

# Hundreds of Millions for a Venture in Paternalism

(Continued from Page One.)  
 "But," he says, "the TVA project will settle the question." Business men in valley cities say a third of a billion dollars is quite a price to pay to settle this engineering doubt, especially as later on the expenditures will be coming home to roost in the shape of higher taxes.

Away from the valley seen in Atlanta, Birmingham, New Orleans, Montgomery, Memphis, are saying it seems a lot of money for the government to put out to develop a basin containing 2 1/2 million inhabitants.

Norris dam, near Knoxville, is to be 253 feet high and 1,800 feet long at the crest. It will impound the waters of the Clinch river and form an artificial lake with a shore line of 800 miles and an area of 80 square miles.

In the bed of the damsite borings have been made and fissures and crevices have been discovered in the dolomite rock. These were being filled with concrete when this writer visited the dam a few weeks ago. Concrete for the dam was not to be poured until the fissures were filled.

Rumors have since floated in the region that geological troubles were being encountered that might make the security of the dam doubtful. Construction engineers at the dam, at the time of our visit, held the rock tests were not unusual for dolomite formation and said full precautions were being taken.

## Face Battle with Mud

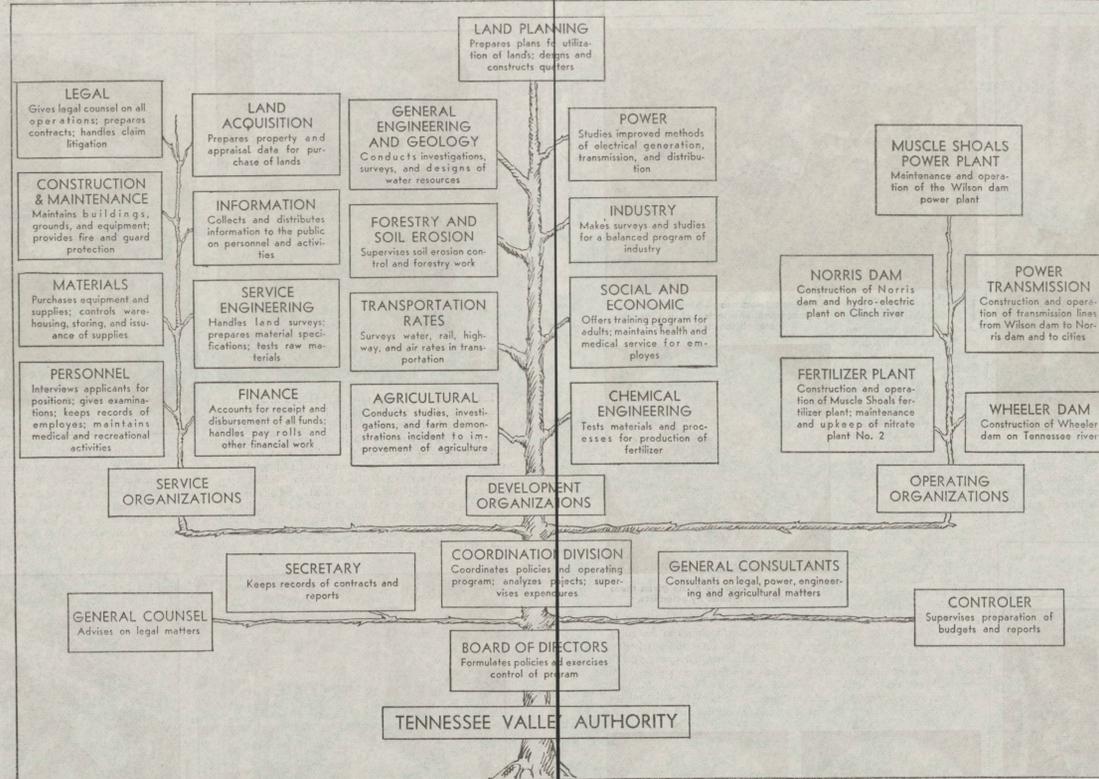
As to the silt, that is another problem. The Tennessee is as muddy as the Missouri. The silt washes off the hillsides. A battle against erosion and for reforestation is part of the TVA program which is well applauded. But the silt is still in the river water, and, once the water is gathered into reservoirs, much of the mud settles to the bottom. In North Carolina two dams are spoken of by TVA where the silt has almost filled the reservoir, until the dams now get only the run of the river.

