water for about as many more acres as are now irrigated, but have insufficient water to produce good crops. When these projects are completed, opportunities will be provided for an estimated total of an additional 825,000 people on 41,600 farms and in cities and towns as yet unlocated.

During 1937 there were 69 farm units opened for settlement on the Tule Lake Division of the Klamath Project in the extreme northern section of California. More than 3,000 home seekers applied on the first day for consideration in connection with the assignment of these few farms. They represent but a portion of the 50,000 farm families which are estimated to have been driven by drought from their homes in the Great Plains area alone. It is true that some of the new projects under construction will make settlement opportunities within a year or two, but some will take longer, and it will be 20 years before the last of the 1,200,000 acres to be irrigated by the Grand Coulee Dam alone will be available for settlement.

From the outset projects built by the Bureau of Reclamation have grown progressively more complex. This was necessarily so since larger rivers had to be dealt with. Wherever a dam is built, a power head is created. The very scarcity of water in the West makes it a prudent policy to put this resource to multiple uses when feasible. Wherever this is true, power plants have been installed.

More than a score of power plants are being operated on reclamation projects. In connection with five additional projects now being built, important power developments are being made. These are at Grand Coulee Dam in Washington; at Shasta Dam on the Central Valley Project in California; on the Colorado-Big Thompson Project in Colorado; at Seminole Dam on the Kendrick Project in Wyoming; and at the Elephant-Butte Dam on the Rio Grande Project in New Mexico and Texas. The output from these plants, like at Boulder dam, will be used in industries, in mining and smelting, in the lighting of city homes, and in rural electrification.

ooo00ooo

## LABOR

### SOCIAL SECURITY ACT

The Social Security Act was approved August 14, 1935. Provisions of the act allow for a number of distinct, though related activities. These are grouped in the following agencies and departments:

#### Social Security Board

Bureau of Public Assistance

Old-Age Assistance

Aid to Dependent Children

Aid to the Blind

Bureau of Unemployment Compensation

Bureau of Federal Old-Age Insurance

#### Department of the Treasury

Public Health Service

#### Department of Labor

The Children's Bureau

Services for Crippled Children

Child Welfare

Maternal and Child Health

#### Department of the Interior

Office of Education

Vocational Rehabilitation  
of disabled persons

#### Social Security Board

The Social Security Act set up two systems for aiding the aged. (1) Old-Age Assistance is designed to give immediate assistance to aged individuals on the basis of need. Under this program, the SSB matches State contributions dollar for dollar up to \$15 per month per individual of 65 years of age or over. Payments made to 47 States, the District of Columbia, Hawaii and Alaska from February 1, 1936 through June 30, 1938, amounted to \$326,668,428. Virginia has recently passed old-age assistance legislation which has not as yet been approved by the Social Security Board. At the end of June, 1938, 1,699,000 aged persons were receiving assistance from combined Federal and State sources. (2) Old-Age Insurance is designed to provide annuities to persons over the age of 65 years. The annuity is to be based upon the individual's wage experience. All persons at the age of 65, (seven types of workers are excluded under the act), if qualified, and who have received cumulative wages totalling not less than \$2,000 during a minimum period of 5 different calendar

years after December 31, 1936, will receive annuities. The first monthly payments will begin in 1942. Benefits will not be paid as long as a person is regularly employed after the age of 65. The sum of an individual's monthly payment will be conditioned as follows:

Find the total of wages received from December 31, 1936 to the age of 65, contingent upon above mentioned conditions. To arrive at annuity, take one-half of one percent of the first \$3,000, one-twelfth of one percent of the remainder up to \$45,000, and one-twenty-fourth of one percent of all over \$45,000 up to a total that will provide a monthly payment of \$85, the highest payment that will be made. Lump-sum payments equal to three and one-half percent of the total wages will be made to individuals who have not earned the prescribed amount or who have not worked for the minimum period. Similarly, payments after death will be made to an individual's estate equal to three and one-half percent of all wages. If death occurs after annuity payments have begun, a payment will be made to the estate equal to the difference between actual annuity payments and a total of three and one-half percent of all wages received during the prescribed time. The money for payment of the Old-Age Insurance annuities is appropriated by the Treasury under yearly authorizations of Congress, and such appropriations are set up by the Treasury in an "Old-Age Reserve Account." Payments therefrom are made upon certification by the Social Security Board. The total of applications for social security account numbers at the end of June, 1938, was 39,565,157.

The SSB is directed by the act to make available to States having approved plans for furnishing financial assistance to needy dependent children an amount equal to one-third of the combined Federal-State sums expended by the States under such an approved plan, except that the Federal share is not to be in excess of \$6 a month for the first child and \$4 a month for each additional child in any one family. The sum of \$41,796,204 has been paid out to 38 States, the District of Columbia and Hawaii from February 1, 1936 through June 30, 1938 for such aid. There are 9 additional States in which payments are made for aid to dependent children without Federal participation. At the end of June, 1938, 602,000 dependent children in 243,000 families were receiving aid from combined Federal and State sources.

The SSB is directed by the act to make available to States having approved plans for furnishing financial assistance to the needy blind an amount equal to the total sum expended by the States up to a maximum of \$15 a month for each individual. As in the case of grants for Old-Age Assistance, an additional sum of five percent of its main grant is paid to the State for administrative purposes. The sum of \$10,849,882 has been paid out to 37 States, the District of Columbia

and Hawaii from February 1, 1936 through June 30, 1938 for such aid. Connecticut has a plan for aid to the blind approved by the SSB but has not requested Federal funds since July 1, 1936. In addition there are 5 States which provide aid to the blind without Federal assistance. At the end of June, 1938, 39,200 blind persons were receiving aid from combined Federal and State sources.

