

Governor Edward Arn, correspondence files, box 57

Section 18, Pages 511 - 540

These folders contain correspondence subject files with Governor Arn, the thirty-second governor of Kansas, serving from January 8, 1951 to January 10, 1955. Subjects in this box include floods, federal assistance, domestic emergency assistance and situation report, and Fort Hays State College. Starting on July 13, 1951, one of the most costly floods in Kansas' history swept down the Kansas River valley into the Missouri River basin. The Kansas River valley had flooded before but not with this magnitude and damage. During the period of July 9-13, some areas in the Kansas River basin received 18.5 inches of rain. The eastern half of the basin averaged 8 inches.

Creator: Kansas. Governor (1951-1955 : Arn)

Date: September 1951-January 1955

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KANSAS
HISTORICAL
SOCIETY

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NATIONAL PRODUCTION AUTHORITY - PAGE 2

DAMAGE REPORTS	ACTIONS TAKEN FOR ECONOMIC REHABILITATION	POLICY AND PROGRAM ADJUSTMENTS REQUIRED	ADDITIONAL LEGISLATION REQUIRED	ADDITIONAL FUNDS REQUIRED
	THEIR WAREHOUSE CUSTOMERS IN THE AREA.			
	DEVELOP SET-ASIDES OF COPPER AND ALUMINUM.			
	MRO MATERIALS OR SUPPLIES DELIVERED TO REPLACE FLOOD DAMAGED STOCKS OR USED IN FLOOD REPAIRS WILL BE EXEMPT FROM THE PROVISIONS OF ONP REG. 5.			
	HAVE CLAIMANTS DEVELOP LIST- ING OF COMPLETION URGENCY FOR PROJECTS, PARTICULARLY THOSE REQUIRING STRUCTURAL STEEL.			

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RECONSTRUCTION FINANCE CORPORATION				
DAMAGE REPORT	ACTIONS TAKEN FOR ECONOMIC REHABILITATION	POLICY AND PROGRAM ADJUSTMENTS REQUIRED	ADDITIONAL LEGISLATION REQUIRED	ADDITIONAL FUNDS REQUIRED
(NOT APPLICABLE)	SECTION 4(A)(4) OF THE RFC ACT AUTHORIZES THE CORPORATION "TO MAKE SUCH LOANS AS IT MAY DETERMINE TO BE NECESSARY OR APPROPRIATE BECAUSE OF FLOODS OR OTHER CATASTROPHIES." UNDER SECTION 4(E)(1) THESE LOANS MAY BE MADE WITHOUT SECURITY REGARDLESS OF WHETHER FINANCIAL ASSISTANCE IS OTHERWISE AVAILABLE ON REASONABLE TERMS. THE MAXIMUM PERIOD OF THE LOAN IS TEN YEARS. HAS BEEN PRACTICE TO LIMIT THESE LOANS TO SUCH FUNDS AS ARE NECESSARY TO RESTORE THE TANGIBLE PROPERTY DAMAGED OR DESTROYED. WORKING CAPITAL LOANS USUALLY HANDLED UNDER REGULAR LENDING AUTHORITY OF RFC. STATES OF KANSAS AND MISSOURI HAVE BEEN DECLARED DISASTER AREAS WITHIN THE MEANING OF THE RFC ACT. PLANS PRESENTLY BEING FORMULATED CALL FOR FIELD LOAN OFFICES TO BE LOCATED IN KANSAS IN THE CITIES OF TOPEKA, MANHATTAN, JUNCTION CITY, SALINA, ABILENE, CITTAWA, LAWRENCE AND KANSAS CITY. IF THE SITUATION REQUIRES IT, ADDITIONAL	NONE	NONE AT PRESENT - SEE STATEMENT UNDER FUNDS REQUIRED	UNDER SECTION 4(C) OF THE RFC ACT, THERE IS A LIMITATION OF \$40,000,000 ON THE TOTAL AMOUNT OF DISASTER LOANS THAT THE CORPORATION MAY MAKE. AT THE PRESENT TIME, APPROXIMATELY \$35,000,000 IS AVAILABLE FOR SUCH LOANS. UNTIL SUFFICIENT APPLICATIONS HAVE BEEN FILED WITH THE FIELD OFFICES, IT IS IMPOSSIBLE TO TELL WHETHER THIS AMOUNT WILL BE SUFFICIENT.
				ODM-1094

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RECONSTRUCTION FINANCE CORPORATION - Page 2

DAMAGE REPORT	ACTIONS TAKEN FOR ECONOMIC REHABILITATION	POLICY AND PROGRAM ADJUSTMENTS REQUIRED	ADDITIONAL LEGISLATION REQUIRED	ADDITIONAL FUNDS REQUIRED
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FIELD OFFICES IN KANSAS WILL
BE ESTABLISHED AT BELOIT,
MINNEAPOLIS, AND MARION.

ALL LOAN AGENCIES NOT AF-
FECTED BY THE DISASTER HAVE
BEEN ALERTED AND REQUESTED
TO DESIGNATE TWO EXAMINERS,
PREFERABLY WITH DISASTER
LOAN EXPERIENCE, TO BE READY
TO GO ON TWENTY-FOUR HOUR
NOTICE TO THE AREA.

SIMILAR PLANS TO THOSE ABOVE
FORMULATED FOR ST. LOUIS
AREA WHICH WAS DECLARED
DISASTER AREA ON JULY 20.

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DEPARTMENT OF THE TREASURY				
DAMAGE REPORT	ACTIONS TAKEN FOR ECONOMIC REHABILITATION	POLICY AND PROGRAM ADJUSTMENTS REQUIRED	ADDITIONAL LEGISLATION REQUIRED	ADDITIONAL FUNDS REQUIRED
NONE	COAST GUARD HAS PROVIDED BOATS AND PLANES. ADDI- TIONAL FORCES OR EQUIPMENT THAT CAN BE USED NOT AVAILABLE.	NONE	NONE	NONE

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VETERANS' ADMINISTRATION				
DAMAGE REPORT	ACTIONS TAKEN FOR ECONOMIC REHABILITATION	POLICY AND PROGRAM ADJUSTMENTS REQUIRED	ADDITIONAL LEGISLATION REQUIRED	ADDITIONAL FUNDS REQUIRED
KANSAS CITY AREA - APPROXI- MATELY 150 HOMES ON WHICH THE VETERANS' ADMIN- ISTRATION HAS GUARANTEED OR INSURED LOANS HAVE BEEN DE- STROYED, 225 HAVE SUFFERED MAJOR DAMAGE, AND APPROXI- MATELY 350 SHOW MINOR DAMAGE - NUMBER OF DAMAGED FARMS NOT YET KNOWN. NO REPORTS FROM OTHER REGIONAL OFFICES AS TO NUMBER OF PROPERTIES DAMAGED OR THE TOTAL DOLLAR LOSS INVOLVED.	VETERANS' ADMINISTRATION WILL MAKE EVERY EFFORT TO ENCOUR- AGE LENDERS TO EXTEND FOR- BEARANCE TO DISTRESSED VETER- AN BORROWERS. WHERE HOLDERS OF GUARANTEED OR INSURED LOANS ARE RELUCTANT TO FORBEAR, VA WILL AUTHORIZE LOAN GUARANTY OFFICERS TO ESTABLISH AN "UPSET PRICE" IN AN AMOUNT NOT LESS THAN THE UNGUARANTEED PORTION OF THE LOAN BALANCE TO INDUCE SUCH RELUCTANT HOLDERS TO DELAY FORECLOSURE PROCEEDINGS. THEREAFTER, CONSIDERATION WILL BE GIVEN IN PROBLEM CASES TO REFUNDING OF THE LOAN BY THE VA SHOULD THE HOLDER INSIST ON FORECLOSURES. LOAN GUARANTY OFFICERS IN THE AREA AUTHORIZED TO ADVANCE A MAXIMUM OF \$500 FOR THE REPAIR AND REHABILITATION OF PROPERTY ON WHICH THE VA HOLDS THE MORTGAGE.	NONE	NONE	FUNDS FOR SPECIAL AP- PRAISALS OF DAMAGED PROPERTIES WILL BE REQUIRED - UNABLE TO ESTIMATE THE AMOUNT AT THIS TIME - WILL BE SUP- PLIED AS SOON AS AVAILABLE.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF DEFENSE MOBILIZATION
Washington, D. C.

