In this issue:

Reports of the Columbia Valley Authority Committee

The Committee was authorized under the Section on Government Organization
Chairman: ROBERT ORMAND CASE

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These reports will be formally presented to the membership and discussion from the floor will be opened May 31. Debate on the reports will be continued June 7 and the membership will act upon them at that time.

NOTICE: Those who anticipate taking part in the debate on the C.V.A. reports are asked to organize their remarks in advance in order that everyone who wishes to speak may have an opportunity to do so.

ELECTED TO MEMBERSHIP


J. C. HINSHAW, Editor-Publisher, Milwaukee Review. Proposed by L. B. MacNab.

FRANK D. HUNT, JR., Manager, Easson’s Soap Company. Proposed by R. A. Welch.

DR. M. C. SHIFFER, Director, Maternal and Child Care, Oregon State Board of Health. Proposed by W. H. Aufrance.
STATEMENT OF BOARD OF GOVERNORS ON REPORT OF COMMITTEE ON COLUMBIA VALLEY AUTHORITY

In presenting to the members of the City Club the reports of the committee on the Columbia Valley Authority, the Board of Governors finds it necessary to take the unusual, if not unprecedented, step of making a covering statement. When the Board first considered the feasibility of a report on this subject it realized that the matter was highly controversial, and that many persons—frequently on slight information—had very positive ideas on it. Consequently a special committee was first set up to determine and report to the Board on the feasibility of conducting a research study in this field which would be in accordance with the City Club tradition for objectivity and thoroughness.

On the receipt of a favorable report from this special committee the Board authorized the establishment of a committee on this subject. The committee has collected a very large amount of information and has worked long and diligently in the effort to prepare a report for the membership. However, at an early stage dissention developed on the committee as to procedure and basic presumptions, and the committee divided into factions as to the desirability of the C.V.A. A proposed report was submitted to the Board which took the form of an exparte statement against a C.V.A. rather than an objective and judicial statement of the issues and of clearly established facts pertinent to the issues, with conclusions and recommendations to the members of the Club. After prolonged consideration of the matter the Board addressed to each member of the committee a letter which contained the following statement:

"After careful consideration of the majority report presented to the Board, of the proposals made by the chairman for the revision of that report, and of the statement that a minority of the committee is prepared to present a minority report favoring the establishment of a Columbia Valley Authority, the Board has come to the following conclusions:

"A majority and a minority report prepared at the present time under the conditions proposed would not provide the membership with the type of assistance needed in arriving at informed opinions as to the desirability of a Columbia Valley Authority.

"The membership needs a statement of what the issues are, in the proposal for such an authority—a statement to which all the members of the committee agree—and which the membership can therefore accept as objective and complete.

"The membership needs a statement of facts pertinent to the issues, on which all members of the committee agree, and which the membership can therefore accept as accurate and reliable.

"The membership needs to know the conclusions reached by members of the committee on the desirability of an authority such as that proposed in the Mitchell Bill, or if the information is not now available on which a fully informed opinion can be based, the membership should have the benefit of the committee's suggestions as to the pertinent questions to which it has not been possible to obtain clear answers."

The Board then asked the members of the committee whether, in their judgment, it was possible for the committee to prepare a report of the type desired. On receiving assurances from the majority of the committee that this could be done, the Board approved the continuation of efforts to prepare an acceptable report. Later drafts submitted to the Board, however, did not measure up to the standards set in the letter of December 17, since they lacked both the objectivity and scope of information which the Board feels are indispensable for a satisfactory committee report. A special committee of the Board was appointed to work with the C.V.A. committee in the attempt to secure revisions in both the aORITY and minority reports which would bring them into closer conformity with such standards. Although revisions were made in both reports, it is the unanimous judgment of the Board of Governors that in the final form in which they are now presented the combined reports do not meet the specifications set forth in the letter quoted in part above. Furthermore, the Chairman of the Section on Governmental Organization has withheld his approval of the report. In view of the time and labor which the members of the committee devoted to their preparation, the Board of Governors reluctantly has received the reports, has ordered them printed, and presents them to the members of the Club for such action as may be judged appropriate.
REPORT BY THE MAJORITY OF THE COLUMBIA VALLEY, AUTHORITY COMMITTEE

To the Board of Governors of the City Club:

Your Columbia Valley Authority committee was asked to investigate and report on the following question:

"Is it advantageous for the Pacific Northwest to have a federal agency set up in the Columbia River Valley with power to regulate and operate all phases of power, flood control, reclamation, soil erosion, and other activities such as contemplated in the Mitchell Bill?"

Because of the importance of this subject, its public interest and the enormous and intricate ramifications of the theory of the Valley Authorities, or "the Authority idea," your committee has proceeded cautiously and painstakingly in its research.

THE BASIC ISSUES

The mere task of dividing the question into basic issues proved difficult and controversial. It would seem, on the face of it, that the principal issue would be whether or not existing federal and state agencies were capable of planning, constructing and administering the myriad projects necessary to the most advantageous development of the Columbia Basin.

Another element immediately entered, however. Proponents of the Authority Idea (as exemplified by the Mitchell Bill) assert that existing federal agencies—whose functions far outweigh those of state and local agencies in importance—today proceed independently, often duplicating, often overlapping and occasionally in direct conflict in their several programs in the Columbia Basin, and an over-all coordinating agency such as the proposed CVA is therefore necessary.

A third element is the conflict of ideology, or political philosophy, inherent in the debate. Many proponents of the CVA do not admit the existence of this conflict, but to a majority of its opponents the political philosophy inherent in the Authority Idea becomes the decisive battleground, regardless of the merits or necessity (as a purely administrative problem) of an over-all coordinating agency in the Columbia Basin.

A majority of your committee finally agreed that the following questions represent the basic issues:

1. Can major phases of Columbia Basin development (flood control, navigation, reclamation, etc.), best be performed by federal agencies?

An examination of this nation's governmental structure, and the history of its internal expansion from colonial times to the present, discloses and demonstrates the reasons why the conservation of certain natural resources (such as forests, minerals, wild-life, grazing lands and the like) and the development of the nation's great waterways (navigation, flood control, reclamation, etc.), can best be undertaken by agencies at the federal rather than state level.

Two practical reasons making federal control necessary in waterways development are the needs of national defense and the enormous funds necessary for the development of flood control, navigation and reclamation projects. The national security demands an integrated and unified plan relating to harbors and navigable rivers. Funds for flood control and navigation projects, which are regional in scope, and which yield no revenue, must obviously come from federal sources.

Well-established by precedent, and obviously in the general public interest, is the theory that expenditure of federal funds must be accompanied by federal checks and controls.

The Columbia River is the continent's third largest stream. Its basin (as designated in the proposed CVA) includes 279,000 square miles, or about one-tenth the land area of continental United States. Within that area is half the nation's standing timber, more than one-third the nation's potential hydro-electrical resources, the nation's finest federally-owned forests and parks, and a substantial proportion of the nation's irrigated lands. Five states sparsely populated, are primarily affected by Columbia Basin development. Federal funds invested by various federal agencies for all purposes in the area or earmarked for approved projects, already total more than a half billion dollars.

From the above facts it seems self-evident to your committee that major phases of Columbia Basin development can not only be performed to the best advantage by federal agencies but cannot conceivably be undertaken by any agency below the federal level.

2. Are existing federal agencies capable of planning, constructing and administering the various projects necessary to an integrated over-all development program?

In examining this question (to which Question 3 above is closely related) it was at once apparent that your committee could not undertake a detailed analysis of each federal agency now functioning in the Columbia Basin.

It could, however, ascertain within reasonable limits to what extent the past record of each major agency or bureau answered question 2, and this record should also indicate the basis for a reasonable conclusion with relation to question 3.

Expert witnesses on various phases of the subject appeared before the committee and were questioned at length. These spokesmen, and the areas touched upon in their testimony, included Dr. Paul Raver, Bonneville Administrator.
(Bonneville Administration, power costs, post-war problems, cooperation with existing agencies, personal theory of federal authority; Mr. J. C. Swearer, historian and reclamation engineer (theory of state-controlled authority); Judge Robert W. Sawyer, Vice-President, National Reclamation Association (reclamation and water rights problems under federal authority); Mr. Marvin Tompkins, Master, State Grange (the farmer's viewpoint on the CVA); Colonel Tudor, District Engineer, U.S. Army Engineers (the function of the Army Engineers under a federal authority; cooperation between Engineers and other federal agencies) and Mr. David B. Simpson, Portland Chamber of Commerce (The Commissioner's stand on the CVA; the business man's viewpoint in this area.)