The Social Security Act does not establish a Federal unemployment compensation system. The States are invited to enact laws for the compensation of their unemployed. Once a State has passed an Unemployment Compensation Law that is approved by the SSB, the Social Security Act permits the Federal Government to cooperate with the States in two ways: (1) by allowing employers of 8 or more making contributions to the State unemployment compensation fund a credit up to a maximum of 90 percent against the payroll tax levied on such employers under Title IX of the Social Security Act; and (2) by making Federal grants to cover the cost of administering the unemployment laws which have been approved by the SSB. For the period February 1, 1936 through June 1, 1938 the SSB made payments of more than \$139,000,000 to 25 States and the District of Columbia. Plans have been approved for the remaining States and by July, 1939, all States will have begun payments. The Secretary of the Treasury is authorized and directed to receive and hold in a special "Unemployment Compensation Fund" all moneys deposited therein by a State agency from a State unemployment compensation fund. Payments are made from this fund to any State agency making a requisition for use as unemployment compensation payments, not exceeding, however, the amount standing to the credit of such State agency in the special fund of the Treasury. The term "employment" as used in this section of the act excludes those engaged in agricultural labor; domestic service; service as an officer or crew member on a vessel operating in the navigable waters of the United States; family service; governmental employees; and social, charitable, scientific, literary, educational, and religious non-profit organization employees. The SSB estimates that approximately 18,000,000 employees will have unemployment compensation protection when the approved plans become operative in every State. State laws vary as to the requirements for receiving unemployment compensation. Claims for unemployment compensation benefits must be registered in the State offices of the United States Employment Service. As of June 30, 1938 the SSB had made payments totalling \$51,982,272 to the 25 States and the District of Columbia for the administration of the Unemployment Compensation program.

## Department of the Treasury

Under the Social Security Act, the Public Health Service is authorized to receive an annual appropriation of \$8,000,000 for the purpose of assisting States, county health districts, and other political sub-divisions of the States, in establishing and maintaining adequate public health services, including the training of personnel for State and local health work. For the period February 1, 1936 through June 30, 1938, \$19,097,166 has been paid to the States.

In addition the Social Security Act directs that the Public Health Service is authorized to receive an annual appropriation of \$2,000,000 for the "investigation of disease and problems of sanitation." No part of this sum is to be paid to the States. An appropriation of \$1,320,000 was made for the first fiscal year 1937, \$1,600,000 for the fiscal year 1938 and \$1,600,000 for the fiscal year 1939. Under this legislative stimulus, the National Institute of Health, which is the research division of the Service, has expanded its studies both in field and laboratory, all directed toward the common goal of controlling disease and improving health, and touching virtually every salient of the nation's welfare.

## Department of Labor

For more than 20 years the Children's Bureau has been pointing out the fact that adequate protection of the health and welfare of mothers and children is an important concern of government. Prior to certain provisions of the Social Security Act, however, the work of the Bureau, except for two brief periods, has been limited to research, demonstration, consultation, and the widespread dissemination of information. Provisions included in the Social Security Act enlarged the activities of this Bureau when it was given the administration of maternal and child health services, services for crippled children, and child welfare services. Previous to the passage of the Act there had been no Federal cooperation with State agencies operating in these fields, and no Federal agency had received any appropriations for such services. Such State services as existed were maintained entirely by the States.

Under provisions of the act, contingent upon approval by the Chief of the Children's Bureau of any State's plan for maternal and child welfare, a sum will be authorized to be paid to the State based upon the number of live births in relation to the total number of live births in the United States; and in addition, in relation to the particular State's needs.

States having an approved plan of welfare for crippled children will receive an amount equal to one-half the total amount estimated to be necessary for the next quarter year, at the beginning of each quarter.

For the purpose of enabling the Federal Government, through the Children's Bureau, to cooperate with State public-welfare agencies especially in predominantly rural areas in establishing, extending, and strengthening child-welfare services for the protection and care of homeless, dependent and neglected children, and children in danger of becoming delinquent, the act provides for the payment of \$10,000 yearly to each State; and an additional amount based upon the needs of the established services and the ratio of the State's rural population to the total rural population of the United States.

To obtain grants authorized by the Children's Bureau for maternal and child welfare services, and crippled children services, the State must set up an approved plan of administration and participate financially in the program itself. This is not required in the case of child welfare services, though the State must have a child welfare service, and that service must cooperate with the national service.

Payments to the States upon authorizations of the Children's Bureau from July 1, 1936 through June 30, 1938 amounted to:

|  |   |
|--|---|
| For maternal and child health services | - \$7,934,734 to 48 States, D.C.,<br>Alaska and Hawaii        |
| For aid to crippled children           | - \$5,368,383 to 47 States,<br>Alaska, Hawaii,<br>the D.C.    |
| For child welfare services             | - \$2,546,329 to 47 States,<br>the D.C., Alaska<br>and Hawaii |

Louisiana has no approved plan for aid to crippled children and Wyoming has no child welfare service.

#### Department of the Interior

In order to enable the United States to cooperate with the States and Hawaii in extending and strengthening their program of Vocational Rehabilitation of the physically disabled, and to continue to carry out the provisions of the act of June 2, 1920, the sum of \$841,000 was appropriated for the fiscal years 1936 and 1937 in addition to the amount of existing authorizations; and for each fiscal year thereafter there was authorized the sum of \$1,938,000 to be apportioned according to the act of 1920. The program for aid to crippled children under the Children's Bureau, Department of Labor, has been developed

in relation to the work of the Vocational Rehabilitation Service of the Department of the Interior.

### UNITED STATES EMPLOYMENT SERVICE

Public employment agencies, frequently called free public employment offices, are agencies supported by a public body--State, county, city, town or village. Such agencies are primarily established for the purpose of finding employment for workers, and furnishing labor to employers. The first free public employment office was established in 1890 at Cleveland, Ohio. Later the idea became a definite movement and many States through their legislative bodies provided for the establishment of public employment offices. The growth of these institutions may be attributed, in part, to the abuses which grew up around private agencies.

As established, however, all of these agencies were not functioning. In spite of the fact that enabling legislation was passed by the States, no appropriation was made for the maintenance of an up-to-date efficient organization to bring about contacts between the "jobless man" and the "manless job." With the adoption of Federal-State cooperative relations in the maintenance and operation of State employment offices under the Federal act of 1933 which created the United States Employment Service, public employment agencies in the United States entered a new stage of development.

The Federal Government entered the field of public employment service in 1907. By an act of Congress of that year a Division of Information in the Bureau of Immigration and Naturalization (Department of Commerce and Labor) was established. Section 40 of the act provided that: "It shall be the duty of said division to promote the beneficial distribution of aliens admitted into the United States among the several States and Territories desiring immigration." In 1913 when the Department of Labor was created as a separate executive department, this division was transferred to it. The Federal Labor Service was organized in 1915 and was engaged mostly in the distribution of farm labor. During the war its activity was expanded, but its functions were seriously reduced during the years immediately following. An appropriation of \$500,000 was granted by the 71st Congress, (1931) to the Department of Labor for its employment service. This enabled the Department to enlarge its activities, and offices were in operation in all of the States. This system continued until 1933.