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August 9, 1951

MEMORANDUM FOR: Secretary of the Treasury
Secretary of Defense
Secretary of the Interior
Secretary of Agriculture
Secretary of Commerce
Secretary of Labor
Chairman, Atomic Energy Commission
Chairman, Civil Service Commission
Chairman, Committee on Defense Transportation and Storage
Administrator, Defense Production Administration
Administrator, Economic Stabilization Agency
Administrator, Federal Civil Defense Administration
Chairman, Federal Communications Commission
Chairman, Federal Reserve Board
Administrator, Federal Security Agency
Administrator, General Services Administration
Administrator, Housing and Home Finance Agency
The Housing Expediter
Administrator, National Production Authority
Director, Office of Price Stabilization
Administrator, Reconstruction Finance Corporation
Administrator of Veterans' Affairs
Chairman, Wage Stabilization Board

SUBJECT: Status Report on Kansas-Missouri Flood Disaster
Rehabilitation

Mr. Howse has requested that the reports submitted in answer to Mr. Wilson's letter of July 20, 1951 (see copy attached) be brought up-to-date. These reports should be submitted in triplicate at the next meeting of the Washington Committee which will be held on Monday, August 13, 1951 at 2:00 p.m., in Room 211, Executive Office Building.

A summary of your first report is attached. It will be appreciated if you will review this summary and make whatever additions, corrections and deletions you deem necessary. The attached summary with the addition of the latest data available will constitute the up-to-date report requested in paragraph 1, above. This up-to-date information is required in order to develop the legislative program as requested by the President.

Each agency representative is requested to submit at next Monday's meeting comments on the following flood disaster bills which have been introduced in the Congress to date:

1. Hennings bill, S 1935
2. Belling bill, HR 5022
3. Scrivener Resolution, H JR 307

Each agency representative is also requested to define the disaster area by counties and provide any advice or information on how the State governments in the affected states should participate more extensively in the rehabilitation work.

John D. Young
Executive Secretary

Attachment

ODM-1204

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August 16, 1951

Mr. Alan Dean

Ray Sternfeld

Federal Government Participation in the Relief of the Mississippi Valley Flood Disaster of 1927 and the Ohio-Mississippi Valley Flood Disaster of 1937

The floods of 1927 and 1937, two of the most devastating floods of the last twenty-five years, were selected as the most appropriate cases for studying the extent and manner of Federal Government participation in the alleviation of a major flood disaster. The table below gives some indication of the size of the tangible damage. Some of the figures included in the table can only be considered as estimates.

Damage Inflicted by the Mississippi Valley Flood
Disaster of 1927 and the Ohio-Mississippi Valley
Flood Disaster of 1937

	1927	1937
Lives Lost	313	137
Property Damage	\$284,120,000-600,000,000	\$300,000,000-500,000,000
Total square miles flooded	25,892	12,721
Ag. Acreage Flooded	5,290,000	4,742,750
Population Displaced	931,000	1,495,000
Buildings destroyed	41,500	12,900
Buildings damaged	180,500	61,000
Red Cross Expenditure	\$17,500,000	\$25,500,000

Source: U.S. Weather Bureau and Red Cross

Flood of April 1927

Indicative of the times, the Federal Government played a secondary role to the States and Red Cross in the various relief operations connected with the Mississippi flood. The Red Cross assumed the principal role of guiding rescue operations and of feeding, clothing, housing and rehabilitating the flood refugees.

President Coolidge appointed a committee consisting of the Secretaries of Commerce, War, Navy, Treasury and Agriculture to confer and act with the Red Cross in flood relief activities. Herbert Hoover was selected as chairman and together with James L. Fieser, vice chairman of the Red Cross, he assumed responsibility for the conduct of rescue, relief and reconstruction operations.

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"Under the general supervision of Mr. Hoover and Mr. Fieser, the Red Cross Director of Field Operations exercised full administrative control over the entire operation with responsibility for coordinating all public, semi-public, private and miscellaneous activities in one unified reconstruction program. Representatives of the various Government departments were assigned to his staff either as directors of specific operations, as expert advisors or as liaison officers."

The Departments of War, Navy, Commerce (Lighthouse Service) and Treasury (Coast Guard) assisted in rescue and relief operations mainly through providing trucks, boats and sea planes. Mr. Hoover estimated in one of his public speeches that the rescue operations cost the Federal Government \$5,000,000. Army Engineers were stationed at various Red Cross relief centers to interpret the progress of the stream. Most of the tents, cots, blankets, field kitchens and other equipment required for the refugee camps were procured from the Army. Agriculture's Extension Service assisted the Red Cross in their seed program. The Public Health Service and Veterans Bureau supplied medicines and vaccines. PHS assigned a liaison person to Red Cross headquarters and placed 14 public health officers in the field to work with the State and Red Cross health officials. PHS contributed about 30% (\$262,000) toward a program of establishing permanent county health units in the affected counties.

The President appealed to the U.S. Chamber of Commerce to help meet the need for additional credit resources in the Mississippi Valley. The Chamber of Commerce with the assistance of the Federal Farm Loan Board and the Federal Intermediate Credit Banks set up Flood Credit corporations in three states. These corporations relied heavily on the State Reconstruction Commissions established under the aegis of the Red Cross and the State governors.

Flood of January 1937

The Federal Government's actions in the relief of the Ohio-Mississippi flood disaster were much more extensive than in 1927. Although the Red Cross continued in the role as the center of public relief work, it did not take over the work of administering aid by Federal as well as non-Federal agencies.

Representatives from the Army, Navy, Coast Guard, WPA, Public Health Service, CCC, Weather Bureau and Red Cross met daily as a coordinating conference to avoid any possible duplications. The President early in the disaster appointed an emergency flood committee consisting of the WPA administrator and his assistant, the Chief of Army Engineers, the Surgeon General of the PHS and the Red Cross vice chairman. Mr. Harry Hopkins, WPA administrator, acted as liaison officer and coordinator of all flood relief activities. This committee attempted to divide the work load and assign responsibilities to the various agencies. The division of responsibility among the agencies appeared to result in quite successful operations.