Summarized briefly, the facts deemed pertinent to question 2 follow:

(A) The major federal bureaus now operating in the Columbia Basin, whose activities are directly related to the development of the river and of the natural resources of the basin are the Army Engineers, of the War Department; the Bureau of Reclamation, the Bonneville Administration, the Bureau of Mines, the Fish and Wildlife Service, the Park Service, the Grazing Service, and the Geological Survey; and several minor bureaus relating to public lands, all of the Department of the Interior; the United States Forest Service, the Forest and Range Experiment Station, the Soi Conservation Service, the Bureau of Animal Industry, the Bureau of Plant Industry, the Bureau of Agricultural Chemistry and Engineering, the Bureau of Agricultural Economics, the Bureau of Entomology and Plant Quarantine (with forest and field laboratories) and several important bureau connected with the agricultural economy of the region (such as the Food Distribution Administration, the Cooperative Extension Service, Farm Credit Administration, Rural Electrification Administration, etc.), all of the Department of Agriculture.

The activities of numerous other federal bureaus, less directly connected with the development of the Columbia Basin, include the Public Roads Administration, the Indian Service and various "alphabetical" bureaus such as the FHA, RFC, etc.

Most of the bureaus enumerated above carry out surveys relating to their special spheres of activity. With both the Army Engineers and Bureau of Reclamation reports and surveys are major functions. Other bureaus engaged in surveys pertaining to various resources of the basin include the Bonneville Administration, the Geological Survey, the U.S. Public Survey Office, the Revested Lands Administration and the U.S. Coast Guard (whose sphere includes the Columbia and its major tributaries).

(B) Notwithstanding the enormous and intricate web of federal activities which sprawl the Columbia Basin, it will be noted from the above that the activities of all important bureaus having to do with basin development programs, or are directly connected with waterways, are channeled through and directed by three departments in Washington: the War Department, the Interior Department and the Department of Agriculture.

These three departments, which have functioned through some of their bureaus for more than a century, have set up procedures for surveying and planning within their respective fields, and procedures for coordinating parallel and overlapping activities.

The procedure followed by the most important planning agency in waterways development—the Army Engineers—and the agencies in which existing coordinating machinery operates in conjunction with the Reclamation Bureau and other agencies, is described in the next two sections.

(C) The United States Army Engineers, through its district engineer (at the time of this survey; Colonel Tudor) has supervision over all river and harbor improvements, including dredging of channels, construction of jetties and other works, together with the maintenance and operation thereof.

The areas under the jurisdiction of the Portland office include the Columbia River and all its tributaries from its mouth to the junction of the Yakima River, the Snake River and all its tributaries, the Willamette River and all its tributaries, and all coastal rivers and harbors within the state of Oregon including all navigation channels, canals and local improvements.

The district engineer (Portland) also has supervision over the construction of all federal flood-control projects located within the geographic limits of the district, particularly in the Lower Columbia Basin area and the Willamette Basin area and adjacent areas of tributary streams, together with responsibility for surveys and studies in connection with flood-control damage and the improvements to be obtained on proposed flood-control structures and their relationship to proposed multi-purpose stream storage projects.

This district office constructed and now operates and maintains the Bonneville Dam, together with its power plant, navigation locks and other facilities. (Power is turned over, at the dam, to the Bonneville Power Administration for disposition at wholesale to public and private utilities.)

The Reclamation Bureau has jurisdiction over the construction of projects for the reclamation of arid lands in the Columbia watershed. Project offices are maintained while construction is in progress, and upon completion of the project, its operation and maintenance is turned over to water users' organizations.

The Reclamation Bureau constructed the Grand Coulee dam and is currently engaged in the construction of the Grand Coulee irrigation project, which will ultimately cover some 1,200,000 acres of semi-arid land.

(D) The Army Engineers and Reclamation Bureau, separately and in conjunction, proceed along well-established lines in the over-all development program in the Columbia Basin.

The course of an individual project illustrates the general procedure.

The request for such a project comes from the people of the area through memorials to Congress or through the instance of Congressional representatives of the area.

If the project is predominantly a waterways development, Congress orders the Army Engineers to investigate its merits and submit a plan. In the preparation of this plan, public hearings are held and advice sought from other interested federal agencies. The completed plan is then reviewed by the War Department (solely with reference to its harmony with over-all plans for national security). After re-submission to the
Governors of the states involved, the plan is then submitted to Congress for approval and appropriation. Having been approved and the appropriation made available, the construction is then carried out by the Army Engineers.

In those projects where the emphasis is pre-eminently on reclamation, the same procedure is followed by the Reclamation Bureau.

The Army Engineers, empowered and directed by Act of Congress, are currently engaged in the preparation of a comprehensive over-all plan for the development of the Columbia Basin. An enormous field of research is being explored, public hearings held and available data assimilated from all parallel and affected federal agencies. Under the provisions of the Act, this plan will be ready for Congressional review in 1948.

During the past several years there has been developed in Washington a procedure for ironing out inter-agency differences before any completed plan involving water use is submitted for the approval of Congress. A committee known as the Federal Inter-Agency Committee has been formed, comprised of a representative of the Army Engineers, the Department of the Interior (Bureau of Reclamation and other agencies), the Federal Power Commission and the Land Use Coordinator of the Department of Agriculture.

This committee has functioned successfully during the past several years, according to Colonel Tudor, and is available for review of the comprehensive over-all Columbia Basin plan now being prepared by the Engineers.

Conclusions Relating to Question 2

The three federal Departments whose major bureaus have always dominated the development of the waterways and resources of the Columbia Basin—the Departments of War, Interior and Agriculture—have functioned admirably in the past with respect to their individual spheres of operation and within the limits of their appropriations and delegated powers.

There is evidence of past friction between the two most important bureaus connected with over-all Basin development—the Army Engineers and Bureau of Reclamation—arising from rivalry, overlapping ‘spheres of influence’ and divergent views relating to water use.

There is evidence of insufficient correlation of over-all development plans calling for multiple-use projects.

There is evidence of friction between bureaus within the Department of the Interior, with a tendency of one bureau to enhance its prestige and enlarge its powers at the expense of the other.

With minor exceptions, it is apparent that there is a general unanimity of viewpoint and aims between the various federal and state bureaus engaged in similar development activities, such as federal and state forestry, roads, soil erosion, water use (irrigation) and agricultural development programs.

It is our committee’s general conclusions that existing federal agencies are capable of constructing and administering any project necessary to the most advantageous Columbia Basin development program, but there appears to be a need for a basic over-all plan into which the aims and programs of all affected bureaus should be channeled and integrated.

(3) If existing agencies are deemed inadequate (to plan, construct and administer, etc.), should an over-all program be undertaken by a federal super-bureau such as contemplated in the Mitchell Bill?

Since existing agencies are deemed inadequate only as to over-all planning, but not in ability to construct and administer an acceptable over-all Basin development program, the above question divides itself naturally into the following alternatives:

I. Should an over-all planning agency be created at the state level, with representation from all Basin states and the program controlled by the state representatives, or

II. Should there be created a federal super-bureau such as contemplated in the Mitchell Bill, or

III. Should existing bureaus and their coordinating machinery remain in control until the Army Engineers have completed their current authorized over-all Columbia Basin plan and the public has had the opportunity to judge its merits?

Your committee’s findings on the above three alternatives follow.

FIRST ALTERNATIVE

Your committee could find no example of regional agencies, controlled solely by the states involved, in which were invested sole authority for the expenditure of federal funds. Various regional waterways groups make recommendations as to plan, but their capacity is advisory only. In all authority measures now before Congress (including the Mitchell Bill) there are proposed Advisory Councils comprised of citizens of the areas affected, but the status is advisory only, and in any plan or project involving the expenditure of federal funds, the final authority invariably comes from Washington.

One of the witnesses before your committee, Dr. Rover, director of the Bonneville Power Administration, stated that, in his personal opinion, a federal coordinating agency could be set up in which the recommendations of an advisory council comprised of local representatives would be mandatory on the agency’s administrators.

In other words, under the Rover theory (a radical departure from any authority measure now before Congress) actual control of the federal coordinating agency would rest in the areas themselves, since the plan approved by the local advisory council would go directly to Congress with no interference or revision en route.

After due consideration, however, your committee concluded that this theory, excellent in principle, would have little chance of Congressional approval, due to the well-established and undeviating precedent: that the planning and expenditure of federal funds, particularly at the multi-million dollar level necessary in the Columbia basin, must be accompanied by federal supervision and control.

Another interesting plan to set up a coordinating agency below the federal level was advanced by Mr. J. C. Stevens, President of the American Society of Civil Engineers, entitled “Proposed Substitute for Valley Authorities” (co-author: W. W. Horner). We might mention in passing that in effect, this plan proposes that Congress shall create various basin development councils, including a Columbia Basin Development Coun-
cil, in the general form of the Advisory Council contemplated by the Mitchell Bill but with added representation from various professional, banking and labor interests of the basin. The development plan adopted by the Columbia Basin Development Council would thereafter be recognized as the official basin plan, to be altered only by the approval of the council.

Your committee deemed this proposal to be similar in essence to the Raver suggestion and unworkable for the same practical reason: the disinclination of Congress to permit the planning and expenditure of federal funds under any guise without federal supervision and direction.