The law establishing the United States Employment Service established a national employment system designed to cooperate with the various State employment offices. In order to obtain the benefits of any Federal appropriations, a State must accept the provisions of the National Act and designate the State agency with necessary power to cooperate with the United States Employment Service. Of the Federal funds appropriated, 75 percent are to be apportioned by the Director among the States on the basis of population. No payment shall be made to any State until an equal amount has been appropriated and made available for that year by the State.

The United States Employment Service is charged with the duty of promoting and developing a national system of employment offices for men, women, and juniors "who are qualified legally to engage in gainful occupations;" to maintain a veterans' bureau, a farm placement service, and a public employment service for the District of Columbia; and to assist in establishing public employment offices in the several States, in which offices there shall be located a veterans' employment service. The Federal agency is charged also with the duty to "assist in coordinating the public employment offices throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the several States."

In May, 1938, the total active file of applicants currently seeking work through offices of the United States Employment Service numbered 7,520,459, the highest since May, 1936. Of the active applicants, nearly 6,000,000 were men and 1,500,000 were women. During the month of May, 1938, 1,191,126 applicants registered at the employment offices in search of work. This included claimants for unemployment benefits as well as uninsured and non-claimant workers. Job placements made by the United States Employment Service in May, 1938, numbered 238,654, an increase of 12.2 percent over April. Private employment accounted for 159,234 jobs, 90,609 going to men, and 68,625 to women. Placements on job construction and Government service were 72,620 and 6,800 security wage earners were assigned to relief projects.

The requirement that claims for unemployment compensation benefits must be registered in the United States Employment Service, is clearly reflected in the increased number of job seekers included in the active files of the service in the 25 States in which unemployment compensation payments are already in effect. The inauguration

of these benefit payments in 22 States beginning in January (Wisconsin's unemployment compensation payments began in 1936, and 2 other States have begun payments since January, 1938) together with the release of workers as a result of the recession brought large numbers of job seekers to the employment office. This naturally affected the placement functions of the service. Now that the peak for filing original requirements has been passed, the release of the United States Employment Service facilities from registering activities to placement work is indicated by the fact that the increase in the rate of placements from February to March of this year is greater than has been reported in any March.

It is interesting to note that in the 23 States paying Unemployment Compensation Benefits in January, 1938, the active files of applicants for employment were 40.9 percent higher than for the same month in 1937, whereas in the States where unemployment compensation payments were not made it was only 1.1 percent higher than for the same period last year.

In order to facilitate placement of workers on public works projects in areas not yet serviced by State employment offices the National Reemployment Service was established as an agency of the United States Employment Service. Continuing public works projects and the responsibility for placements in various phases of the recovery program has made it necessary to continue this service. The activities of the State employment services and the National Reemployment Service have been so coordinated that no instances of over-lapping of functions are in evidence.

#### DEPARTMENT OF LABOR - WAGE AND HOUR DIVISION

Fair Labor Standards Act of 1938,  
Approved June 25, 1938

The following is a brief and unofficial digest of the major provisions of this act:

The policy of the act is declared to be, through the exercise by Congress of its power to regulate commerce among the several States, to improve and, as rapidly as possible, to eliminate labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers, without substantially curtailing employment or earning power.

The act specifies minimum wages that shall be paid to employees engaged in interstate commerce or in production of goods for interstate commerce. During the first year from the effective date of this section, (120 days from the enactment of act), wage rates "shall be not less than twenty-five cents an hour; during the next six years not less than thirty cents an hour; thereafter wage rates shall not be less than forty cents an hour, or when prescribed by the Administrator of this act under provisions of the law, not less than thirty cents an hour." However, under certain conditions the Administrator may prescribe up to a maximum of 40 cents an hour any time after the effective date of the act.

The act specifies maximum hours that employers shall employ workers engaged in interstate commerce or the production of goods for interstate commerce. During the first year from the effective date of the section on maximum hours, a work week shall be not longer than 44 hours for any employee; during the second year a work week shall be not longer than 42 hours for any employee; after the expiration of the second year a work week shall be not longer than 40 hours for any employee; unless, in each of these cases, any worker employed for a work week longer than the prescribed maximum receives compensation, for employment in excess of such hours, at a rate not less than one and one-half times the regular rate at which he is employed.

However, additional provisions permit under certain conditions longer work weeks at regular rates of pay. These conditions refer to bona fide collective bargaining agreements providing for not more than 1,000 hours for each employee over a period of 26 weeks; or where workers are employed on an annual basis, and collective bargaining agreements provide for not more than 2,000 hours for each employee over a period of 52 weeks. Also in an industry found to be of a seasonal nature, where an employee is employed for period or periods of not more than fourteen work weeks, employers are not limited by the provisions of the act respecting maximum hours.

In the case of first processors of certain agricultural products, and processors of certain other specified agricultural products, the provisions of the act limiting maximum hours for workers do not apply to employees in any place of employment where an employer is so engaged. In the case of an employer engaged in the first processing, canning, or packing of perishable or seasonal fresh fruits and vegetables, or in the first processing, within the area of production (as defined by the Administrator), of any agricultural or horticultural commodity during seasonal operations, or in handling, slaughtering or dressing poultry or livestock, the provisions of the act limiting the maximum hours workers may be employed in any work week shall not apply during a period or periods of not more than fourteen work weeks in the aggregate in any calendar year.

The Administrator is directed to appoint an industry committee for each industry coming within the provisions of the act, and refer to it the question of the minimum wage rate or rates to be fixed for such industry. The committee shall recommend to the Administrator the highest minimum wage rates for the industry, not in excess of forty cents an hour, which it determines, having due regard to economic and competitive conditions, will not substantially curtail employment in the industry. It shall also recommend reasonable classification of workers within such industry, but no classification shall be made on the basis of age or sex. Should the Administrator disapprove such recommendations, he shall again refer the matter to such committee, or to another industry committee which he may appoint for such purpose, for further consideration and recommendations.