Some 60,000 acres of hillside now are being bought for reforestation and to protect the reservoirs from filling with silt. Much more is to be bought. Land to be inundated by the Norris dam project is being bought at \$10 to \$30 an acre, some best valley land bringing \$100. When Norris dam is finished more than 3,000 families will have to be out of their ancestral homes. Some hamlets will be under water, and many old cemeteries, bodies from which are now being removed to other grounds.

For Norris and Wheeler dams 240,000 acres are to be bought for Aurora dam, 200,000. For purchase of land alone, Dr. Morgan says, the expenditures will be between 15 and 30 million dollars.

About four miles from Norris dam is the town of Norris—the name of the Nebraska senator seems emblazoned as that of a patron saint in the Knoxville region. In Norris town TVA has built some 300 homes, electrically equipped, and the model hamlet is one of the show places for tourists.

To market the government ownership electric power a great drive by the TVA is to make the region "electric conscious." Intensive campaigns are being made to get folks to put in electric refrigerators, ranges, and other appliances, of which



A giant tree of many branches is the Tennessee Valley Authority. This chart reveals the complicated organizations of TVA, and each department's relation to all other departments.

TVA has brought out a low priced line. Cheap power is offered to any municipality owning its own distribution system.

TVA sets the rates at which such current is supplied the consumer. Under its schedule the typical general consumer would pay an average of about 2 cents a kilowatt hour. For a fully electrified home, which is the TVA objective, the rate would average 7 mills a kilowatt hour.

For 600 kilowatt hours minimum the TVA price is \$7.20 a month, as compared with \$18.90 in Chicago, \$18.13 in Baltimore, \$11.80 in St. Louis, \$30.55 in New York.

One widespread criticism is that this low-price competition has impeded the investment of more than 100,000 investors in bonds and preferred stock of private power companies in the Tennessee valley with a physical investment of some \$500,000,000. Critics declare that the cheap rates do not figure in taxes and much other overhead, which, instead of being carried on the consumers' bills in the val-

ley, will be paid for by the taxpayer in the industrial states like Illinois, Michigan, Ohio, Wisconsin, Pennsylvania. TVA insists that all proper charges are carried in the price making.

What many folks in the valley are wondering is how the hillside farmer with \$150 cash income a year is going to pay for electric ranges and refrigerators. One TVA economist has figured that \$120.00 is the average cash income of the rural farm resident in the valley, or \$480.12 for a farm family—when it can collect it. The figures, of course, do not include the food raised and used by the farmer.

In some counties the cash income runs much smaller. Dr. Morgan speaks of regions in which the average cash income of a mountain farm is only \$45 a year. One survey of Grainger county, Tennessee, gave \$207 as the average cash family income in 1932, while outgo was figured at \$299, leaving the family \$92 in the red.

In the socialization program new industries are expected to be attracted to the valley by the

cheap power. This, in turn, as TVA views it, will make possible a "balancing of agriculture and industry." Some farmers will be able to add to their income by working part time in factories.

Although heralded as a new discovery by the professor at Knoxville, this part-time idea has been operated for years by "rugged individualism" in many of the hill towns. At Kingsport, Elizabethton, Greeneville, Clinton, Lenoir City, Athens, Cleveland, and in other communities more than 50 per cent of the workers live on farms outside town.

## Ice Cubes for Every Still

At Alcoa, where 30 per cent of the virgin aluminum produced in the United States is smelted, 45 per cent of the 2,863 workers live on farms and do part-time work in the plant.

This tendency has been moving along under private enterprise, and TVA, lifting the idea, is out to put it across in a big way in the water-shed, meanwhile, however, still continuing to larrup

"rugged individualism" from Helena to breakfast. Enthusiasts speak of the golden day when every mountaineer will throw away his kerosene lamp and touch a button to turn on the light, while hill-side cabins will have electric toasters, washers, and ranges. And the millennium is sure to dawn with ice cubes for every still and an electric milking machine in every cow shed.

As to the hardy mountaineers, mostly of Scotch-Irish colonial stock, they seem to view it all with mixed emotions. While thankful for government easy money sitting into the valley, many of them seem to demur at being pushed around in any regimentation scheme.

At Hendersonville, N. C., farmers of old colonial stock are showing belligerence against the TVA scheme to drown their ancestral acres to make a reservoir in the French Broad river to feed the dynamo some 400 miles down river at Muscle Shoals. The proposed 30-million-dollar dam would inundate between 50,000 and 70,000 acres of the fattest land

in the mountains and put some 6,000 people off their farms, many of them descendants of frontiersmen of the days of the Watauga settlements.