It is your committee’s general conclusion relative to the first alternative that the ideal coordinating agency (from the regional rather than national point of view) would be a regional authority comprised solely of citizens from the states affected, but that this academic ideal is practically impossible for the principal reason suggested above: the disinclination of Congress to delegate such authorities and unchecked federal expenditures to any state or group of states.

SECOND ALTERNATIVE

Your committee then considered the second alternative: Should there be created (for the purpose of correcting whatever faults exist in the current coordinating machinery) a federal super-bureau such as contemplated in the Mitchell Bill?

The examination of this alternative brings us to the principal question before your committee. It also brings us into the controversial arena represented by the whole subject of valley authorities.

The revised Mitchell Bill (S. 1716), formerly S. 460, is a bill, according to its preamble (Sec. 1, Page 1) designated “To establish a Columbia Valley Authority to provide for the integrated control and resource development on the Columbia River, its tributaries, and the surrounding region in the interest of the control and prevention of floods, the irrigation and reclamation of lands, the promotion of navigation, the providing of employment, the strengthening of the national defense, and for other purposes.”

To carry out the above purposes the Act, in brief, provides for:

1. The creation of a Columbia Valley Authority, a corporation, directed and controlled by three directors appointed by the President “by and with the consent of the Senate.” Directors are appointed for a normal term of nine years at a salary of $15,000 annually, plus an expense account and a per diem allowance in lieu of subsistence. Directors are required to maintain their residence in the Columbia Valley region. (Section 4, Pages 5 and 6.)

2. The complete authority of the three-man Board is established in the following sentence in Section 4, Page 5: “All matters of policy shall be determined by the Board acting as a board.” For consultation and advice (but with no authority other than advisory) the three-man board is required to establish procedures for regular consultation and exchange of views on matters of policy with one or more representatives of each of the states of Idaho, Montana, Oregon and Washington (designated by the respective Governors thereof), representatives of business, agricultural and labor interests of the region . . .” etc., (Section 5, Pages 7 and 8).

3. The Corporation (the three-man board) is given broad powers of which the following are the principal features:

A. The Act transfers to the Corporation “the exclusive use, possession and control of” the Bonneville and Grand Coulee dams, the Columbia Basin (Grand Coulee irrigation) project and all existing and contemplated federal waterways projects in the Columbia Basin, together with all expended balances of the appropriations made for these projects. (Section 9-1, 2.)

B. The Corporation is given broad powers of eminent domain (specifically including the condemnation powers conferred upon the Tennessee Valley Authority by Section 25 of the TVA Act of 1933) in carrying out any of the purposes of the Act. (Section 6.)

C. Subject to certain limitations, the Corporation may buy and sell real estate and have power “to acquire by purchase, lease, condemnation, exchange, transfer . . . or donation, state, real and personal property and any interest therein, including water rights . . . as in its judgment may be necessary or appropriate in carrying out the purposes of the Corporation under this Act . . .” (Section 6-e.)

D. The Corporation shall have power to “produce, transmit, sell and dispose of electric power and water” and “Shall have power to enter into such contracts and agreements and to exercise such power and do such things as may be necessary to become necessary and appropriate to carry out the powers now or hereafter conferred upon it by law.” (Section 6-h, i.)

E. Under its general definition of powers, the Act transfers to the Corporation powers now vested in the Secretary of the Interior, the Secretary of Agriculture and the Chief Forester with respect to forestry and grazing; powers now vested in the Secretary of the Interior, the Secretary of Agriculture and the Director of Fish and Wildlife Service, and powers now vested in the Secretary of the Interior or the Director of the National Park Service with respect to recreation and recreational facilities. (Sections 17 and 18.)

F. The Corporation “may” operate each project through existing agencies, such as the Bureau of Reclamation and Corps of Engineers (but is not required to do so) and all the powers of the Secretary of the Interior as provided for in the Columbia Basin Project Act shall be transferred to the Corporation. (Section 9-3.)

G. Other general powers, interpolated in various parts of the body of the Act, enable the Corporation to engage in various enterprises, such as the production and distribution of fertilizer and seeds and to conduct experiments connected with the agricultural economy of the region. (In its current form (S. 1716) the corporation is granted complete freedom to assume the activities and programs of all existing agencies. This enlargement of powers was explained by Senator Mitchell in a statement authorized December 28, 1945, to be printed in the
THE PROVISION (REQUIRING THE CVA TO OPERATE THROUGH STATE AGENCIES AS FAR AS PRACTICABLE) APPEARS TOO RESTRICTIVE AND BETTER RESULTS SHOULD BE OBTAINED IF THE CVA IS FREE TO DETERMINE WHETHER A PARTICULAR ACTIVITY SHOULD BE CONDUCTED BY ITSELF, THROUGH OTHER FEDERAL AGENCIES OR THROUGH STATES OR LOCAL INSTITUTIONS. SECTION 10-D OF S.1716 LEAVES IT EITHER WITH THE CVA TO CONDUCT ANY ACTIVITY DIRECTLY OR INDIRECTLY THROUGH ANY AGENCY, DEPENDING UPON WHICH WILL BEST ACHIEVE THE DESIRED RESULT.)

4. Section 2-D of the current Mitchell Bill (S.1716) provides that "no provision for works of irrigation in or under this Act" shall be construed as intending to affect or in any way interfere with the laws of any state relating to the control, appropriation, use of distribution of water for irrigation or other purposes. It is provided, however, that the corporation shall be the judge of "beneficial use" to which water under existing water rights are put and that nothing in this subsection "shall limit the authority of the corporation to acquire by purchase, lease, condemnation, exchange, transfer . . . or donation, real and personal property, or any interest therein."

(The above is the most important revision of the original Mitchell Bill, reputedly made to meet the objections of irrigation interests who feared that state water rights could and would be disregarded under the proposed CVA. As indicated later in this report, leading authorities in the field of state water rights assert that the provisions above fail in their reputed purposes and actually do not protect existing state water rights.)

5. The Corporation shall determine its own system of administrative accounts (Section 20-e), may issue revenue bonds to finance acquisitions with no limit on the total which may be issued (Section 21), and the RFC and the Treasury are authorized to buy these bonds "at their discretion."

6. The Corporation is instructed to prepare and present, not later than two years after the enactment of the bill, its plans and recommendations for the "unified development of the Columbia River Valley region in accordance with the purposes and policy of this Act" which will harmonize the requirements of flood control, navigation, reclamation, power and other needs, and which will promote soil conservation, afforestation and reforestation, mineral development, preservation of fishing and game resources and recreation and recreational facilities, in such a way as to secure the maximum public benefit for the region and the nation. (Section 8-a.)

7. Having completed its plans and recommendations, including the general nature of the projects and activities, and their cost (Section 8-5-c) the plans and recommendations are to be submitted to Congress where they await consideration for 120 days, and "if not affirmatively disapproved by the Congress by joint resolution within such period, each of the said plans and recommendations shall be deemed to be effective at the end of that period, and the provisions thereof shall be carried out applying their terms subject to the provisions of this Act." (Section 8-d.)

Originally, in its research, your committee proceeded on the theory that a comprehensive appraisal of the matter would call for a careful examination into the merits of the Tennessee Valley Authority, the only operating example of a new theory of regional government called the "Authority Idea" which underlies all valley authority measures now before Congress (including the proposed CVA in the Mitchell Bill).

An exhaustive study of the Tennessee Valley Authority (TVA) was therefore undertaken, as will be noted in the attached bibliography. This bibliography includes the bulk of the material printed to date (speeches, reports, Congressional hearings, "expert" analyses) on the subject of the TVA. The mass of material in this list, which was circulated throughout the committee and is now available in the club files, is far greater (according to the club's executive secretary) than any accumulated on any question previously considered by a research committee of this club.

When this study was completed, your committee found itself as far from agreement on the objective merits of the TVA as ever. This was because the committee members, in their individual thinking, ran headlong into the idea, or political philosophy, inherent in the Authority Idea which created TVA.

In the opinion of a majority of your committee, no purely objective analysis of the "success" of TVA (and of all imitators of the TVA, such as the proposed CVA in the Mitchell Bill) is possible since the term "success" can be defined only in terms of individual philosophy. In other words, since the authority idea itself is on trial, as a radical departure from previous processes of self-government, the "accomplishments" of TVA (themselves controversial) are of less significance than the means whereby the results have been achieved in the Tennessee Valley.

It was finally decided that a two-man minority of your committee would present its views on the TVA in a separate minority report. This was done and the report is attached hereto.

A majority of your committee is more concerned with the ideology represented by the TVA experiment, an admittedly radical departure from hitherto accepted democratic processes.

This section of your majority report is therefore limited to a few of the pertinent facts which indicate the nature of that ideology, and the conclusions drawn from them, as follows:

The TVA Act of 1933, twice submitted to Congress and twice rejected, was finally passed as one of the "must" measures by the overwhelmingly pro-administration Congress during the first term of office of the late President Roosevelt.