With respect to child labor, no producer, manufacturer, or dealer shall ship or deliver for shipment in interstate commerce any goods produced in an establishment situated in the United States in or about which within thirty days prior to the removal of such goods therefrom any oppressive child labor (as defined in the act), has been employed. This provision becomes effective after the expiration of 120 days from the date of enactment of the act.

The provisions respecting minimum wages and maximum hours do not apply to certain specified types of employees, some of which are:

- (1) Executive, administrative, professional or those employed in local retailing, or as outside salesmen (as such terms are defined by Administrator);
- (2) Those employed in any retail or service establishment primarily engaged in intrastate commerce;
- (3) Seamen;
- (4) Fishermen and others employed in the fishing industry, (including processing, marketing, propagating, etc.);
- (5) Agricultural labor;
- (6) Employees of any weekly or semi-weekly publication with a circulation of less than 3,000, the major part of whose circulation is within the county;
- (7) Employees of local transit, interurban trolley, and motor bus carriers;
- (8) Workers, employed within the area of production, engaged in handling, storing, processing, etc., of agricultural, horticultural and dairy products.

The provisions respecting maximum hours do not apply to certain workers over whom the Interstate Commerce Commission has regulatory authority. The provisions respecting child labor do not apply to agricultural employees (while not legally required to attend school); nor do they apply to child actors.

## NATIONAL UNEMPLOYMENT CENSUS

The special Census of Unemployment was undertaken November 16 to 20, 1937, in conformance with Public No. 409, 75th Congress to determine the amount of unemployment and partial employment in the United States at that time, and other related information. The purpose of the Census was, to quote from the act, "to aid in the formulation of a program for reemployment, social security, and unemployment relief."

As a result of the Census, certain conclusions have been arrived at regarding the status of those persons unemployed at the present time. With respect to the particular needs of unskilled and semi-skilled workers, the results of the Census indicate that the hardships of unemployment fall more heavily upon the unskilled, untrained workman, than upon the skilled, trained workman. This problem is shown to be increasing by the growth since 1930 in the proportion of unskilled workers among the unemployed. Approximately 42 percent of the unemployed, as shown by the present census, were classified as unskilled, compared with only 27 percent so classified in the 1930 general census.

Out of a grand total of 5,816,975 unemployed male registrants, 2,177,150 were classified as unskilled. The subdivisional groups of these were made up as follows: Farm laborers, 677,909; servant classes, 177,008; and others, such as factory, construction and general laborers, 1,322,233. In addition to the 2,177,150 unskilled laborers, a total of 1,158,309 male unemployed were classified as semi-skilled.

The general classifications of male unemployed, as shown by the recent census were as follows:

|   |                   |
|---|-------------------|
| Unskilled   | 2,177,150         |
| Semi-skilled  | 1,158,309         |
| Skilled workers<br>and foremen                                  | 972,878           |
| Clerks and kindred<br>workers                                   | 491,397           |
| Farmers   | 165,712           |
| Proprietors, managers,<br>and officials (other<br>than farmers) | 90,708            |
| Professional persons  | 130,633           |
| New workers   | 511,855           |
| Unclassified  | 118,333           |
|   | <hr/>             |
|   | 5,816,975 (males) |

The foregoing figures covering unemployed males include workers on emergency projects, and all males unemployed from 15 to 74 years of

age and able to work who registered in the census.

A similar story of unemployment among the relatively unskilled is shown in the tabulations concerning women registrants. Of the 2,028,041 women who registered as totally unemployed including emergency workers, 421,191 indicated that they were "new workers." That is, that they were first job seekers, or persons who had not had recent work experience but who now wanted work. These could not be classified as to occupation. Of the classifiable balance, 35.1 percent were semi-skilled; 29.3 percent were clerks and kindred workers, and 23.9 percent were in the servant classes.

This evidence of a very high ratio of unemployment among the unskilled emphasizes a real national problem. It indicated particularly since developments in industry apparently call for workmen of higher skills, the need to give more attention to proper vocational training so that the nation may be able to utilize more easily these unemployed workmen.

Of the 7,845,016 persons who registered as totally unemployed or as emergency workers 5,816,975, or 74.1 percent, were men, and 2,028,041, or 25.9 percent were women.

The proportion of "other workers," of skilled workers, and of professional persons was higher among the male emergency workers than among the totally unemployed, but the proportion of male semi-skilled workers was higher among the totally unemployed.

Among women who registered as totally unemployed or as emergency workers, those with occupations classified as semi-skilled form the largest single occupational group-543,089 persons. Clerical and related occupations were given by 453,222 women, and 369,253 gave occupations classified as "servant classes." These 3 major groups included 88.3 percent of the unemployed female registrants, as compared with only 74.3 percent of all female workers in 1930.

Among women who registered as emergency workers a larger proportion were reported as professional persons and a much smaller proportion were reported in the servant classes than among those who registered as totally unemployed. Of the emergency-worker women, 38.4 percent were classified as semi-skilled, 32.0 percent as clerks and kindred workers, 13.4 percent as servant classes, and 12.0 percent as professional. Among the women who registered as totally unemployed 34.5 percent were semi-skilled workers, 28.8 percent clerks and kindred workers, 26.0 percent servant classes and 5.0 percent professional.

ooooOooo

## **OTHER FEDERAL ACTIVITIES**

### **Selected Data on Government Agencies Concerned with Electric Utilities**

#### **FEDERAL TRADE COMMISSION**

An electric power inquiry was made pursuant to Senate Resolution 329, Sixty-Eighth Congress, second session, February 9, 1925. Two reports on the control of the electric-power industry were made pursuant to this resolution. The first dealt with the organization, control, and ownership of commercial electric-power companies, and showed, incidentally, the extreme degree to which pyramiding had been carried in superimposing a series of holding companies over the underlying operating companies. The second report related to the supply of electrical equipment and competitive conditions existing in the industry.

A utility corporation inquiry was made pursuant to Senate Resolution 83, Seventieth Congress, first session, adopted February 15, 1928; Senate Joint Resolution 115, Seventy-Third Congress, second session, adopted June 1, 1934; and to Section 6 of the Federal Trade Commission Act. The first resolution directed the Commission to investigate electric and gas utility holding companies; operating companies, and construction and other affiliated companies; their financial structures, growth of their capital assets and liabilities, methods, and costs of issuing and marketing the various types of stocks and other securities; capitalization in engineering and management and other types of supervisory and controlling contracts; methods of creation of capital surplus and the payment of dividends therefrom, etc. The resolution also directed the Commission to ascertain the fact with respect to propaganda hostile to public ownership of utilities and to suggest legislation to correct abuses found to exist in the organization or operation of holding companies. The second resolution directed the Commission to conclude the investigation and submit its final report by the first Monday in January 1936. The investigation was completed in 94 volumes.