The French Broad Valley association has been formed to fight the scheme, and it has looked in its eyes. But TVA is equipped with eminent domain and the association seems in despair, although a temporary delay has been announced.

Criticism in the south that TVA is using cut-throat competitive methods in putting the government into business were recently sharpened by events in Knoxville. They revolved around efforts under TVA auspices to establish a municipal ownership plant.

Here the yardstick was said to resemble a sand-bag. Knoxville in November voted for a municipal plant. The city is now served by the Tennessee Public Service company, which operates in 25 communities in east Tennessee. It also runs the street cars in Knoxville, but these are running a deficit of \$40,000 a year.

The city offered to buy the distributing facilities, the cream of the company's business, for \$2,500,000 in bonds—excluding the street cars. But the bonds could not be sold and the company would not accept them. When appeal was made to the Public Works Administration it was explained that PWA money could not be used to buy existing plants, but only for new construction, to stimulate employment. So instead PWA allotted \$2,600,000 to Knoxville to build a municipal plant, of which \$600,000 was a direct gift.

## Take It or Leave It!

The TVA directors, who say they are against duplication of systems, after negotiations offered the Tennessee Public Service company \$6,550,000—take it or leave it—for its transmission and distribution facilities in Knoxville and other cities—but excluding the street car line.

The company officials answered that the amount would not suffice to pay off the bonds of the company, which amounted to \$7,780,000, holding that the proposition was confiscatory. Knoxville went ahead with its plans to build a competing municipal plant with PWA easy money, and the public service company seemed caught in a mauler operated by federal funds. Its officials, realizing their position, finally consented to sell out at Lillenthal's price. Most recent development, that of Oct. 19, has the question of sale of the utilities properties in the hands of the Tennessee state railroad and public utilities commission, which is considering whether TVA may make the purchase—at a price finally fixed at \$5,191,000.

The three directors of TVA are Dr. Arthur E. Morgan, chairman who was president of Antioch college, Dr. Harcourt A. Morgan, former president of the University of Tennessee, and Mr. Lillenthal, former utilities commissioner of Wisconsin. There are 2,177 salaried employees, with a pay roll for personal services for the fiscal year of \$8,800,000. Some 9,500 men at present are employed on the projects, and at the peak it is figured 20,000 will be on the job. In addition 20,000 are expected to find work in cement mills and other plants furnishing material. In addition 5,000 CCC workers are working on reforestation and soil erosion.



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When Norris dam is finished more than 3,000 families will have to be out of their ancestral homes. Some hamlets will be under water, and many old cemeteries, bodies from which are now being removed to other grounds. (Village of Loyalton, Tenn., which will be under 100 feet of water when dam is completed.)



Directors of TVA are Dr. Arthur E. Morgan, chairman, who was president of Antioch college; Dr. Harcourt A. Morgan, former president of the University of Tennessee, and Mr. Lillenthal, former utilities commissioner of Wisconsin. (Left to right: Dr. Harcourt A. Morgan, Dr. Arthur E. Morgan, David E. Lillenthal.) (Acme photo.)