The Corps of Engineers was responsible for maintaining and strengthening levees and dikes. The Quartermaster Corps furnished large quantities of food, clothing, blankets, tents, lumber, and men to handle their distribution and in

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establishing refugee centers. The Coast Guard aided in rescue work and the transportation of workers and supplies. The Red Cross furnished all medical and nursing personnel needed for relief purposes and operated as the official relief agency. Public Health Service supplied biologicals and liaison health officials. In all this work the CCC and WPA provided manpower whenever necessary.

There are various and differing published figures for the expenditures of the many agencies involved in the relief effort. This is attributable to the lack of a clear delineation between flood relief and other agency activities in the region.

Civilian Conservation Corps	\$ 4,320,000
WPA	4,250,000
War Department	3,649,000
U.S. Public Health Service	1,027,000
Resettlement Administration	500,000
Tennessee Valley Authority	250,000
National Youth Administration	<u>107,000</u>
TOTAL	\$14,103,000

The WPA in addition to the 4 $\frac{1}{2}$ million for rehabilitation of flooded areas expended \$10,780,000 for relief work and flood fighting. WPA and CCC assisted in cleaning up and repairing public property and private property constituting a public health hazard. Of the \$1,027,000 expended by PHS \$837,000 were grants to States.

In addition to actual expenditures, over \$7,000,000 in loans were lent by the Disaster Loan Corporation, the Farm Credit Administration, the Resettlement Administration and the Federal Housing Administration. The largest amount (\$5,000,000) coming from the Disaster Loan Corporation.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF DEFENSE MOBILIZATION
Washington 25, D. C.

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August 13, 1951

MEMORANDUM FOR: Charles E. Wilson

FROM: A. E. Howse

SUBJECT: Flood Rehabilitation

On July 13, 1951, the flood reached its peak in Kansas and passed into Missouri.

On July 16, 1951, I flew into Kansas City to survey the general situation and to organize a program of federal assistance.

On July 19, 1951, the President assigned to the Office of Defense Mobilization the responsibility "to direct and coordinate the activities of the federal departments and agencies toward the restoration of the general economy of the area."

As you know, I have established emergency offices in Kansas City, Missouri, as your personal representative, and since the date last mentioned above we have directed and coordinated a vast program of federal assistance to the stricken area through the various departments and agencies whose normal operations embraced the necessary services. The Regional Defense Mobilization Committee in Kansas City has been expanded to include representation from each of the agencies operating in the area. Complete cooperation has been experienced. Industrial rehabilitation results to date have exceeded our expectations and confirm the established procedures.

Nearly four weeks of intensive study at the actual scene of the disaster, and innumerable conferences with federal, state and local officials, have resulted in the following inescapable conclusions:

1. The flood, extending more than 1,000 miles over some 2,500,000 acres of land, has caused a disaster of a magnitude never before experienced in this country. Some 140 cities have been at least partially inundated.
2. The magnitude of the disaster will require relief and rehabilitation efforts of an unusual nature, great enough to insure that the accumulated misery and distress do not swell to larger proportions.
3. Relief and rehabilitation efforts must be prompt. Time is of the essence. The fourth week after the flood is now upon us, and we should do everything in our power to prevent further delay.

ODM. 1231

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It is obvious that an adequate rehabilitation policy must comprise the following general principles:

1. A program of a degree of indemnification for the loss of public and private property. It has been suggested that the first \$20,000 of loss should be compensated at the rate of 80%, the next \$20,000 at the rate of 60%, and so on in declining percentages with a ceiling of \$100,000 on any single claim from any single claimant. Such a suggestion is frankly discriminatory in that it does not compensate for the huge industrial losses incurred. On the other hand, it does include most of the individual home owners and small business people who comprise more than 90% of the total number of individuals concerned.
2. A program of debt adjustment. It appears reasonable that creditors, as well as debtors, should share in the cost of the disaster. For that reason, such indemnity payments as are outlined above should be made subject to a compromise of creditors' claims in some amount approximating 75%.
3. A program whereby the Government could guarantee loans on very liberal terms for the construction of new homes to replace housing destroyed by the flood. The FHA 100% guarantee may serve this purpose if proper credit arrangements are relaxed for flood sufferers.
4. A program whereby the Government could guarantee loans to business in order that business which has suffered by the flood may be able to reopen and/or rebuild its facilities. Such a program is being attempted presently through the disaster authority of the RFC whose disaster funds are both limited and incapable of participation with local commercial banks.
5. A program whereby the reconstruction of the flooded areas might be undertaken according to some well-conceived plan which would avoid jerry and indiscriminate construction. It would, therefore, be highly desirable for some public authority to have the power to acquire and dispose of land.
6. A program whereby the federal Government could establish flood insurance both as a protection against future disaster and as a measure of inducement for the reconstruction and rehabilitation of the prostrate area. It is possible that this program should be nation-wide in its application.
7. A program whereby the state, county and municipal governments could participate in the rehabilitation costs. In this connection, it may be necessary to make loans to states and/or their political subdivisions for these purposes under certain emergency circumstances.

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The need for immediate action cannot be overemphasized. Further human suffering must be alleviated as quickly as possible. Defense production must be resumed. Homes must be reconstructed before the snow comes. Farm land must be cultivated before the season wanes this fall, if it is to be of any value next year.

Because of the urgent need, it is recommended that no additional bureaus or agencies be established but that the existing departments and agencies of Government continue to be coordinated through the Office of Defense Mobilization. The emergency needs of the situation will not permit individual agencies to seek individual funds for individual and specific purposes from the Congress; therefore, it is suggested that the President ask the Congress to appropriate \$500 million in a lump sum for the above purposes and somewhat in the same manner as Defense Production Act funds have been appropriated. It is suggested that there be established within the Office of Defense Mobilization, a Great Flood Administration, with authority to develop the above programs and to allocate the funds in connection therewith to the various federal departments concerned. The agencies concerned are already in existence and the various types of assistance outlined above could be made available almost on an overnight basis through our direction.

The authority of the Great Flood Administration should be limited to relief and rehabilitation of the immediate disaster area of the Great Flood of 1951 in the Kansas, Missouri and Mississippi River basins and their tributaries, as such disaster area may be defined by the Director of Defense Mobilization.

This authority should not include any long-range water or flood control programs other than such portions as may be immediately necessary for the preservation of human life and property.

This authority should terminate on March 1, 1952, except for liquidation of such guaranteed loans, bonds, contracts and other actions consistent with the above authority which, by their terms, extend beyond that date.

The magnitude and the critical nature of the present emergency cannot be overemphasized. Common sense dictates that we do at least as much for our own people as we are doing abroad under the various foreign aid programs. The defense effort has already received a staggering blow and the effects of this disaster will be accumulative for many months. We are presently at war in Korea and we are preparing to defend ourselves elsewhere in the world. We must utilize every possible means to insure a rapid continuation of the defense effort in this area.



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AUGUST 20, 1951

CONFIDENTIAL: To be held in STRICT CONFIDENCE and no portion, synopsis or intimation to be given out or published until the READING of the President's Message has begun in either the Senate or House of Representatives. Extreme care must therefore be exercised to avoid premature publication.

JOSEPH SHORT
Secretary to the President

TO THE CONGRESS OF THE UNITED STATES:

I request your urgent consideration of a matter of grave emergency.