Management of the TVA—as in the proposed CVA—is vested in a board of three members responsible directly to the President and indirectly to Congress.

This three-man board is empowered to formulate and carry out plans for the development of the Tennessee Valley to the exclusion of existing federal and state agencies previously functioning in the area. The board may cooperate with existing agencies, but is not required to do so.

This makes the TVA, in effect, a super-state with regional rather than state boundaries. Within these boundaries, to an extent hitherto unknown
and foreign to the processes of representative self-government, the three-man board promulgates laws, dictates expenditures, and directly or indirectly dictates the economic and social life of the area. No citizen of the area has a voice in this super-government. The Board may listen—but the Board decides.

To date the TVA has cost $750,000,000. Its ultimate cost will reach the billion-dollar mark. To state it appears that these enormous expenditures are "self-liquidating," the TVA invented and put into effect the now familiar formula of charging a substantial part of the capital investment to a long list of "non-reimburseable" items headed by river navigation and flood control. A substantial part of the cost of producing power in TVA today—bolstering their paper claim to "cheap" power—is still charged to flood control, and will always be so charged on the TVA books.

Yet no bookkeeping device can alter the fact that a substantial proportion of TVA's cost has come and will continue to come from the pockets of the general public. None of the "benefits" conferred upon the people of the region are free. Federal taxes collected in Portland, Oregon, helped balance TVA's books, and will continue to do so as long as TVA exists.

In your committee's view, the danger inherent in the TVA form of super-government is most clearly suggested by the activities undertaken by the TVA's three man board under their enormous delegated powers. In addition to its major functions relating to navigation, flood control, and power production, the board sells power and energy and regulates electric rates of resale customers. It operates river terminals, libraries, tree nurseries, schools, grocery stores, service stations, farm lands and recreational facilities. It rents houses, builds roads, quarries limestone, experiments with socialized medicine and directs forestry, commercial, agricultural and health activities in the area.

To proponents of TVA these are logical and wholesome activities, beneficial in aim and satisfactory in result, in line with advanced concepts of "democracy on the march."

To opponents of TVA—including a majority of your committee—they represent America's first major experiment in socialistic and even communist practices, a monument to regimentation and an effort—through the use of TVA as the symbol and keystone of a movement to extend similar regional authorities throughout the nation—to undermine America's system of free enterprise and representative self-government.

That your committee is not alone in this feeling is indicated by the adverse report of the Senate Committee on Irrigation and Reclamation, at the conclusion of the hearings on S.555 (creating a Missouri Valley Authority modeled after TVA). In its 10 to 2 adverse report of October 18, 1945, the committee said, in part:

"The creation of an MVA would amount to the welding of economic and political power resulting in nothing short of autocracy. It would mean the substitution of arbitrary power for democratic processes. It would mean the creation of a super-state—neither Federal nor state, and not contemplated by our Constitution. It would subject the social, cultural and economic welfare of the Missouri Valley to the dictates of a control mechanism, three man board, not responsible to the people and largely irresponsible to the Congress itself... The creation of authorities along the lines proposed in S.555... is contrary to democratic traditions and would do violence to accepted norms for constitutional government.

Your committee's majority conclusions on the second alternative—"Should there be created a federal super bureau such as contemplated in the Mitchell Bill?" are as follows:

If the Mitchell Bill merely proposed the creation of machinery to coordinate the planning of existing agencies in the Columbia Basin, it would have certain admitted merits (though the means of retaining adequate control within the region would still represent an unsolved problem). But the Audubon idea, as exemplified by the TVA and the CVA proposed by the Mitchell Bill, goes infinitely farther than the creation of coordinating machinery. An examination of the provisions of the Mitchell Bill (modeled after the TVA) disclosed that the three man board of the CVA would not only have direct control of all waterways projects within the Basin, and direct control of the conservation and development of all its natural resources (including authority over its forests, pasture, grazing lands, soil erosion and reclamation programs and the like) but in addition (existing federal or state laws and regulations) but also includes direct or indirect control over the economy of the region.

These enormous powers are established in S.1716 through the following steps:

A. The purposes of the Act are set forth in very general terms, as indicated in the preamble: "A Bill to establish a Columbia Valley Authority to provide for integrated water control and resource development in the Columbia River, its tributaries, and the surrounding region in the interest of the promotion of the conservation and development of all its natural resources (including authority over its forests, pasture, grazing lands, soil erosion and reclamation programs and the like) but in addition to the existing federal or state laws and regulations) and the economy of the region of the national defense, and for other purposes."

B. The above generalizations (plus powers conferred by the underlined phrase above "and for other purposes") are thereafter referred to as the "purposes and policy of this Act."

C. Three three-man Corporation is thereafter given the exclusive power to carry out the above "purposes, answerable only to the President and indirectly (through the unique 120-day waiting period) to Congress. The exclusive power is expressly delegated in the sentence: "All matters of policy shall be determined by the Board acting as a board," and is constantly re-affirmed in the body of the Act by such phraseology as "as in its judgment may be necessary or appropriate in carrying out the purposes of this Act. Thus the three man board may listen to arguments advanced by representatives of the states affected by the CVA, but their own judgment is final.

D. Under its specifically delegated powers, the three-man board is authorized to assume control of all existing waterways projects in the Columbia Basin and of every phase of planning, construction and administration of future projects. All unexpended balances are turned over to the board. If there should arise a conflict between
reclamation and navigation interests as to the use of water, or between navigation and power interests, the judgment of the three-man board prevails. In effect, there can be no "conflict" since the board determines its own policy as to what is "necessary and appropriate."

E. Under the phrase "for other purposes" the three-man board is given authority over the production, distribution and establishment of rates of electric power which could to a large measure control the economy of the region. There could be no "conflict" between "public" and "private" power interests in the Columbia Basin, since the three-man board is not only empowered to produce, distribute and fix the re-sale rates of electric power, and to assist potential customers through loans and credits, but may acquire through condemnation the properties of any private utility in the area. Various other powers having to do with water rights, the distribution of irrigated lands, the manufacture and distribution of fertilizer and various experimental enterprises would tend to build and strengthen the board's control over the agriculture of the region.

F. The provision that the board's plans and recommendations shall lie before Congress for a period of 120 days, and if not acted upon within that time, shall automatically stand approved (including its appropriations) and "effective as of that date" is unique to the Mitchell Bill and (as far as this committee is aware) heretofore unknown to the processes of representative self-government.

To a majority of your committee the above provisions of the Mitchell Bill (S.1716), the intent of the Bill as a whole and of the underlying Authority Idea, represents a departure from recognized principles of self-government and an encroachment into the fields of free enterprise and states' rights.

The suggested cure, therefore, is deemed far more serious than the change already found in the existing development program in the Columbia Basin.

THIRD ALTERNATIVE

(To avoid repetition, the committee's conclusions relative to the third alternative: "Should existing bureaus and their coordinating machinery exist and be left in control until the Army Engineers have completed their current authorized Columbia Basin plan and the public has had an opportunity to judge its merits?"—are included in the summary which closes the report."

Since individual and states' rights are involved, is it possible to analyze the "advantages" and "disadvantages" of the proposed CVA without regard to the political philosophy and machinery inherent in the Authority idea as exemplified by the Mitchell Bill?

Since this issue itself is a matter of opinion, this section of the report merely summarizes facts developed in its extensive research which indicates a clear line of demarcation along political lines in the opinion that relating to the Authority Idea, the TVA and the CVA.

A. In general, on the national level, the bulk of the support for the Authority Idea (as exemplified by the TVA and the CVA) is found among adherents to that school of thought which the late President Roosevelt referred to as "the left of center," including the author of the TVA Act of 1933 (the late Senator Norris) and continuing down through various strata of political thought to the individuals directly and primarily affected by the machinery of the Authority Idea.

B. In general, on the national level, opponents of the Authority Idea as well known advocates of free enterprise, individual initiative and states' rights: the school of thought which has consistently opposed regimentation and centralized authority in all its forms.

C. Within the TVA area, among those directly affected by TVA's expenditures and public benefits, (3.8% of the nation's population and 2.7% of its area) sentiment appears to be overwhelmingly in favor of TVA. In adjoining states served by TVA, a recent poll indicated that 56% of those contacted favored an extension of the Authority Idea into the Missouri Valley, with 44% were either opposed or had formed no opinion.

D. Throughout the nation, almost without exception, organizations interested in the development of the nation's waterways, headed by the National Rivers and Harbors Congress and the National Reclamation Association, are opposed to the Authority Idea.