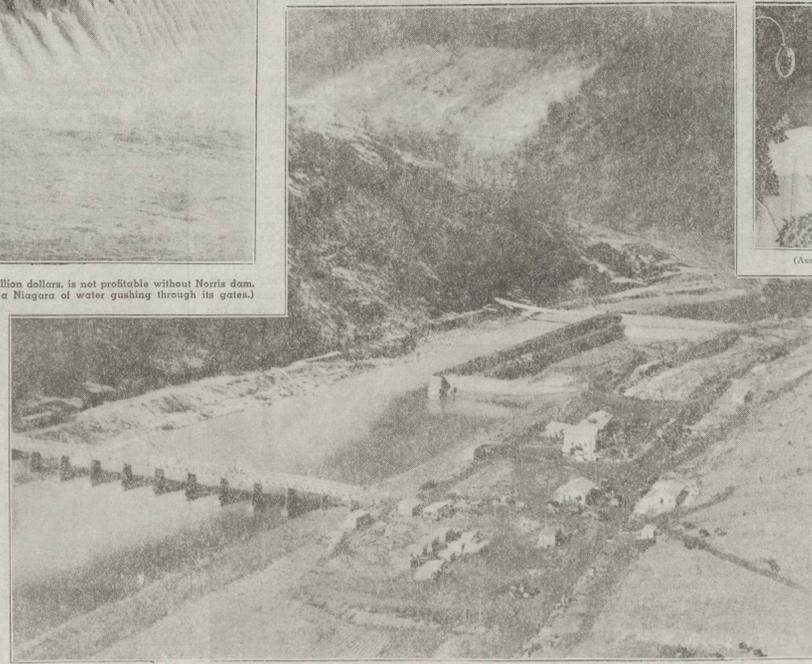
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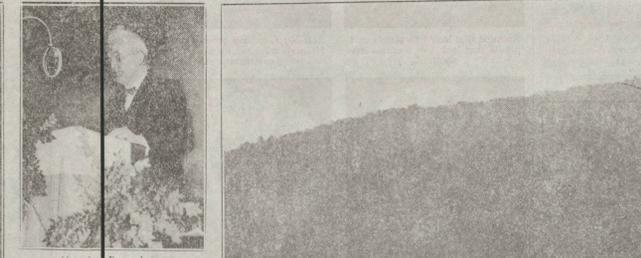
Wilson dam at Muscle Shoals, Alabama, which with its hydroelectric equipment cost the government 47 million dollars, is not profitable without Norris dam. So TVA says. (A close-up of the spillway of the great Muscle Shoals project as it appears today, with a Niagara of water gushing through its gates.) (Acme photo.)



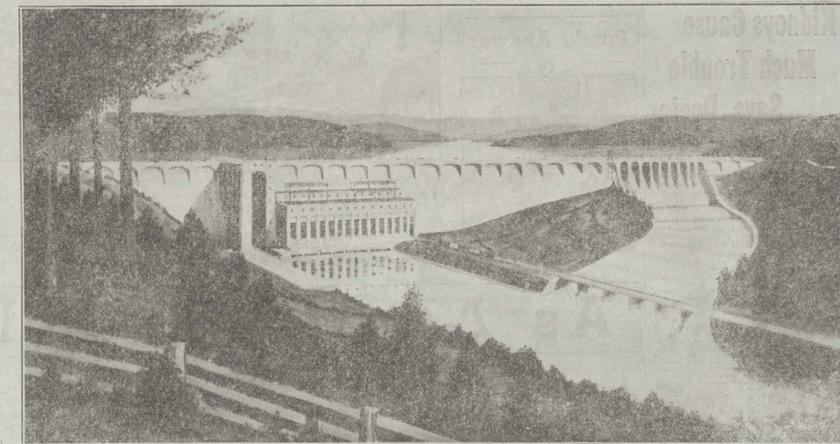
To feed the dynamos some 400 miles down the river at Muscle Shoals. (Interior of the dynamo room at the Wilson dam development at Muscle Shoals.) (Underwood & Underwood photo.)



Norris dam, on the Clinch river, formerly called the Cove Creek dam, some 25 miles northwest of Knoxville, is the great center of activity just now. It is to cost 34 million dollars. (Aerial view of Norris dam project. Above, at right: Senator G. W. Norris, after whom dam was named.) (Associated Press photo.)



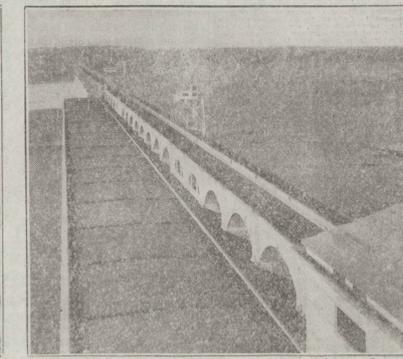
On the Tennessee river above the Wheeler dam, which is to cost 38 million dollars, and below the site of the 18-million-dollar Hiwassee dam, is the Hale Bar lock and dam, near Chattanooga, pictured above. On the far bank of the river is the lock; on the near bank the power house. (Associated Press photo.)



Norris dam, near Knoxville, is to be 253 feet high and 1,800 feet long at the crest. It will impound the waters of the Clinch river and form an artificial lake with a shore line of 800 miles and an area of 80 square miles. (Engineer's drawing of Norris dam as it is expected to appear after completion.) (Acme photo.)



Land to be inundated by the Norris dam project is being bought. (Valley of Clinch river, near Marysville, which will be submerged.) (Acme photo.)



Wilson dam and Wilson lake at Muscle Shoals. Other dams are being constructed to make Wilson dam profitable, is the TVA claim. (Acme photo.)