(Section 6 of the Trade Commission Act, approved September 26, 1914 permits the Commission to gather information concerning corporations and to investigate their organization and operations and may, at the request of the President, the Congress, the Attorney General, or upon its own initiative, conduct general investigations of alleged violations of the anti-trust laws. It may also make reports in aid of legislation.)

Since the date of the above investigations, Congress, through provisions of the Public Utility Act of 1935, increased the powers of the Federal Power Commission, and of the then recently created Securities and Exchange Commission. The act permits the Federal Power Commission to exercise control over electric utilities engaged in interstate commerce and permits the Securities and Exchange Commission to exercise control over electric utility holding companies.

#### FEDERAL POWER COMMISSION

The duties of the Federal Power Commission were enlarged under Title II of the Public Utility Act of 1935, approved August 28, 1935, to include jurisdiction, not only over water power projects on navigable streams or affecting the interests of interstate commerce, or upon public lands as previously provided, but also over the interstate movement of electric energy. The Public Utility Act of 1935 indicates the intent upon the part of Congress to return the electrical industry to local control and management. Largely centralized through holding company control, the industry in many respects has been removed from adequate State regulation. The policy of Congress is to extend Federal regulations to those matters which cannot be regulated by the States, and also to exert Federal authority to strengthen and assist the States in the exercise of their regulatory powers. The Federal Power Act, (short title for Title II of Utility Act of 1935), in addition to amending the Federal Water Power Act of 1920, in order to clarify certain features, confers upon the Federal Power Commission numerous additional functions, some of the more important of which are as follows:

Jurisdiction over the interstate transmission of electric energy, its rates, and the issuance of securities;

To prescribe a system of accounts for public utilities subject to its jurisdiction;

To determine the fair cost of utility properties, and the rate base for energy as determined therefrom;

To prescribe a system of accounts for all Federal agencies engaged in the transmission and sale of electric energy for ultimate distribution to the public (including the Tennessee Valley Authority);

To divide the country into regional power districts for the purpose of assuring an abundant supply of electrical energy at the most economical cost throughout the United States;

To continue to carry on work similar to that of the National Power Survey (see below) in collecting information regarding power resources and requirements; rates and output, and related data. (The Commission has published "1937 Rate Series B" showing by States, the "Typical Net Monthly Bills for Electric Service in Effect January 1, 1937," and earlier reports.

#### ELECTRIC RATE SURVEY

By direction of the same Congress, the Federal Power Commission also conducted the first nation-wide Electric Rate Survey ever made in this country. Published reports are available.

#### NATIONAL POWER POLICY COMMITTEE

Organized by Executive authority and Senate Resolution in August, 1933, this Committee, composed of officials from various Federal governmental units, directed a nation-wide survey of power resources, present and future markets for electricity, and how they can be most economically supplied. Published reports are available.

SECURITIES AND EXCHANGE COMMISSION

The Commission administers the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Public Utility Holding Act of 1935. The last of these three is designed to eliminate abuses and to provide a greater degree of protection for investors and consumers in the field of public utility holding company finance and operation. The Commission is directed to accomplish this end by requiring a full and fair disclosure of the corporate structure of holding company systems. One of the Commission's duties is the elimination of uneconomic holding company structures. This act applies only to electric and gas systems.

TENNESSEE VALLEY AUTHORITY

One of the purposes of the Tennessee Valley Authority is to utilize the power created by the dams for the purpose of determining the relative costs of public and private power operation, and distribution of this power to the greatest number of people.

The Authority is responsible for acquiring a market for its surplus power. It is authorized to compete with existing utilities and for this purpose is expressly empowered to erect duplicate facilities. But no competing facilities have been constructed, and none will be constructed until every reasonable alternative has been exhausted. The Authority, in public and private, has urged this same principle of reasonable cooperation with private utilities upon municipalities in its area.

The Authority is authorized to issue bonds not to exceed in the aggregate \$50,000,000 outstanding at any one time in order to obtain funds to "advise and cooperate with, and assist, by extending credit for a period of not exceeding five years to States, counties, municipalities, and non-profit organizations situated within transmission distance from any dam where such power is generated by the Tennessee Valley Authority, to aid them in acquiring, improving, and operating existing distribution facilities and incidental works, including generating plants; and interconnecting transmission lines; or in acquiring any interest in such facilities, incidental works, and lines." No bonds have been issued for these purposes to date.

The Tennessee Valley Authority Act was approved May 18, 1933. Under this mandate definite progress has been made in the development and control of the Tennessee River system in the joint interests of navigation and flood control, plus utilization of surplus power, as a basis for the general stimulation of a region embracing parts of seven States and having an area approximating that of England and a population nearly as large as that of Norway. The TVA is a permanent and independent Federal establishment.

More than two-thirds of the job of harnessing the Tennessee River, backbone of the Tennessee Valley development, is well under way in this, the fifth year (1938) of TVA activities. Meanwhile, revenue from sale of incidental power is producing a mounting return on Federal investment in the unified navigation and flood-control phases of this development.

Besides operating Wilson Dam at Muscle Shoals, the Authority has built and tied in two dams, Norris and Wheeler; is completing another, the Pickwick Landing Dam; is well under way on three more, Gunterville, Chickamauga, and Hiwassee; and is about to start its seventh dam, Gilbertsville.

These dams will extend a 9-foot navigation channel from the Ohio River an inland distance of nearly 500 miles, or only 150 miles short of the ultimate Knoxville navigation head ordered by Congress. Construction work to date has materially reduced flood discharge into the Ohio River. Complete unification will cut about two feet from the flood crest on the lower Mississippi River.