A great flood disaster -- one of the most terrible in the history of the United States -- has struck a vast area of the Middle West. The center of its devastation is the valley of the Kansas River, but destruction is spread through other Kansas valleys and parts of Missouri and Oklahoma, and has touched several of the adjacent States.

From May 15 to early July, rain fell almost constantly over an area of thousands of square miles, with the heaviest downpours concentrated in south-central Kansas. By early July, the streams and rivers of Kansas had risen to unprecedented heights. Reservoirs, where they existed, overflowed. Millions of tons of water plunged downstream, crumbling dikes and levees all along the course and sweeping away homes, farms, businesses, roads, bridges, and communication lines. The crest of the flood hit the concentrated industrial area along the river banks at Kansas City, Kansas, and Kansas City, Missouri, on July 13, and swept a path of destruction across the entire width of Missouri before its force was spent.

The velocity of the waters, as well as their depth and volume, was without parallel in the recorded history of the region. For the month of July, stream flow in central Kansas was seventy times normal.

The loss to the Nation along 1,000 miles of river valleys is now being measured. Already more than one billion dollars in physical damage and at least that much more in loss of income has been counted in preliminary estimates. When the final estimate is in, the toll will be greater.

I wish that every Member of the Congress could have flown, as I did, over these valleys at the height of the flood. I wish that every Member of the Congress could now tramp through the desolated cities of Kansas and drive through the wasteland where lie what were some of the richest farm acres in the world, their crops now obliterated.

It is estimated that 30,000 to 40,000 homes were flooded. Of these, some 10,000 or 15,000 are destroyed or have suffered major damage -- many beyond repair.

At the peak of the flood, some two or three hundred thousand persons were driven from their homes. At least 20,000 of these are still displaced -- living in schoolhouses, churches, auditoriums, trailer camps, temporary housing, or with relatives, friends or strangers who took them in when the disaster struck.

At least 5 million acres of farm land, including some of the richest and most productive agricultural land in the Nation, has been badly damaged. Land in the path of the floods was gouged and eroded, its topsoil carried away. At least 30,000 farms were wholly or partially under water -- many standing under 25 feet or more at the peak

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and remaining flooded for many days. When the water left, thousands of acres were buried under sand and gravel. Thousands of acres are still covered by "trapped water" and must be drained. A year's crops were destroyed, hundreds of thousands of dollars worth of livestock killed, several million dollars worth of critical farm machinery and equipment destroyed or seriously damaged.

At least 10,000 miles of fences were destroyed -- enough to skirt the perimeter of the United States. Farm buildings were damaged on 17,000 farms.

At least 5,000 small businesses were completely or partially destroyed. Store and factory buildings were swept away, merchandise and equipment ruined.

More than one billion dollars of loss -- in property damage, and loss of production and employment -- has already been suffered by the industries that are tightly concentrated along the Kansas and Missouri rivers at Kansas City, Kansas, and Kansas City, Missouri.

In many cases, particularly upstream, time was too short and trucks too few to allow families to save their furniture and other household possessions. As the crisis struck, organized effort had to be devoted to saving life. Few lives were lost, but many families today have virtually nothing beyond the clothes they wore when they fled -- or were rescued from -- the path of the waters.

In the American tradition, neighbors have taken care of neighbors. Every refugee is being sheltered; everyone is fed. Cities not flooded have "adopted" stricken cities. States and communities with emergency Federal aid, are restoring and repairing roads, utilities, and public buildings. A great national organization, the American Red Cross, has done and is doing the heroic emergency job that people stricken with disaster can always count upon. During the crisis, Federal agencies, particularly the units of the Armed Forces in the area, threw all available men and resources into the fight to minimize the destruction.

In the tremendous task of putting families and communities back on their feet, the Federal Government now can do two things. First, under the Disaster Relief Act of 1950, regular activities of several Federal agencies can be specially directed to emergency aid, and 25 million dollars have been appropriated to assist communities in clearing debris, in health protection, in the emergency repair of public property, and to provide temporary housing and for other emergency relief. Mr. Raymond M. Foley, Administrator of the Housing and Home Finance Agency, is responsible for these funds, and for coordinating Federal Agency emergency relief activities.

Thus far, nearly 11 million dollars have been allocated to Federal agencies and to State governments for re-allocation to local governmental units. Temporary housing needs, remaining clean-up costs, and estimates now being completed by States and communities to cover emergency repairs to waterworks, sewer systems, streets, roads, bridges and other community facilities will probably exhaust the remaining 14 million dollars, even with the fullest contributions the local governments can themselves make.

Second, a number of lending agencies -- including the Department of Agriculture, the Housing and Home Finance Agency, the Veterans Administration, and the Reconstruction Finance Corporation -- can to a limited extent make or insure loans for the rehabilitation of farms, homes, and businesses.

But in a disaster of this magnitude, the combined resources now available to the Federal Government, the States and the local communities, and private organizations such as the American Red Cross,

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are far from enough to accomplish the tremendous task of restoring for the Nation the productivity and economic vitality of one of its major regions.

There are two reasons why the Nation must act -- and at once -- to restore the stricken regions to economic health.

The first is humanitarian. The victims of the flood must be given opportunity to renew their farming, to reopen their businesses, to build new homes, to find employment -- and without a crushing burden of new debt for every individual. In this land, we do not take the view that a man's misfortune, suffered through no fault of his own, is his own affair, or that a stricken community shall be left to shift for itself. Normally the aid comes from local resources or from those of private relief agencies. But when the disaster spreads beyond the capacity of those resources, then the Nation itself must act to share the loss.

The second reason is that we are now engaged as a Nation in a struggle for survival, and we cannot afford to dispense for long with the industrial and agricultural production that came but is not now coming from the flooded areas. The industries in those valleys turned out hundreds of products that are critical in the building of military and economic strength. Our meat supply will be seriously affected by the loss of corn and livestock, and the food supplies of not only this Nation but the whole free world may suffer from the loss of wheat.

Because of the effect of the disaster on the defense effort, I assigned to the Director of Defense Mobilization, Mr. Charles E. Wilson, the task of coordinating long-range Federal rehabilitation activities as distinguished from the emergency relief aid previously described. Mr. Alfred E. Howse, of Mr. Wilson's staff, has been directing this work in the flood area. They have seen to it that priorities have been granted for repair work in the area, and that all types of aid have been extended within the limits of existing laws and funds. The recommendations contained in this message are based upon their estimates, after a month of close observation.

We urgently need to take steps to relieve human suffering and restore economic life in this flood area, and to protect against future losses from disasters of this type.

In the long run, of course, the greatest need is for the prevention of floods -- through carefully planned and coordinated programs of conservation and water control. Until flood prevention can be assured, however, other measures are urgently required to meet the needs of the present and of the immediate future.

I recommend, therefore, that the Congress at once approve an appropriation of 400 million dollars for the following purposes:

1. To indemnify the flood victims for a portion of their loss of real and personal property.
2. To make and guarantee loans on liberal terms for the building of homes and businesses to replace those destroyed.
3. To help farmers drain and rehabilitate their land, replace buildings, and restore the productive capacity of their farms, through on-farm assistance and disaster loans.
4. To permit loans where necessary to enable State and local government participation in the rehabilitation activities.
5. To provide funds to establish a national system of flood disaster insurance, similar to the war damage insurance system of World War II.