E. In the Northwest, opinion on the Authority Idea (as exemplified by the Mitchell Bill) follows the national trend. It is opposed by all reclamation and waterways associations in the five states affected, by the West Coast Lumbermen's Association, and by an overwhelming majority of the Chambers of Commerce and other organizations, representative of business and industry (including the Portland Chamber of Commerce),. It is opposed (insar as departmental policy permits) by individuals in those federal agencies which are in danger of elimination or absorption by the proposed CVA, and supported (within the same limits) by those federal agencies in the Department of the Interior (and notably in the Bonneville Administration) which stand to gain power and prestige through the creation of a CVA. It is opposed by state agencies affected by the proposed CVA and is supported by various labor and farmer groups, the most important of the latter being the State Grange organizations.

CONCLUSIONS RELATING TO QUESTION 4

To a majority of your committee it seems obvious from even a casual reading of the Mitchell Bill that its provisions go far beyond the original and major reason advanced for the creation of a CVA—the need of an over-all basin development plan—and invests in the three-man management of the CVA extraordinary powers which not only supersede states' rights in the region, and the functions of other federal agencies, but provides for controls, either direct or indirect, over many phases of the economy and social life of the region.

Since these are fields in which ideologies conflict, it is the opinion of a majority of your committee that any appraisal of the "advantages" and "disadvantages" of the proposed CVA cannot be completely objective, but must always be
colored to a greater or less degree by the individual's political philosophy.

Summary or Conclusions

(Though inherent in the Authority Idea, one subsidiary and highly inflamable area left unexplored in this report is the public versus private power controversy. Notwithstanding that the TVA, and the proposed CVA, not only provide for federal production of power, but its transmission and fixing of resale rates to its customers—in effect, the authority to eliminate all private utilities in the region—it was felt that the decision in this area, too, would emerge from individual political philosophy. The public versus private power controversy is a subject which may well merit a separate club research project.)

The summary of general conclusions with supporting argument, follows:

A. Existing agencies have demonstrated their capacity to construct and administer any individual project which could conceivably become a part of the most advantageous over-all development in the Columbia Basin.

The past record of the Reclamation Bureau, including the construction of the Grand Coulee Dam and current construction of the Grand Coulee (or Columbia Basin) irrigation project, is ample proof of the bureau's capacity to undertake and complete any conceivable magnitude in the field of reclamation. Grand Coulee dam is the world's largest solid masonry.

The record of the Army Engineers in past waterways projects on the Columbia, including the construction and current operation of Bonneville Dam—one of the world's great hydro-electric installations and the world's greatest at tide-water—is proof of the engineers' capacity to construct and operate any conceivable waterways project within their field.

The Bonneville Power Administration has demonstrated its capacity to perform the major functions delegated to it by the Bonneville Act, namely, the wholesaling of hydro-electric power generated at Bonneville and Grand Coulee. The Forestry, the Bureau of Reclamation, and other leading federal agencies have likewise built up procedures and machinery which enable them to function advantageously in their respective fields.

B. There is a need for a coordinated, over-all plan of Basin development but no emergency requiring an immediate or drastic remedy.

It is apparent from the record that past frictions and rivalries between important bureaus have occurred during the planning stage, but once an individual project received Congressional approval, the construction and administration have been carried on with slight to non-existent interagency friction.

Proof of the above is in the cooperative relations now existing between the Army Engineers and Bonneville Administration with respect to Bonneville dam, and between Engineers, Bonneville Administration and Reclamation Bureau with respect to Grand Coulee dam.

With minor exceptions, the same is true among the numerous federal and state agencies now functioning in the Columbia Basin. Once an agency's sphere is clearly marked, it functions within that sphere without undue interference.

and with admirable results. (Proof of the latter statement is found in the present high level of development in the Columbia Basin, which includes some of the nation's most productive irrigated land, the nation's finest and best administered forests and parks, and such satisfactory engineering installations as the Columbia jetties and Portland's deep-sea channel to the sea.)

Many surveys and plans going forward simultaneously in many fields suggest the need of a single, over-all Basin development program. All agencies must conform, but nothing in the current picture suggests an emergency requiring the enormous, drastic and in some instances unrelated remedies contemplated by the Mitchell Bill.

C. It may reasonably be concluded from the past record that the current Basin development plan now being prepared by the Army Engineers, authorized by Congress for that purpose, will meet the admitted need for an over-all integrated program.

It is probable that no existing agency of the federal government is equipped to function more objectively and to plan development on a basin-wide project. Since their activities have blanketed the United States for more than a century, and extend to all its possessions, the engineers must do their job from the standpoint of regional political considerations.

In response to an obvious need for a comprehensive, over-all plan for Columbia Basin development, Congress has instructed the engineers to prepare and present such a plan not later than 1948. This plan is now in process of preparation. In its preparation the engineers are following their usual and invariable objective procedure. Functioning first as a fact-finding body, they are exploring every phase of the basin's past and present waterways development and potential natural resources. Having no theories of their own—the engineers originate nothing on the "policy" level—they are holding hearings to obtain the views of the public on each phase of the task before them, and are obtaining the experienced viewpoint and accumulated data of each agency now functioning in the basin.

When all their data have been gathered, the engineers, as instructed, will formulate their over-all plan. The completed plan, in which will be incorporated the best available advice from the people on the ground—the public and federal agencies now functioning in the basin—will then be submitted to the Federal Inter-Agency Committee in Washington for review. (This committee, as previously mentioned, consists of representatives of the Army Engineers, the Department of the Interior, the Federal Power Commission and the Land Use Co-ordinator of the Department of Agriculture.)

After the Inter-Agency Committee has adjusted any differences found at the top administration level, the plan is scrutinized by the War Department for its effect, if any, on the national defense, reviewed again by the Governors of the states involved and is then submitted to Congress for approval. If and when approved by Congress, it becomes the over-all development plan to which all agencies in the Basin must conform.

D. The creation of a federal super-bureau such as contemplated in the Mitchell Bill, or of any super-bureau in the Authority Idea or TVA
patterns, is neither necessary nor advantageous to the Pacific Northwest.

This summarizing conclusion of your committee needs little supporting argument other than that contained in the body of this report and particularly that appended to Conclusion (E) above. Since no emergency impends, it seems obvious that the prudent course is to wait until the engineer's plan is presented and its effectiveness can be appraised.

In connection with the revision in S.1716 with respect to control of the CVA over state water rights (previously mentioned in the summary of the Mitchell Bill) authorities on the subject assert that the language of the presumed safeguards in fact leave the disposition of state water rights at the mercy of the CVA's three-man board. The language of this subsection (Section 2-1) is the same as in the Missouri Valley Authority Bill. Concerning this language, the Senate Irrigation and Reclamation Committee stated that:

"...it is left to the board constituting the authority to determine whether there are conflicts between navigation and irrigation uses of water and to adjust such conflicts...It substitutes the judgment of the three-man board for the protection now afforded by law."

A brief on this subject prepared by Judge Clifford H. Stone of Colorado, attorney for the National Reclamation Association and a recognized authority on state water rights, states:

"These sections of the new bill (Sections 2 and 12) when construed separately or together, with many other provisions of the bill, are ineffective and do not afford adequate protection either to vested water rights or to the future acquisition of such rights under State laws."

With respect to methods of over-all planning procedure, it is difficult to conceive of a more orderly process, more in line with accepted principles of self-government, than that now being followed by the Engineers in formulating their plan. Its slowness (of formulation) is more than balanced by its prudent, painstaking quality. (In this connection it should be noted that even if the Mitchell Bill were passed by this session of Congress, the alternate CVA plan would not, in all probability, be ready for approval before 1948.)

Rival agencies will criticize the engineers plan, whatever it form, but this would be true of the efforts of any planning agency. The public interest is represented at each stage: in the gathering of the data, in public hearings whenever it is desired by interests whose "rights" are affected, in the utilization of all available data from other agencies functioning in the basin, and the highest administrative level. The final plan is then acted upon affirmatively by Congress, where the will of the people can again be expressed through their elected representatives. Under the authority pattern, by contrast, the three-man governing board in the proposed CVA might follow this democratic procedure but are not required to do under their enormous delegated powers. Moreover, their authority would extend far beyond the formulation of a coordinated plan. The planning function, in fact, is only a minor part of their powers, which extend into the fields of planned economy and social uplift. (Note the phraseology of the Mitchell Bill, such as "which in their judgment may be necessary and appropriate.")

In other words, under the proposed CVA, responsibility for every phase of the Columbia Basin development (whose aggregate dollar value in current projects alone already approaches the billion-dollar level), which directly affects the welfare of every citizen within its 279,000 square miles, would be vested in a three-man board appointed by and responsible to the President. The members of this governing board would not be required to be citizens of the Columbia Basin states nor even familiar with the basin's problems. They might be men of outstanding caliber, but the positions (which are accompanied by a salary of $15,000 per year) could be awarded to "deserving friends" of the administration and thereby, as Secretary of the Interior Harold Ickes pointed out in a recent article in the Chicago Sun, "become the nesting-place for lame ducks."