Material dividends on this multi-purpose project are paid through sale of power that otherwise would go to waste. TVA electricity is now sold wholesale to 19 municipalities and 16 rural power cooperatives in Alabama, Georgia, Mississippi, and Tennessee. These public bodies sell at retail this power to 35,000 farm and town homes at rates fixed by the Authority, which are less than half the national average. TVA expects power revenues of \$3,700,000 for the present fiscal year. This is twice the income for 1937. Since the inception of TVA, power rates throughout the nation have decreased some \$50,000,000 a year. This is more than the TVA costs in the same period. In spite of its intensive construction program, TVA has spent less than \$200,000,000 to date. The number of TVA employees fluctuates between 11,000 and 17,000. Most of this is labor employment, spread among localities in which construction work is going on.

The dams constitute artificial flood control which must be supplemented by replacement of soil through natural means, such as trees and cover crops, to prevent up-stream erosion with resulting

silting-up of the dams. In demonstrating planned forest management, the Authority has set out some 50,000,000 trees and, with the cooperation of the CCC, is actively combating soil erosion with "matting" and check-dams. That the Valley farmer in turn has become erosion-conscious is attested by the organization of many local terracing clubs.

Recreation and wild life conservation are provided for in parks in the reservoir control areas which TVA has established in conjunction with the National Park Service. The self-paying Norris and Big Ridge reservations are outstanding examples. Reservoirs have been stocked with fish in collaboration with the Bureau of Fisheries. A waterfowl refuge has been created in the Wheeler Dam area. To date nearly 3,000,000 persons have visited scenes of TVA activities.

In putting the long-idle Muscle Shoals project to work, the Authority has produced more than 100,000 tons of a high concentrate phosphatic fertilizer material which has been distributed to 38 States and Puerto Rico for demonstration use in stimulating cover (not food) crops under supervision of Federal, State and local agricultural agencies.

At the same time, Nitrate Plant No. 2 is maintained in stand-by condition for national defense purposes. At this plant incidental experiments are being conducted with military phosphates. Here research also involves manganese and other mineral deposits of the Valley which, besides being potentially useful to industry, fit into the national defense program, in which a linking up of power facilities is an important item.

To obtain a balance between agriculture and industry, TVA is initiating industries peculiar to the region. At Norris, for example, it is demonstrating that cheap power plus native kaolin can produce chinaware heretofore imported. Private initiative has become interested in the general development of minerals and other natural Valley deposits. Communities have established cooperation canneries and refrigeration facilities to conserve foodstuffs, and the University of Tennessee is sponsoring a refrigerator barge large enough for river transportation.

Besides serving as an example in modern housing, the all-electric town of Norris measures the cost of electricity as generously put to household use under favorable rates. Norris town itself earned a \$12,000 surplus last year and is expected to nearly double that figure this year.

The TVA power program with respect to Wilson Dam (Ashwander case) was upheld by the United States Supreme Court February 17, 1936, and the program as a whole was unanimously affirmed by a special three-judge Federal court at Chattanooga January 21, 1938.

#### ELECTRIC HOME AND FARM AUTHORITY

The Electric Home and Farm Authority, created by Executive order on January 17, 1934, has been continued by act of Congress until June 30, 1939. EHFA accomplishes its purpose of aiding in the distribution, sale, and installation of electrical appliances through the credit facilities it makes available to finance their purchase by consumers. The Authority does not loan to individuals, and its efforts are not restricted to rural areas.

The Authority enters into contracts with retail appliance dealers whereby it purchases time-payment notes executed by consumers. The Authority then contracts with the operating utilities to collect the installment payments on these notes.

The following types of electrical appliances are available for EHFA credit financing, when produced by manufacturers whose products conform to certain standards set by the EHFA; attic ventilating fans, cream separators, domestic clothes ironers, domestic clothes washers, dishwashers, feed grinders, milking machines, milk coolers, motors (for home and farm), pumps, space heaters, radios, ranges, refrigerators, vacuum cleaners, waste disposal units, and water heaters. With certain exceptions, the purchaser is allowed up to thirty-six months to pay for one appliance or forty-eight months to pay for two or more appliances purchased at the same time.

On April 14, 1938, the EHFA announced that it is prepared to assist utilities and dealers in electrical appliances by purchasing installment contracts covering the wiring or re-wiring of homes and farms. The Authority will also purchase, under certain conditions, installment paper now in the hands of utilities, covering the sale of electrical appliances where the purchase will maintain or increase employment through new construction operations.

The Authority has been assured of cooperation in the wiring financing program by the National Adequate Wiring Bureau, which represents the National Electric Manufacturers Association, the National Electric Contractors Association, the National Electric Wholesalers

Association, the International Association of Electric Leagues, and the Edison Electric Institute.

As of March 31, 1938, the Authority had purchased 59,681 contracts in the amount of \$9,356,000. As of the same date 48,858 contracts were outstanding in the amount of \$5,408,618.

### **RURAL ELECTRIFICATION ADMINISTRATION**

The Rural Electrification Administration was created by Executive order May 11, 1935 under provisions incorporated in the Emergency Relief Appropriation Act of 1935. This agency was given permanent status by Congress through the Rural Electrification Act of 1936.

Under the terms of this act, REA lends money to finance the entire cost of rural electrification service. REA makes no grants. Long term loans for high-line electric service facilities are made chiefly to farmers' cooperatives, but also to public power districts, public utilities and other agencies. In addition to loans for power lines, REA lends money to established projects for re-lending to finance the wiring of farmsteads and the installation of plumbing systems. These loans are on a maximum five-year basis, and they are made to organized groups for re-lending to individuals.

The rate of interest charged on loans for rural electrification service is the same as that paid by the Government on its own long-term obligations, slightly less than three percent.

The REA lines bring energy to the farms from the nearest source, usually a private utility or municipal generating plant, or transmission line. In those instances where a satisfactory source of power cannot be found, and where conditions make it feasible, REA will finance the building of a generating plant.

REA allotments to June 27, 1938 totaled \$89,564,945. Of this amount about \$83,356,020 will be used for line construction, \$2,882,000 for building generating plants, and \$1,455,579 for financing wiring and plumbing installations. The remainder of \$1,871,346 represents operations loans and working-capital loans for initial operation of the REA-financed service facilities. Loan contracts have been executed for more than \$86,000,000 of the allotted funds.

Under Title IV of Public Resolution No. 122, 75th Congress, signed by the President on June 21, 1938 and known as the "Rural Electrification Act of 1938," \$100,000,000 is appropriated for the fiscal year ending June 30, 1939, to assist in achieving the REA program. This is in addition to the regular appropriation of \$40,000,000 received by this agency for the fiscal year 1939.