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To administer the program, I expect to establish a Flood Disaster Administration as a small policy and control body, with operating functions placed in existing Federal and State departments and agencies.

Under the circumstances, a broad degree of discretion in administering the rehabilitation funds is necessary. In this emergency, speed of action is all-important. Winter is approaching, and Congressional authorization for Federal aid cannot be delayed to await the development of fully detailed plans for the administration of aid in the variety of individual circumstances that will arise. A broad legislative directive will let the stricken region know in general what can be counted on, so that individuals and communities can make plans for going ahead with rehabilitation activities.

The loan programs represent no new departure in Government policy. My recommendations will simply increase the available funds and remove certain normal limitations which are inappropriate in a disaster of this magnitude.

But loans -- even on liberal terms -- are not enough to meet this situation. People who lost their homes, farms, and businesses now have little or no security to offer a lender. Very few, if any, individuals or businesses had any insurance protection against their flood losses. Generally speaking, private insurance companies have not offered such protection, because of the uncertain nature of the risk. Consequently, many people were left after the flood with nothing -- or with nothing but their debts. If they could borrow more, new loans added to the old ones would create a debt burden that for an indefinite time to come would be a drag on the economic vitality of the region and would impair its ability to contribute to building our national security.

For these reasons, I consider it essential to provide some rehabilitation grants, directed particularly to assist wage earners and small farmers and businessmen, whose losses in this flood represented personal financial tragedy. To accomplish the most in rehabilitation with the money available, the indemnity program should provide a sliding scale. For example, on the first \$10,000 of loss (after deducting a standard amount of perhaps \$200), the payment might be 80 percent, on the next \$10,000, 60 percent, and so on, with a maximum payment of perhaps \$20,000 for any one claimant. The ceiling would exclude the bulk of the industrial losses, but it would enable individuals and small businesses to make a prompt new start. Fortunately, most of the large industrial concerns affected have other resources; and many are, in fact, already proceeding with reconstruction of their plants.

As part of the rehabilitation program, local redevelopment plans should be required in some cases to assure that rebuilding does not take place in areas subject to recurrent flooding. For example, some of the devastated urban areas could best be converted to parks, recreation areas, or other public uses to minimize the amount of investment in construction on flood plains.

The whole aid program must be carried out on a basis of joint participation by Federal, State, and local governments. The States and cities that are affected have already spent much in restoring their own public services. Nevertheless, the States, and where possible the cities, should share the cost of the whole program on some equitable basis.

The lack of a national system of flood disaster insurance is now a major gap in the means by which a man can make his home, his farm, or his business secure against events beyond his control. It is a basic requisite to the rapid re-opening of plants in the flood region, where dikes cannot be rebuilt for some months, and companies are unwilling, in some cases, to undertake the risk of being inundated in the meantime.

The system of flood insurance should be based, if possible, upon private insurance with re-insurance by the Government. This was the principle of the war risk insurance in effect in World War II.

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It depends, of course, upon the demonstration by private insurers that they can meet the needs of those seeking insurance at reasonable rates.

Once the system of flood insurance is in effect, there should be no need in the future for a program of partial indemnities such as is now proposed for the Midwest flood victims. As a permanent national policy, insurance is far superior to direct Federal payments.

Suggested appropriation language to carry out these recommendations is attached to this message.

The major features of the indemnification proposals I am making are similar to those already introduced in the Congress by Senator Hennings and Representative Bolling of Missouri. The principles incorporated in all my recommendations have the support of the Governors of Kansas and Missouri and the Governors' advisory committees which represent major groups within the two States. They will revive a region of the Nation now badly hurt -- a region of such importance to the security and welfare of the whole country that its revival must be the immediate concern of all our citizens.

I urge the adoption of this program as an emergency measure. Whatever is done must be started with the greatest speed.

Homeless families must be re-housed quickly. Industrial production and transportation must be restored. To avert the loss of next year's farm production from much of the flooded land, drainage ditches must be opened, debris cleared away, and silted soil seeded to cover crops in the remaining 60 to 90 days before winter sets in. Tax resources of States and communities must be re-established.

In all of these things, we must move quickly. Every day counts.

HARRY S. TRUMAN

THE WHITE HOUSE,

August 20, 1951.

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FUNDS APPROPRIATED TO THE PRESIDENT

Rehabilitation of Midwestern Flood-stricken Areas

For expenses necessary to enable the President, through such agencies of the Government (including new agencies which the President is hereby authorized to create) as he may direct, and under such regulations as he may approve, to provide for and to take such measures as he may deem necessary for relief and rehabilitation in the areas declared by the President during July and August, 1951, to be disaster areas because of floods, including (a) partial indemnification for physical loss of, or damage to, such tangible real or personal property as may be deemed administratively feasible, but such indemnification (1) shall not exceed \$20,000 for all claims of any one person and shall in no case exceed 80 percentum of an amount equal to the cost of replacing, rehabilitating, repairing, or reconstructing such property (less depreciation), (2) may be required to be contingent upon financial participation of State and/or local governments and compromise of creditors' claims (including claims of Federal agencies which are hereby authorized to be compromised without consideration), and (3) shall be adjusted on account of any assistance, compensation, insurance, or other reimbursement received or due on account of such loss or damage; (b) loans to State and local governments, on such terms and conditions as may be deemed necessary, to enable financial participation by such governments in the indemnification program authorized herein; (c) direct loans, or the guaranteeing of loans made by any public or private financing institution, upon such terms and conditions as may be deemed necessary, for rehabilitation of houses, farms, and private businesses; (d) conservation and land restoration measures; (e) personal services, without regard to the civil service laws; (f) hire of passenger motor vehicles and aircraft; (g) advance of funds under section 11 of the Act of August 2, 1946 (31 U.S.C. 529); (h) expenses of attendance at meetings concerned with the purposes of this appropriation; and (i) services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a); \$400,000,000, to remain available until June 30, 1952: Provided, That prior to the payment of any indemnity, or the granting or guaranteeing of any loan under this Act, the recipient thereof, or the cognizant State or local government, may be required to provide reasonable assurance of the relocation, reconstruction, replacement, rehabilitation, or repair of the damaged property so as to provide reasonable protection against the recurrence of flood loss or damage to such property, or the indiscriminate redevelopment thereof, and for these purposes there may be acquired by purchase, donation, other means of transfer, or condemnation, and without regard to section 355 of the Revised Statutes (40 U.S.C. 255), land which is subject to recurrent flooding, and such land may be utilized or disposed of in such a manner as to reduce the likelihood of further serious flood damage: Provided further, That any indemnification made pursuant to the provisions of this appropriation shall be final and conclusive for all purposes: Provided further, That the authority conferred by this appropriation and the funds provided herein shall be supplementary to, and not in substitution for, nor in limitation of, any other authority conferred or funds provided under any other law: Provided further, That the functions and duties exercised under this Act shall be excluded from the operation of the Administrative Procedures Act (60 Stat. 237), except as to the requirements of section 3 thereof.