Moreover, after the three-man board had formulated its overall plan, the plan itself might easily become effective without ever emerging from a committee in Congress, due to the strange and ominous provision that the plan may lie before Congress for a period of 120 days and, if not acted upon within that time, shall automatically stand approved and "effective as of that date."

Thus, for practical reasons as well as those which come within the controversial field of political philosophy, your committee reached the general conclusion previously stated in the body of this report: the suggested cure (the Mitchell Bill or any similar measure following the Authority Idea pattern) is far more dangerous than any ailment found in the existing development program in the Columbia Basin.

Based upon the conclusions stated and expanded above, your committee recommends:

That the City Club go on record as being opposed to the extension of the Authority Idea as proposed in the Mitchell Bill to the Columbia River Basin.

Respectfully submitted,

W. H. Grebe
Emmet Rathbun
Julian R. Smith
W. P. Stalnaker
Robert Ormond Case, Chairman
REPORT OF THE MINORITY OF THE COLUMBIA VALLEY AUTHORITY COMMITTEE

To the Board of Governors of the City Club:

The undersigned members of the CVA committee of the City Club find themselves unable to subscribe to the report proposed by

In the opinion of the minority members of your committee, the majority report does not ade-

The major points in the issue before your com-

The traditional approach to development in the

3. The alternative approach is a form of adm-

5. The delegation of federal authority along

6. The superiority of the regional plan is
demonstrable not only in theory, but it has also

Two radically divergent points of view as to

A recent Gallup poll found that fully 40% of

An even higher favorable ratio was shown in

A reasonable conclusion from the above is that

The people of the TVA territory are virtually

more American nor Un-American, more democ-

They are simply two different ways of doing a job. Clearing

It is better to

We believe the City Club members would like to

The Tennessee Valley is the region

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It is better to hold the vital elements in the regional organism in working relationship. It is less subject to

to have an ANALYSIS OF THE TENNESSEE VALLEY AUTHORITY (TVA), which we present

as follows:

The Tennessee Valley is an area where

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There are many such people.

This is what we have at the present time: bureaus
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The people of the TVA territory are virtually

unanimous in their praise of the Authority.
So are newspaper men in the area, even those who opposed the TVA originally.
So are Chamber of Commerce officials.
So are the Governors of all seven States in which TVA operates. This last endorsement is especially pertinent in view of the states' rights argument frequently used against establishing additional valley authorities.
The testimony on the record is very strongly in favor of TVA. The people of the area, who should be in a position to gauge its accomplishments, apparently like it very much indeed. Has the cost of TVA to the nation's taxpayers been excessive in view of this hearty local endorsement? Figures are available from official sources on this matter. Briefly summarized, they are as follows:
The funds used by the TVA have all been accumulated from money appropriated by Congress with two exceptions: 65 millions of TVA bonds and about 50 millions supplied by electric rate payers. By the end of 1944 the total investment was about 775 millions, of which about 100 millions represented by construction in progress. Of the balance, nearly 450 millions was charged to power, and the rest was spent for flood control, navigation and other purposes.
During the last fiscal year (1944-1945) the power investment produced gross revenues of $35,425,000 and a net income of $14,116,000. With such an income, the total sum invested in power could be paid off completely with interest at 2% in less than 60 years. At 21/2% the debt could be wiped out in less than 80 years. At the end of that period the nation will possess a going concern, in excellent physical condition and completely free of even a theoretical debt. Needless to say, no private utility so arranges its financial affairs as to completely pay out capital costs. This is a "hard money" practice unique to public power undertakings.

It should be noticed in the foregoing that the debt which is to be repaid in full to the taxpayers of the nation is "the total sum invested in power." It is not contemplated that TVA will have to repay out of power revenues the sums expended in the Tennessee Valley for other purposes. These purposes include flood control, navigation, and a wide range of subsidiary or incidental benefits coming under such headings as recreation, farm and industrial development and reforestation. Opponents of valley authorities usually refer to expenses for such purposes as being "written off" of TVA's bill. Actually, the benefits do exist. They flow to the people as do all the other general benefits of government upon which it is not feasible to attach a meter and demand repayment. Federal activities of this nature are not "written off" in the Tennessee Valley any more than are the activities of the Army Engineers, Soil Conservation Service, Bureau of Reclamation, U.S. Forest Service and other government agencies in the Pacific Northwest at the present time.
The accomplishments of TVA in fields outside of power generation have been quite impressive. In 1942, some 161 million ton-miles of traffic moved through the locks of the Tennessee River, as compared with the pre-TVA river traffic of 46 million ton-miles in 1928 and 32 million ton-miles in 1933. Savings to shippers due to navigation improvements in connection with TVA river development work are estimated at $9.5 million for 1944-45 and will reach about $8 million annually with full completion and utilization of the barge channel.

Flood control benefits from TVA works are estimated to exceed $1 million annually. TVA control of the river has removed an annual threat of flood not only in the Tennessee Valley but to a large extent along the Lower Ohio and Mississippi where Tennessee River waters discharge. A statement frequently made by critics of TVA is that TVA has permanently flooded 730,000 acres of land. Actually the total acres under TVA reservoirs amount to 463,000 acres. Of this, only 298,000 acres were crop and pasture lands. Of these acres, 208,000 were previously subject to floods. Thus the total of crop and pasture lands flooded solely by TVA is 90,000 acres. In addition, 200 miles of rich bottom lands on tributaries to the Tennessee River below reservoirs are protected. Also, 200 miles of valley along the main rivers and 600 miles of river valley lands are protected. These reductions to floods provide security to 6,000,000 acres and reduce the frequency of floods on an additional 4,000,000 acres along the Mississippi River.

In the field of recreation, TVA has enormously expanded pleasure boating, fishing and the tourist trade in its region. The number of fish in the Tennessee River system has increased 40-fold since TVA began operations. In 1943 the area produced some 6 million pounds of edible fish, a figure which it is estimated will increase to 25 million pounds annually eventually.

Great increases in crop yield per acre and in income per farm family have resulted from TVA soil-building activities through phosphate distribution and erosion control. Reforestation has been another important program undertaken to insure a brighter economic future for the area. Mineral and industrial development have advanced spectacularly. Per capita income in the TVA area increased 75% between 1933 and 1940 while the gain nationally was only 56%. Bank deposits increased 76%, between 1933 and 1939 as against an average national increase of 49%.

Despite these real and measurable advances, the accomplishments of TVA in generating and transmitting power have gained the Adams' most of its publicity, good and bad. TVA in ten years has become the nation's second largest producer of electric energy. Generation last year was around 9.5 billion KWH (Bonneville and Grand Coulee combined produced about 9 billion). Per capita consumption of electricity in the TVA area, which in 1934 was only 60% of the national average, has increased to more than 150% of the national average today. The increase in number of electrified farms in the decade of its operation has been three times as rapid in TVA territory as in the United States as a whole. In 1933 the Tennessee Electric Power Company's average rate for residential customers was 5.77 cents per kilowatt hour. By 1943, TVA's average cost per kilowatt hour for residential service has been reduced to 1.96 cents as against a national average of 3.66 cents.

Allocations of total costs of TVA has been approximately as follows:

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>To power</td>
<td>75%</td>
</tr>
<tr>
<td>To flood control</td>
<td>9%</td>
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<td>To navigation</td>
<td>16%</td>
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Even if the total investment for all purposes were charged to power, revenues from electricity would be sufficient to repay the entire amount in less than 60 years without interest.

A criticism of TVA frequently heard is that power rates could not be so low or the pay-out schedule be met if the Authority were not obligated, like private power companies, to pay taxes. Although as a federal corporation TVA is not required to pay local taxes, the Authority does pay substantial sums to the local states and counties in lieu of taxes. This is in the form of a payment of 6% of gross power revenues. In 1944 this amounted to $2,169,000, which is $800,000 more than was ever paid on the same property when it was privately owned, including all the utility properties acquired by TVA and all the reservoir land purchased and held by it. In addition, municipal and cooperative systems which distribute TVA power pay large sums in lieu of taxes. In 1943 this amounted to $1,957,614. All TVA net income after expenses and contributions goes to the Federal Government. In 1944 alone this amounted to $14,116,000 or about 40% of gross power revenues. Thus, when contributions to local governments are added, TVA pays a total of about 46% of its gross revenues into public funds. According to the Federal Power Commission, private utility companies pay 13.2% of gross revenues in taxes (the utilities themselves claim their tax payments average 24% of gross revenues). Since these taxes are passed on to the power consumer by inclusion in rate payments (i.e., higher rates) the private utility actually becomes a tax-collecting rather than, as claimed, a tax-paying body.

TVA does not, as the majority states, "operate to the exclusion of existing federal and state agencies." In our opinion, the record is one of close and successful cooperation with such agencies, which have become really effective since TVA entered the area.