This act also provides an additional amount of \$700,000 for salaries and expenses of the REA for the fiscal years 1938 and 1939.

#### UNITED STATES TREASURY

#### The Fiscal Year 1938

The net results of the financial operations of the Government for the fiscal year 1938 are now available on the basis of the figures appearing in the Daily Treasury Statement for June 30, 1938. Financial operations of the Government for the fiscal year 1938 reflected an increase in revenues and a decrease in expenditures as compared with the preceding year. Total receipts amounted to \$6,242,000,000 as compared with \$5,294,000,000 in 1937; and total expenditures, exclusive of debt retirements, were \$7,701,000,000 as compared with \$8,001,000,000 in 1937. The net deficit (excluding debt retirements) for the fiscal year 1938 was \$1,459,000,000 as compared with net deficits of \$2,707,000,000 for 1937 and \$4,361,000,000 for 1936.

Total general receipts for the fiscal year 1938 exceeded those for 1937 by \$948,000,000. More than half of this increase was accounted for by income taxes, which produced \$477,000,000 more in 1938 than in 1937. Taxes collected under the Social Security Act increased \$352,000,000, while taxes upon carriers and their employees, reflecting taxes collected for the first time under the newly enacted Railroad Retirement Act of 1937, amounted to \$150,000,000. Other internal revenue taxes increased \$97,000,000. Customs duties, on the other hand, decreased \$127,000,000, reflecting the substantial contraction in imports during the last 6 months of the fiscal year, as compared with corresponding imports during the last 6 months of the fiscal year 1937, when imports were running at an unusually high level.

The total receipts for the fiscal year 1938, which amounted to \$6,242,000,000, nearly equalled the estimated receipts for this period

as contained in the President's Budget Message of January 3, 1938. Total receipts were estimated in the Budget Message at \$6,321,000,000, or approximately \$79,000,000 in excess of receipts actually realized. Income taxes produced \$58,000,000 less than estimated; miscellaneous internal revenue and taxes upon carriers and their employees produced exactly the amount estimated. Customs produced \$56,000,000 less than estimated; while taxes under the Social Security Act were about \$33,000,000 greater than estimated, and miscellaneous receipts \$2,000,000 greater than estimated.

The general operating expenditures of the Government amounted to \$4,661,000,000 for the fiscal year 1938 as compared with \$4,297,000,000 for the fiscal year 1937; an increase of \$364,000,000.

The principal increases in general operating expenditures were: Departmental, \$60,000,000; public works (public buildings, public highways, rivers and harbors and flood control, reclamation, Tennessee Valley Authority), \$154,000,000; expenditures under the Social Security Act, \$108,000,000; national defense, \$118,000,000; interest on the public debt, \$60,000,000, and refunds of taxes of \$44,000,000. The increase under public works was more than offset by decreased expenditures in similar items under "Recovery and Relief." The substantial increase on account of refunds of taxes occurred as the result of an appropriation of \$40,561,886 for return to certain States of portions of Federal employers' tax collected under Title IX of the Social Security Act for 1936. These items were offset by a decrease in the general expenditures under the Agricultural Adjustment program of \$165,000,000; a decrease of \$9,000,000 for Civilian Conservation Corps and other miscellaneous items, and a decrease under the Railroad Retirement Act of \$6,000,000.

Expenditures for recovery and relief were \$815,000,000 less in 1938 than in 1937. The principal decreases under this classification were: Direct relief, \$72,000,000; public highways, \$176,000,000; river and harbor work and flood control, \$61,000,000; Works Progress Administration, \$424,000,000; other public works items, \$173,000,000; aid to home owners, \$58,000,000. Increases in items classified as recovery and relief during 1938 over 1937 were: Reduction in interest rates on mortgages held by the Federal Farm Mortgage Corporation and Federal Land Banks, amounting to \$12,000,000; reclamation projects, \$16,000,000, and Rural Electrification Administration, \$28,000,000. In addition, there was an increase of \$94,285,404 reflecting a payment on June 30, 1938, to the Commodity Credit Corporation from the appropriation made to enable the Secretary of the Treasury to restore the amount of the capital impairment of

that Corporation. The amount of this payment was credited against the Commodity Credit Corporation item under "Revolving Funds."

Operations on account of revolving funds during 1938 involved net expenditures of \$169,000,000, whereas operations in these accounts during the fiscal year 1937 produced net receipts to the Treasury amounting to \$244,000,000.

Expenditures representing transfers to trust accounts amounted to \$607,000,000 for 1938 as compared with \$869,000,000 for 1937, a net decrease of \$262,000,000. Transactions for 1938 reflected increases of \$122,000,000 for the Old-Age Reserve Account; \$147,000,000 for the Railroad Retirement Account; \$26,000,000 for Government retirement funds; and a decrease of \$557,000,000 under the Adjusted Service Certificate Fund.

#### The Public Debt

The gross public debt on June 30, 1938, amounted to \$37,165,000,000 as compared with \$36,425,000,000 on June 30, 1937; an increase of \$740,000,000. This is a smaller increase in the gross debt than for any year since the period beginning July 1, 1931. The following table shows the manner in which the increase in the public debt is accounted for:

|   |                         |
|---|-------------------------|
| Gross public debt June 30, 1938 . . . . . | \$37,165,000,000        |
| Gross public debt June 30, 1937 . . . . . | <u>\$36,425,000,000</u> |
| Increase . . . . .                        | \$740,000,000           |

Increase is accounted for as follows:

|  |                      |
|--|----------------------|
| Net deficit, excluding sinking fund . . . . .  | \$ 1,459,000,000     |
| Excess of receipts in trust accounts,<br>excluding retirements of national<br>bank notes . . . . . | 382,000,000          |
| Reduction in general fund balance . . . . .  | <u>337,000,000</u>   |
|  | <u>\$740,000,000</u> |

It should be noted that although there was a net decrease of \$740,000,000 in the amount of the public debt during the year, the amount of outstanding market issues of public debt securities decreased \$378,000,000. This reduction was due to the fact that \$1,392,000,000 of gold held in the Inactive Account was transferred during the year to the working balance in the general fund. This enabled the Treasury not only to reduce its borrowings in the market but to reduce the public debt in the hands of the public through the retirement of Treasury bills.