Flood Insurance Revolving Fund

There is hereby created the "Flood insurance revolving fund", which shall be available, without fiscal year limitation, for all expenses necessary for the establishment and operation of a Federal flood insurance program to provide insurance and reinsurance (when not otherwise available at reasonable rates and upon reasonable conditions from private sources) against damage to, or loss of, private property (including that owned by State or local governments) from floods occurring within the United States or its Territories, including expenses of

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attendance at meetings concerned with the purposes of said funds; services as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a); advance of funds under section 11 of said Act of August 2, 1946 (31 U. S. C. 529); and purchase and hire of passenger motor vehicles. Said program shall be administered by such agency of the Government (including new agencies which the President is hereby authorized to create) as the President may direct, and shall be operated under such regulations as he may approve. For the foregoing purposes, there may be transferred to said fund, from the appropriation for "Rehabilitation of Midwestern Flood-stricken Areas," such amounts as the President shall determine to be necessary, which shall remain available without regard to the limits of disaster areas. In addition, said fund shall be credited with all net receipts from insurance premiums, salvage, or other recoveries from insurance activities thereunder, and there are authorized to be appropriated such additional amounts as may be required: Provided, That any insurance or reinsurance issued under said fund shall be based, insofar as practicable, upon consideration of the risk involved, and said program shall utilize to the maximum extent possible the facilities of private insurance companies: Provided further, That reinsurance shall not be provided under said fund at rates less than, nor obtained under said fund at rates more than, the rates established by the Government on the same or similar risks or the rates charged by the insurance carrier for the insurance so reinsured, whichever is most advantageous to the Government, except that there may be made to the insurance carrier such allowances for expenses on account of the cost of services rendered or facilities furnished as may be deemed reasonably to accord with good business practice, but such allowance to the carrier shall not provide for any payment by the carrier on account of solicitation for or stimulation of insurance business: Provided further, That such program of insurance shall be so administered as not to serve as an inducement for indiscriminate investments in facilities in areas which are subject to recurring floods.

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FEDERAL DEPARTMENTS, AGENCIES AND BUREAUS COOPERATING IN THE FLOOD RELIEF AND REHABILITATION PROGRAM

Department of Agriculture

- Production & Marketing Administration
- Commodity Credit Corporation
- Farmers Home Administration
- Farm Credit Administration
 - Federal Farm Mortgage Corporation
 - Production Credit Associations
 - Federal Land Bank Association
 - Banks for Cooperatives
 - Intermediate Credit Banks
- Federal Crop Insurance Corporation
- Soil Conservation Service
- Extension Service
- Agricultural Research Administration
- Rural Electrification Administration
- Agricultural Mobilization Committees

Atomic Energy Commission

Civil Service Commission

Department of Commerce

- National Production Authority
- Bureau of Public Roads
- Civil Aeronautics Administration
- Coast and Geodetic Survey
- Weather Bureau

Comptroller General of the United States

Defense Production Administration

Defense Transport Administration

Department of Defense

- Munitions Board (Armed Forces Regional Council)
- Department of the Army -- Corps of Engineers
- Department of the Navy
- Department of the Air Force -- Air Materiel Command

Economic Stabilization Agency

- Office of Price Stabilization
- Wage Stabilization Board
- Salary Stabilization Board
- Office of Rent Stabilization (formerly The Housing Expediter)

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Federal Civil Defense Administration

Federal Communications Commission

Federal Reserve System, Board of Governors

Federal Security Agency

Public Health Service

Food and Drug Administration

Office of Education

General Services Administration

Housing and Home Finance Agency

Community Facilities Service

Home Loan Bank Board

Federal Housing Administration

Public Housing Administration

National Housing Council

Department of the Interior

Defense Electric Power Administration

Defense Minerals Administration

Defense Solid Fuels Administration

Defense Fisheries Administration

Geological Survey

Petroleum Administration for Defense

Bureau of Mines

Bureau of Reclamation

Bureau of Indian Affairs

Department of Labor

Wage and Hour and Public Contracts Divisions

Bureau of Employment Security

Defense Manpower Administration

Office of Defense Mobilization

Committee on Defense Transportation and Storage

Reconstruction Finance Corporation

Department of the Treasury

U. S. Coast Guard

Veterans' Administration

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MINUTES OF MEETING OF
REGIONAL COMMITTEE ON DEFENSE MOBILIZATION
REGION IX
IOWA, KANSAS, MISSOURI, NEBRASKA
July 26, 1961

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The Interagency Regional Committee on Defense Mobilization for Region IX met in Room 302 of the Federal Office Building in Kansas City on July 26, 1951. The Regional Defense Mobilization Committee is composed of representatives of the following governmental agencies:

National Production Authority.....Mr. K. V. James
(Department of Commerce)

Defense Manpower Administration.....Mr. Arnie Solem
(Bureau of Employment Security,
Department of Labor)

Federal Security Agency.....Mr. James W. Doarn

Department of Defense.....Mr. Frank J. Dean, Jr.

Housing and Home Finance Agency.....Mr. C. W. Anderson

Department of Agriculture.....Mr. Donald E. Smith

Executive Secretary.....Mr. Merle H. Alden

Because of the unprecedented situation which faced the entire Kansas City area due to the ravages of the recent flood, the Interagency Regional Committee on Defense Mobilization was expanded to include representatives of other Federal agencies in accordance with Mr. Charles E. Wilson's letter of July 20, 1951. A copy of this letter is attached. Because of their immediate interest in relief and rehabilitation of this disaster-stricken area, Mr. A. E. Howse, Assistant to the Director of Defense Mobilization, and Mr. R. M. Foley, Administrator of Housing and Home Finance, were in attendance at the meeting. Representatives of the Federal agencies which are temporarily added to the Committee were in attendance as follows:

Wallace Vawter	Bureau of the Budget
Noble C. Lindstrom	Civil Service Commission
Homer C. King	Defense Transportation and Storage
E. F. Bertrand	Defense Production Administration
H. Roe Bartle	Office of Price Stabilization
Carl W. Gabel	Federal Civil Defense Administration
H. T. Callahan	Federal Communications Commission
H. C. Leedy	Federal Reserve System
W. A. Holloway	General Services Administration
James M. Robertson	Office of Housing Expeditor
Samuel N. Conly	National Production Authority (M.M.F.R. - Mission)
David H. Powell	Reconstruction Finance Corp.
Col. L. J. Lincoln	Corps of Engineers
Keith W. Dancy	Veterans Administration
Robert L. Howard	Wage Stabilization Board

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The following also were in attendance:

H. E. Robinson	Bureau of Reclamation
K. T. Hutchinson	Dept. of Agriculture
G. F. Geissler	Dept. of Agriculture
Gladwin E. Young	Dept. of Agriculture
Ralph R. Will	Dept. of Agriculture
H. E. Hazen	Production & Marketing Adm.
Lyle L. Haguo	Production & Marketing Adm.
Calvin Holloway	Production & Marketing Adm.
Hilton L. Bracey	Production & Marketing Adm.
E. A. Norton	Soil Conservation Service
Arthur M. Blacklow	Reconstruction Finance Corp.
Frank P. Churchill	National Production Authority
James P. Lockard	National Production Authority
J. T. Wilson	National Production Authority
	(P & D Division)
Milton Luce	National Production Authority
Max H. Hofmann	National Production Authority
	(Iron & Steel Division)
T. E. Dalby	National Production Authority
	(Iron & Steel Division)
E. F. Studwell	National Production Authority
	(Iron & Steel Authority)
F. H. Winget	National Production Authority
	(Railroad Equipment Division)
Harry W. Ketchum	National Production Authority
	(Office of Civilian Req.)
Neal Higgins	National Production Authority
	(M.M.F.R. - Mission)
Samuel A. Palmer	National Production Authority
	(M.M.F.R. - Mission)
M. J. Kilroy	National Production Authority
	(M.M.F.R. - Mission)
E. W. Huckins	National Production Authority
	(Constr. & Facilities Bureau)
Kurt L. O'Heim	National Production Authority
	(Agric. Mach. & Imp. Div.)
C. Sterry Long	Field Service
Harry J. McNamey	Housing & Home Finance Agency
Stanley Baitz	Office of Defense Mobilization
W. W. Watts	Defense Production Administration
Lt. Col. C. R. Parsons	Selective Service
A. W. Motley	Bureau of Employment Security
Clinton A. Johnson	Defense Manpower Administration
	(Bureau of Employment Security)
William T. Bailey	Bureau of Employment Security
Duane A. Wendele	Wage & Hour & Public Contracts Division
John Morrison	Kansas Employment Security Division
Roy Shapiro	Kansas Employment Security Division
C. J. Poirier	Kansas Employment Security Division

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Chas. A. Ricker	Missouri Division of Employment Security
C. F. Blankenship	U.S. Public Health Service
R. W. Hart	U.S. Public Health Service
Glen J. Hopkins	U.S. Public Health Service
Alfred E. Poe	Bureau of Public Assistance
Samuel Alford	Food & Drug Administration
C. R. Donovan	Office of Price Stabilization
J. L. O'Brien	Office of Price Stabilization
K. F. Kast	Office of Price Stabilization
Col. A. G. Viney	Military Traffic Section
J. C. Houston	Munitions Board
E. M. Roeder	Dallas Regional Mobilization Committee
Emmet Womer	Chairman (St. Cf) Mobilization Committee
M. B. Braswell	Farmers Home Administration
Earl R. Weimer	Defense Transport Administration
Clifford Shoemaker	Bureau of Public Roads

Mr. K. V. James, Regional Director for the U.S. Department of Commerce representing the regional office of the National Production Authority and as co-chairman of the Interagency Regional Defense Mobilization Committee, called the meeting to order. He then turned the meeting over to Mr. Howse, Director of Rehabilitation for the middle west representing the Office of Defense Mobilization. In opening the meeting, Mr. Howse stated that its purpose was to develop a structure through which the activities being carried on because of the flood situation could be coordinated. He pointed out that the Regional Interagency Committee on Defense Mobilization which had been in existence for some time would continue with its usual functions but that for the purpose of carrying on the aspects of the work involved in the flood situation, the Committee was to be expanded on a temporary basis to include any agency of the Federal Government that has any responsibilities in relief or rehabilitation in the flood area.

There has been established in Washington a mobilization staff group to handle matters concerned with the mobilization program. Each governmental agency has its Washington and Kansas City representative. In most cases, the Washington representative is the under-secretary of his department. The programs to be carried on are to be handled through the regional committee. Mr. Howse stated that in a letter of July 19, President Truman said that the primary responsibility with reference to the flood is that of the coordination of the Federal agencies under the Relief Act, that this is a relief problem (food, shelter, health). A copy of this communication is attached. Also attached is a copy of Defense Mobilization Order No. 6 which established the Regional Defense Mobilization Committee, and a copy of a communication from Mr. C. E. Wilson, Director of the Office of Defense Mobilization, to the administrators of the various departments of the Federal Government. These documents clearly state the need for fast action, together with coordination among the various governmental agencies to avoid duplication of effort and confusion as to areas of responsibility.

Mr. Howse introduced Mr. R. M. Foley. Mr. Foley has been designated as coordinator of all Federal agencies insofar as the emergency is concerned. The purpose of the expanded regional committee is to insure that the

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various segments of our economy, such as workers, farmers, industrial establishments, etc., as represented by Federal agencies, have a voice in the plans which are made for relief and rehabilitation in the flood area. Mr. Foley stated that emergency under this act must be a fast operation, and he described the manner in which a committee will operate. He advised that Mr. C. W. Anderson, Regional Manager for the Housing and Home Finance agency, has been appointed local coordinator for the Kansas City area. Mr. Foley also indicated in an off-the-record statement that we had now reached what we might call a "gripe stage." Much of this is probably based on a lack of knowledge of the limitations of governmental agencies. He has recommended, however, the allocation of another million dollars for emergency relief work for Kansas. Mr. Howse then stated that it is being presumed that each representative present at the meeting will have authority to speak for his agency and that this recognizes the type of treatment necessary under emergency conditions. There are two immediate and pressing problems. These are (1) materials, and (2) financing. Mr. Howse then called on Mr. Samuel Conly to describe the manner in which materials should be obtained.

Mr. Samuel Conly, Chief
General Components Division
Division of NPA

The National Production Authority requests that orders be placed in a normal manner with the customary suppliers. NPA will rely on normal channels of distribution so far as they relate to supplies, materials and fundamental matters of health, food, and shelter. It is necessary to see that businesses, farms, etc. are restored to working condition as soon as possible. NPA will do all in its power to increase the flow of supplies to devastated areas so that normal distribution can be effected. If special assistance is needed, an NPA order will be issued to take care of that kind of situation. The NPA wants to do this job in such a way as to cause the least possible disruption to the defense effort and National emergency. This agency wants to do its work with the least possible additional paper work and red tape. Therefore, let orders flow in the normal channels until necessary to do something special. (Example - a farmer goes to the store where he has always gone. It is expected that there will be supplies there for him.)

In replying to a question by Col. Lincoln, Mr. Conly stated that the local supplier would know who had been hit by the flood and who had not. If the required needs are not obtainable in the normal manner, then the user should go to the National Production Authority. Under the MRO plan, anybody who needs material for maintenance, repair, and operation of a facility can make use of self-certification within limitations.

Mr. W. W. Watts of the Defense Production Administration pointed out that there is a provision that normal suppliers will be permitted to replenish whatever stocks they have depleted through shipments to regular customers in flood areas. Suppliers will be given new inventory limitations which

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will permit them to order above normal quantities. Mr. Howse stated that more time and thought are being spent on priorities and allocation problems than on any other. Inventory orders have been relaxed. Also MRO orders have been relaxed so that local offices can provide relief clear up the line for any special items that cannot be taken care of in the normal channels.

Mr. Gus Geissler, representing the U.S. Department of Agriculture, stated that he felt that industry would cooperate by using normal channels and would handle critical problems through the NPA.

Mr. Howse then declared that the procedure would be adopted--that is, the use of normal channels for distribution except in special cases. He also asked whether or not any of the agencies felt that the NPA should be represented in any area other than in Kansas City. Since no request was made, no further action was taken in this direction.

Mr. Watts

Agencies having responsibilities in rehabilitation should make up estimates of major things needed in the program and give the lists to NPA. Lists should consist of the type of things that would be major requirements and should be given to NPA so that this agency can have some idea of the quantities needed. There is a great deal of nonsalvagable material around, but the material and scrap that can be salvaged must be picked up and put into scrap channels.

Mr. Howse

The NPA is going to rely on the assurance of each agency as to the categories and types of materials needed. It is not intended, however, to rebuild the entire middle west under the guise of the emergency. The "constituents" must be kept within points of reasoning.