The majority mentions that some $750 million have been spent on TVA "to date." No attempt is made to explain that nearly all of this is in the form of initial plant—dams, power-generating and transmission facilities, etc.—which are permanent assets of the area, and which not only will not require further expenditures, but will pay off a large share of total TVA cost through the revenue they produce. TVA up to now has been in the construction stage. The benefits of that construction will continue to flow to the region for many years to come.

7. The Columbia valley, in which major developments were begun at the same time as in Tennessee, also has made great progress, but with a more limited charter and on a much narrower scale. Its great forward steps have been in the field of power production, transmission and utilization. More uneven, but admittedly substantial, progress has been made in the fields of navigation and reclamation. There has not been the broad advance—the forward march of a whole region and all its people—which occurred in the Tennessee. Nor will there occur such an advance so long as development remains shackled to the inefficient administrative pattern.

8. We are told the two valleys are different, that "development problems in the Columbia Basin are not parallel to those in the Tennessee Valley" (majority report). Fundamentally, regions are alike; they are the same kind of organisms with the same general kinds of problems. Differences in location, climate and age do not alter, but tend rather to emphasize, the essential likeness. While the Pacific Northwest is young, vigorous and rich, it needs maturity, balance and security against the kind of age experienced by the Tennessee Valley.

The fact that geographical differences may exist does not argue for the necessity of having river development carried on by several agencies at the national level. It does not persuade us to believe that by reason of our climatic differences it is necessary for one agency to build half of the dams on the Columbia river for navigation and flood control and another agency another half for reclamation purposes, while in the Tennessee valley where specific purposes may be dissimilar a single agency can satisfactorily perform all of these functions. The Tennessee valley, having been a worn out and backward area, is now well on the road to recovering its lost riches; the Columbia river valley, being still in possession of its rich resources, must conserve and make wise use of them.

The Tennessee Valley Authority is not just a river development agency. The authority concept in itself is a way of doing things—a form of government administration which can be adapted to the administration of other functions and the solution of other problems. Hence the difference between the two river basins becomes immaterial so far as the form of administration of federal functions is concerned. In either case, the same kinds of progressive and effective management are necessary.

9. The Mitchell Bill seeks to provide the regional direction of federal activities required for effective resource development and substantial advance in the Pacific Northwest. It will provide these benefits without doing violence to anyone's ideology.

The proprietary of federal control of power production (in the sense of regulation) has been beyond question for many years. That actual production of power is also a proper federal function, under certain circumstances, has been asserted by Congress, specifically approved by the United States Supreme Court and accepted by a sufficiently large portion of the body politic to become firmly established national policy. Power is being generated by the Federal Government at the present time at dams in the Columbia Valley, the Tennessee, the Colorado, the Missouri and many others throughout the United States. Advance construction programs of the Army Engineers and Bureau of Reclamation list scores of additional public projects at which power will be produced by the Federal Government in the future.

The Federal Government finds itself in the power business by reason of the fact that hydro-electric energy is one of the products of multiple-purpose dams of the type never constructed by private enterprise. If the benefits of this low-cost power are to be passed on to the public, as it seems proper the benefits of public enterprise should be passed on, it follows in most cases that federal transmission lines have to be built. Without them, power from public dams would have to be sold at the federal barrier to the lowest bidder who was on hand to take it over. Obviously this could only be a private utility with the financial ability to construct long transmission lines.
obviously, the power would have to be sold on terms dictated by the only available customer. Despite the power through federal transmission lines enables municipalities, cooperatives, REA's, public utility districts and similar public distribution bodies to operate on an equal footing with private utilities in distributing power produced at low cost through public development programs.

A distinction should be drawn between power transmission and power distribution. Except to large industries using sufficient quantities to qualify as wholesale customers, power is not distributed at the present time by the Bonneville Power Administration. Except to a very few rural customers not otherwise served, power is not distributed by TVA. There are no provisions in the Mitchell Bill for power distribution by a CVA. As to the propriety of federal distribution of power, this is a matter which would depend substantially upon the performance of distributing agencies in passing benefits of low-cost power on to the people.

10. A phase of the tax question not often enough considered is the large tax contribution paid by industries attracted to a region by low-cost power. The Bonneville Power Administration reports that $45 million in taxable real and personal property has been added to tax rolls in the Pacific Northwest by five aluminum plants, one aluminium rolling mill, one magnesium plant, three calcium carbide plants, one chlorate plant and one ferrosilicon plant—all attracted to the Pacific Northwest within the past few years by low-cost power. Even though several of these plants are owned by the Defense Plant Corporation and hence are not taxable as personal property, more than $1 million in taxes was paid to local governments on real and personal property of the plants in 1944. In Spokane County alone, new light metal plants are paying 90% more in property taxes this year than the local private utility, Washington Water Power Company, pays on all its real and personal property in the county, including its steam heat division and Spokane United Railways, the traction system of that city.

Property taxes paid in Clark County, Washington, in 1944 by the new aluminum reduction plant near Vancouver were nearly 30% greater than the amount paid by all three of the private utilities operating in that county. These are the Northwestern Electric Company, Pacific Power and Light Company, and Portland General Electric Company. Large tax payments similar to those contributed by the Northwest plants have been made in the TVA area by new industries attracted by low-cost power.

There is much in the majority report which tends to support the conclusions of the minority. The majority report lists and names 19 of what it describes as "major federal bureaus now operating in the Columbia basin whose activities are directly related to the development of the river and the natural resources of the basin." This, we believe, tells the story and shows why individual bureau operations—not coordinated in any way—cannot achieve the ends sought by the CVA was needed to protect the taxpayers from waste of public funds.

The majority mentions the "need for a basic over-all plan." We agree, but we ask; Who, under the present administrative arrangement, is to draw such a plan and by what means are the separate agencies to coordinate their activities in conformity with it? We submit that what is needed is more than a plan. It is an arrangement to carry the plan into effect and manage it efficiently. This is manifestly impossible without full responsibility for resource development in the region.

The majority further a popular misconception with regard to the nature of the current basin investigation of the Corps of Engineers. This study is in no sense a "comprehensive, over-all plan for Columbia Basin development." It is not a plan at all. In substance it is an extension of the Army "308" report originally made in 1929-31. When it is completed, it will meet exactly the same fate as the "308" report. It will be put on a shelf along with all the other governmental surveys and reports—a monument to careful engineering and painstaking investigation, but hardly worth waiting two years for in expectation that it will provide a positive program for the Pacific Northwest, much less one which will be carried into action.

It should be mentioned that the Bureau of Reclamation is also completing a "comprehensive, over-all plan for Columbia Basin development." The last time these two agencies went about such a task, the resulting "plans" were widely divergent. At one point in the river, for instance, a proposed dam would have installed power capacity of 175,000 kilowatts if built by the Bureau of Reclamation, while the dam which the Army Engineers would build at the same site would generate 1,454,000 kilowatts. This is one of the embarrassing things that happen when planning is left to agencies which "have no theories of their own" and which "originate nothing on the 'policy' level." Actually, it is an illustration of the type of conflict which arises when one agency attempts to make a river serve the needs of navigation, while another thinks primarily in terms of irrigation, and no means is provided for the integration of all interests. The kind of dam which is built at the site in question under the existing administrative arrangement, will depend upon which project is pulled out of the pork barrel first.

Insofar as any idea that the plans of the Army Engineers and the Reclamation Bureau can be brought together in a constructive way by voluntary means is concerned, that hope goes aglimmering when the experience of these two agencies in the Missouri Valley has been reviewed.

It is being suggested that the recently set up Columbia Basin Inter-Agency Committee can perform the coordinated functions of the CVA. The fault in this conception lies in the fact that the committee is a purely voluntary one with no authority to take any independent action whatsoever. Nor is it, as a committee, empowered to make administrative decisions relating to the operations of any of the agencies represented.

As a case in point, the Missouri Basin Inter-Agency Committee, which has been held up as a shining example of the accomplishments of voluntary organization, was nearly in a state of collapse over details of the construction of the Garrison Dam. That committee has failed consistently to come to agreement over all major
plans for the future development of the Missouri Basin.

Recently the St. Louis Post-Dispatch carried an article stating that because of the committee's inability to reach agreement on such matters, the committee had voted at a recent meeting, at the instigation of Major General Lewis A. Pick, that it could have nothing to say in the future about the relative merits of proposed projects, but could only discuss the methods of constructing projects already authorized.

At the last meeting of this committee, several of the Governors, who were in attendance and who had opposed the Missouri Valley Authority bill, issued a public plea to Congress to give the Inter-Agency Committee "some authority."

Our need in the Pacific Northwest is for the federal government to look at the Columbia river and its watershed as a whole. It is the contention of the minority members of your committee that at present that is not being done. A method for achieving this desirable end is presented in the valley authority principle. The issue, therefore, is whether or not a valley authority should be created for the Columbia river basin. We submit that the minor provisions of a particular bill, no matter how defective they may be, should not be used to decide the basic issue of whether an authority should be established. The details can readily be modified by appropriate amendments if the basic plan of an authority is acceptable.