## Contingent Liabilities

The contingent liabilities of the Government in the form of guarantees as to principal and interest on outstanding obligations of the Reconstruction Finance Corporation, Federal Farm Mortgage Corporation, Federal Housing Administration, Home Owners' Loan Corporation, and the Commodity Credit Corporation amounted to approximately \$4,925,000,000 on June 30, 1938 as compared with \$4,743,000,000 on June 30, 1937, a net increase of \$182,000,000.

## Loans and Investments

The Government's interest in the net assets represented by loans and other investments of governmental corporations and credit agencies amounted to \$4,014,000,000 as of May 31, 1938, a net increase of \$125,000,000, as compared with May 31, 1937.

## Financing Operations

During the fiscal year 1938 the Treasury refunded on a lower interest basis 4 maturing issues of Treasury notes, and also refunded an issue of Treasury notes maturing on September 15, 1938, aggregating in all \$2,763,811,500. Maturing notes, including those maturing September 15, 1938, amounting to \$2,673,808,600 on which the annual interest charge was \$77,522,521, equivalent to a rate of 2.899 percent, were exchanged for new Treasury notes and Treasury bonds amounting to \$2,673,808,600 on which the annual interest charge amounts to \$58,231,228, equivalent to a rate of 2.178 percent.

New issues of Treasury notes, Treasury bonds and United States Savings bonds to the public during the fiscal year 1938, amounted to \$3,624,381,550 as compared with \$4,309,205,688 during the fiscal year 1937. The computed rate of interest on such new issues of Treasury notes, Treasury bonds and United States Savings bonds was 2.265 percent as compared with a computed rate of 2.357 percent for similar issues during the fiscal year 1937.

The amount of Treasury bills outstanding decreased from \$2,303,000,000 on June 30, 1937 to \$1,154,000,000 on June 30, 1938, a decrease of \$1,149,000,000.

The computed rates of interest on the total interest-bearing debt increased from 2.582 percent on June 30, 1937 to 2.589 percent on June 30, 1938. Interest payments on the public debt increased from \$866,000,000 in 1937 to \$926,000,000 in 1938.

## GENERAL BUDGET SUMMARY

The following summary is included to serve as a further guide to an understanding of current Federal emergency activities. This summary is a part of the statement by the President on July 13, 1938, in summation of the 1939 budget.

|   | Revised estimate<br>Fiscal year 1939 | Actual<br>Fiscal year 1938 |
|---|--------------------------------------|----------------------------|
| 1. Receipts   |                                      |                            |
| Internal revenue  | \$4,523,150,000                      | \$5,674,318,437            |
| Customs   | 278,120,000                          | 359,187,250                |
| Miscellaneous   | <u>199,000,000</u>                   | <u>208,155,541</u>         |
|   | \$5,000,270,000                      | \$6,241,661,228            |
| 2. Expenditures:  |                                      |                            |
| Legislative, civil departments and agencies and the judiciary <u>1/</u> | 1,317,500,000                        | 1,100,604,828              |
| National defense <u>1/</u>  | 1,050,000,000                        | 974,157,233                |
| Veterans' Administration <u>1/</u>                                      | 543,610,000                          | 581,764,633                |
| Agricultural Adjustment Program   | 700,000,000                          | 361,659,309                |
| Civilian Conservation Corps   | 275,000,000                          | 326,382,548                |
| Social Security   | 338,230,000                          | 291,452,989                |
| Interest on public debt   | 976,000,000                          | 926,280,714                |
| Refunds   | 76,000,000                           | 99,742,577                 |
| Recovery and relief   | 2,149,350,000                        | 2,262,876,975              |
| Revolving funds (net)   | 391,961,000                          | 169,329,904                |
| Transfers to trust accounts etc.  | 567,506,000                          | 606,657,587                |
| Supplemental items  | <u>600,000,000</u>                   | <u>-</u>                   |
| Total expenditures (exclusive of debt retirement)                       | 8,985,157,600                        | 7,700,909,327              |
| 3. Net deficit  | <u>3,984,887,600</u>                 | <u>1,459,248,100</u>       |
| 4. Debt retirement  | <u>100,000,000</u>                   | <u>65,464,950</u>          |
| 5. Gross deficit  | \$4,084,997,600                      | \$1,524,713,050            |

1/ Includes General Public Works Program items.

ooo00ooo

GENERAL BUDGET SUMMARY

The following summary is included to serve as a further guide to an understanding of current Federal emergency activities. This summary is a part of the statement by the President on July 13, 1938, in connection of the 1939 budget.

| Actual<br>Fiscal year 1938 | Revised estimate<br>Fiscal year 1939 | Receipts   |
|----------------------------|--------------------------------------|--|
| \$5,674,318,437            | \$4,828,100,000                      | Internal revenue                                     |
| 359,137,280                | 378,130,000                          | Customs  |
| 308,166,741                | 192,000,000                          | Miscellaneous  |
| \$6,341,662,458            | \$5,398,230,000                      |  |
|                            |                                      | 2. Expenditures:                                     |
|                            |                                      | Legislative, civil depart-                           |
|                            |                                      | ments and agencies and the                           |
|                            |                                      | Judiciary  |
|                            |                                      | National defense                                     |
|                            |                                      | Veterans' Administration                             |
|                            |                                      | Agricultural Adjustment Program                      |
|                            |                                      | Civilian Conservation Corps                          |
|                            |                                      | Social Security                                      |
|                            |                                      | Interest on public debt                              |
|                            |                                      | Refunds  |
|                            |                                      | Recovery and relief                                  |
|                            |                                      | Resolving funds (net)                                |
|                            |                                      | Transfers to trust accounts etc.                     |
|                            |                                      | Supplemental items                                   |
|                            |                                      | Total expenditures (exclusive<br>of debt retirement) |
| \$7,700,909,337            | \$8,985,137,600                      |  |
|                            |                                      | 3. Net deficit                                       |
| 1,458,248,100              | 3,586,937,600                        |  |
|                            |                                      | 4. Debt retirement                                   |
| 63,484,950                 | 100,000,000                          |  |
| \$1,524,713,050            | \$3,684,937,600                      | 5. Gross deficit                                     |

Includes General Public Works Program items.