Mr. Frank J. Dean, Jr., representing the Armed Forces Regional Council, asked if materials of a critical nature, such as machine tools, could be obtained by the issuance of a special directive. Mr. Conly replied that it would be very difficult to get machines and that an attempt must be made to clean up and put into use all old machines before new ones could be obtained, and Mr. Howse supported it by emphasizing the necessity of the conservation of supplies.

Arthur W. Blacklow Reconstruction Finance Corp.

The 35 million dollar fund for flood disaster application loans is not adequate. We should like to have the amount increased, and we are thinking along the lines of 100 million dollars. The use of this fund will be limited to flood losses. There is no authority for going beyond restoring businesses and industries to what they were before the disaster struck.

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We are opening on-the-spot offices and have seven of them already in operation as of this morning. These offices are at Kansas City, Manhattan, Salina, Ottawa, Topeka, Marion, and Lawrence, and, of course, the Kansas City, Missouri, office which had been established long before the flood. We have additional credit men coming into the Kansas City office from other offices throughout the country, and there are also additional credit men located in the field. We want to get them out so that they may work with banks, the Red Cross, creditors, etc. The usual RFC credit restrictions are out the window. Each loan has to be treated on an individual basis. Loans will be made on the individual's ability to pay; collateral will be what the individual can offer. The first loan applications have been coming in from larger businessmen. The little fellow has not as yet been heard from. Each case will be taken up individually, and we are revising our procedures for actual disbursements to facilitate quicker action. We are authorizing the Kansas City regional office, through Mr. Powell, who is the regional manager, to approve loans locally up to \$50,000. Anything above that will have to be approved in Washington. The seven smaller offices are being authorized to make on-the-spot loans up to \$5,000. It is going to require a great deal of cooperation with the banks in these areas, and we are now trying to find out just how far we can go with the banks on a participation basis.

Mr. H. G. Leedy, President
Federal Reserve Bank
Kansas City, Missouri

On July 13, restrictions on installment credits were relaxed in connection with credit to be used for the replacement or repair of property lost or damaged as a result of the flood, provided any such extension of installment credit is made prior to January 1952. Regulation X, section "o," in regard to real estate construction, is automatically relaxed. This relates to the extension of construction credit used solely for the replacement, reconstruction, or repair of structures destroyed or damaged as a result of a disaster. Individual and business loans can be made, either direct or through a commitment to a financial institution. Those loans are limited to working capital purposes and mature in 5 years. Loans for defense production may be made, carrying a guarantee up to 100 percent. The RFC is undertaking, through the banks in the area, to inform all flood victims as fully as possible about all of the facilities that are available through the RFC. We will continue to keep in contact with the bank institutions, instructing them as fully as we can and in turn assisting them in connection with any financing.

In reply to a question from Mr. Motley, Department of Labor, Defense Manpower Administration, as to the method for determining whether or not the purchaser using relaxing credit controls is from the flood area, Mr. Leedy stated that the seller is to take a statement from the purchaser to the effect that the purchase is required as a result of the flood and is a needed replacement.

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Mr. H. Roe Bartle
Regional Director
Office of Price Stabilization
Kansas City, Missouri

It is proposed in regard to industrial material that our regional price executive should have authority to pass on modifications of price in flood areas. The price executive should have the right to shift and change prices as related to the industrial fields. For example, there is no ready-mixed concrete in Topeka, Kansas, at the present time, and the materials such as sand have to be brought in. Therefore, the one bringing it in should be entitled to an increased amount per yard for ready-mixed concrete. Authority should be kept at the regional level rather than being delegated to the districts. Those at the regional level have had more experience than the people at the district level. Although we are considering this plan for modification in prices, it should not be published at this time. If it were, the office would be besieged with hundreds of applications, and there is not sufficient staff to process all of the applications which might result. At this point, Mr. Howse indicated that he did not think that we had gone far enough into the price question and that although we had a controlled economy in our system of stabilization today, the system must work in the disaster area or else the National program would break down. Merchants who had incurred additional costs by reason of the flood should be entitled to adjustments in prices.

Mr. Howse also indicated that he did not think that the Office of Price Stabilization had enough flexibility in its regulations or that it had gone far enough in delegating authority for price modification to the field. If the merchants who have incurred additional costs by virtue of the flood do not want an adjustment in their prices, then it is agreed that there is no point in announcing anything in the papers. We should be sure, however, that the Office of Price Stabilization knows that there is no pressure on it and that OPS is not either uninformed or unwilling to take action.

Mr. Bartle replied that if point-blank authority were given to the field at large, many people would take advantage of it. Although foodstuffs were in ample supply, the Office of Price Stabilization has been criticized because it has not been able to keep prices down. Mr. Bartle then quoted as an example that with the packing houses flooded out in this community, all slaughtering quotas were relaxed, and Kansas City, from one end to the other, was flooded with meat which came from class 2 slaughterers. Immediately, it was necessary to start putting quotas back on those small slaughterers because if this had not been done, the flooded out packers here in the Kansas City area would not be able to go back into operation. The slaughtering quota goes into effect as of July 25. The big packers have been given the right to buy out of compliance. If it is broadcast that price controls are out of the window for the duration of the flood emergency, the agency is then in for a complete headache. Mr. Bartle indicated also that if necessary OPS could move very fast to modify price controls and that action could be taken within 2 minutes if necessary.

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Mr. Howse then asked the general question as to whether or not any of those present felt that OPS regulations were standing in the way of relief or rehabilitation. There was no indication that such was the case.

Mr. H. E. Robinson, Bureau of Reclamation, Department of Interior, offered the comment that at least insofar as construction work is concerned, there might be bottlenecks if the field managers had to come into the regional office for authority before allowing a raise in prices.

Mr. Robert L. Howard
Wage Stabilization Board

The Wage Stabilization Board is in the process of getting its staff together, but for the present the problems arising in connection with wage ceilings are being handled through the wage and hour office. The question of wage ceilings as related to the flood disaster area was discussed with Washington, and it was suggested that the matter be studied locally and recommendations made to Washington accordingly. It is assumed that authority will be delegated locally, but as yet this has not been done. The Economic Stabilization Authority has delegated Mr. H. Roe Bartle to take such action as may be necessary.

Mr. D. A. Wendole, Wage and Hour Division, U.S. Department of Labor, suggested that problems in connection with wage ceilings be referred to Mr. Francis Cook, Regional Attorney, Office of the Solicitor, U.S. Department of Labor.

Col. L. J. Lincoln
Corps of Engineers
U.S. Army

In Government contract work, a problem frequently arises because of the necessity of going to Washington to get a minimum wage rate. It is necessary to include the minimum wage rate in contracts, and that has, in the past, delayed some jobs as much as 2 or 3 months.

Mr. Motley pointed out that if the solicitor did not have authority locally to act on problems of this nature, this authority would be given to that office.

Mr. Bartle raised the question as to whether or not a food merchant, if wiped out by the flood, should be entitled to sell his merchandise at a higher price than the fellow merchant across the street who might not have been wiped out. Mr. Howse responded that we must have a general price level and that price and wage ceilings must not be an obstruction.

Mr. A. W. Motley
Defense Manpower Administration
Department of Labor

Mr. Motley called upon Mr. Chas. A. Ricker, director of the Missouri State