What the Mitchell Bill does is to move a small chunk of Washington, D.C., into our area out here. We won't have to go to Washington to get full attention from men who have the problems of the nation as a whole to consider.

We object to evidences of prejudice contained in the majority report. By this we refer to the frequent use of such catch-words as "super-bureau." According to Webster's Unabridged Dictionary, the term "bureau" is defined as: "In the United States, it (the term bureau) is confined to certain subdivisions in the Executive Departments." "In the various departments of the United States Government at Washington, there are some 46 subdivisions officially known as bureaus."

The proposed Columbia Valley Authority would be a federal corporation — would not be a subdivision of any Executive Department, nor would it be reponsible to any department, but directly to the President and Congress. Hence it is not even a bureau, let alone a "super-bureau." Why not call it what it is— a federal corporation?

We object to such inflammatory catch-phrases as "a radical departure from previous processes of self-government," and the use of quotation marks around "success" and "accomplishments" whenever the success and accomplishments of the TVA are under discussion.

Another objection is to the assumption of the majority that "the merits of the underlying authority, as applied to the Columbia Basin in the proposed Mitchell Bill, will be decided by the Club, the public and Congress largely on the basis of its inherent political philosophy." We do not presume to speak for the public or Congress, but certainly as regards this Club it is our hope that decisions will be based not upon in-grown prejudice but upon an analysis of facts, and that reason will prevail.

The majority's report described the preamble to the CVA bill as being in very general terms. It is by no means uncommon in the writing of legislation to set forth in a brief preamble the purposes of the bill. Definition and limitation of such purposes is one of the functions of the remainder of the bill.

We do not share the majority's concern in the closing phrase of the preamble, "and for other purposes." This phrase is used in practically all federal legislation, and, as in the case of the Mitchell Bill, such "purposes" are detailed in the body of the enactment.

The right of the corporate board to use its judgment in matters of policy is questioned by the majority. One of the expressed purposes of the bill is to confer authority as a means of carrying out responsibility. Were the judgment of the board found to be in error, the Congress could certainly take steps to correct the situation.

The possible "conflicts" of which the majority speaks in Part D would be, as they are now, subject to tests in the courts if the conflicts could not be settled amicably in any other way.

We believe the majority misinterprets the situation in respect to appropriations. The Constitution requires that all appropriations shall originate in the House of Representatives. The determination of Congress in all matters pertaining to the finances or financing of the Corporation and its works is absolute. Congress can, if it wills, completely dissolve the Corporation, or limit its appropriation to zero, and by amending the Act can prevent the Corporation from using any other means of self-financing. So Congress would, of course, have complete control over the Corporation's finances.

The means provided for Congressional review of CVA recommendations is not unique. Such a provision was included in the reorganization bill of 1939, as well as in the President's organization bill recently approved by Congress. The Clause (called a 'strange and ominous provision' by the majority) is designed to prevent costly legislation delay.

The CVA would not, as stated by the majority "supercede states' rights in the region." It would deal exclusively with federal functions. Governors of all seven states in which TVA operates have stated unanimously and in the most unmistakable terms that in no instance was the right of any state endangered in the slightest degree by TVA, and that on the contrary, the coming of TVA greatly increased and improved the effectiveness of the state agencies to cope with state problems.

RECOMMENDATION

The recommendation of the minority of your committee is:

That the City Club of Portland go on record as favoring the creation of a Columbia Valley Authority along the lines proposed in the Mitchell Bill (S. 1716) currently before Congress.

Respectfully submitted,

Ursel C. Narver
Irving Enna
EXCEPTION TO THE MAJORITY AND MINORITY COLUMBIA VALLEY AUTHORITY REPORTS

To the Board of Governors of the City Club:

Although I am not sufficiently in accord with the majority or the minority report to subscribe to either, I shall nevertheless refrain from presenting a third report and be content to make a brief statement of my position.

That the subject is controversial there is now no room for doubt. In fact, the work of the committee has been retarded and confused by an over-abundance of "opinion" evidence, most of it emanating from biased and prejudiced sources. Of clear-cut, unprejudiced analysis and objective appraisal of the problem, there is surprisingly little in general circulation. Witness the major exception that the question can be decided only on an "ideological" basis—that it is not susceptible of profitable study by the City Club.

While it may well be doubted if there is any definite "ideological or political philosophy inherent in the Authority Idea," to assert that a conclusion can be reached only on that basis, is to say that the subject is now so deeply involved in "politics" that it is not susceptible of a conclusion can be reached only on that basis, is to say that the subject is now so deeply involved in "politics" that it is not susceptible of profitable study by the City Club.

My chief objection to the majority report, and the only one I shall take time to consider, is the spirit of optimism running throughout as to the ability of the Corps of Engineers and the Bureau of Reclamation, operating under their present powers and along their well grooved historical lines, to provide a satisfactory development of the water resources of the Columbia Basin. For example, the statements that the bureaus "have functioned admirably in the past," and have "a general unanimity of viewpoint and aims," are in my opinion not supported by the committee's study. If the bureaus had functioned so "admirably" in the past we would in all probability never have had a TVA, and would now be confronted with a demand for a CVA and a MVA.

My participation in this study has convinced me that the following principles and policies should guide the development of the resources of the Columbia Basin.

1. It is of vital concern to the Pacific Northwest, and to the country as a whole, that we have an orderly, continuous, and intelligent development of the water resources of the Columbia River and its tributaries, with principal attention to navigation, flood control, irrigation and power, and that the benefits of such development be distributed so as to render the greatest good to the greatest number of our people.

2. The development should be planned and carried through on a regional basis. That is, the basin should be developed as a economic unit, and the work should proceed with little or no regard to state lines. The old piece-meal, haphazard, "pork-barrel" methods of resource development are definitely outmoded.

3. The development should take place according to an over-all master plan. This point seems to be conceded in both reports, but the majority report states that the Corps of Engineers on the Bureau of Reclamation or both, can be depended upon to produce such a plan. I disagree with that conclusion. Neither the Corps of Engineers, which is primarily concerned with channel control problems, nor the Bureau which is primarily concerned with irrigation, possesses either the personnel or the experience essential to economic planning. Both are primarily technical organizations operating in a limited field, and neither has the necessary background of knowledge as to the over-all needs of the region.

Nor can the Corps and the Bureau be depended upon to cooperate in the development of such a plan. Their past record is one of jealousy, bickering, and non-cooperation. When an experienced and disinterested citizen appearing before our committee was asked how the Bureau of Reclamation and Corps of Engineers got along together, his answer was, "They fight like cats and dogs."

Nor may we safely rely upon the "Federal Inter-Agency Committee" to attain the necessary cooperation between the Corps and the Bureau. That committee was recently created and exists on a voluntary basis without legal sanction. Furthermore there is reason to suspect that it was set up as a temporary expedient and will be abandoned when the emergency ends.

But does it necessarily follow, as the minority report assumes, that a federal corporation on the TVA pattern is the only solution or the best solution of this problem? Since World War II we have gone in for federal corporations in a big way. It is said that they now number more than one hundred. (The United States Spruce Corporation still breathes the breath of life.) Many of them are important instruments of national policy. Some, like the Reconstruction Finance Corporation, have clustered about them a number of subsidiary corporations. The Federal corporations are variously connected with the main corpus of the federal organism. Some are responsible to the President and others directly to Congress. Many appear to be only casually supervised. These dashing federal corporations, together with the independent commissions, go far toward making the federal government the administrative hodge-podge that it is.

The creation of a new and powerful corporation in every river basin in the United States could only add to the administrative confusion which now exists. Also, one cannot contemplate without concern the impact which a number of such independent corporations might make upon Congress, whether they invaded the committee rooms as rivals for public funds or whether they ganged up on Congress by resorting to log rolling tactics. Since they would be without any coordinating or directing head, they might assume a role before Congress more like that of private lobbyists than responsible administrative agencies.

I see no reason why all the work necessary for the development of the Columbia Basin may not be planned and directed by an agency of the executive branch of the Government. And by organization and experience the Department of Interior appears to be best suited to the task. The Congress could create a regional office of the Interior Department and confer upon it the
necessary powers and duties. A similar agency could be created for any river basin which required unified, systematic development of its water resources. Such agencies as integral parts of a regular executive department would receive proper supervisory direction and control, and over-all coordination as between one river basin and another.

However, it is not necessary that a new agency be created for the development of the Columbia Basin. The Bonneville Administration, an existing agency of the Department of the Interior, is now performing important functions in the development of the region. It has acquired valuable experience in the marketing of power and has conducted extensive economic studies in various parts of the Area. All that would be required to convert the Bonneville Administration into an effective regional agency would be for the Congress to confer upon it the necessary additional powers and duties. In this way, a well planned and coordinated development of the resources of the Columbia Basin could be achieved by the extension and improvement of an existing agency.

Respectfully submitted,

Verne Dusenbery

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