

Governor Edward Arn, correspondence files, box 57

Section 20, Pages 571 - 600

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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Governor Edward Arn, correspondence files, box 57

Mr. Howse summarized the recommendations which he would make to Congress on August 13 as follows:

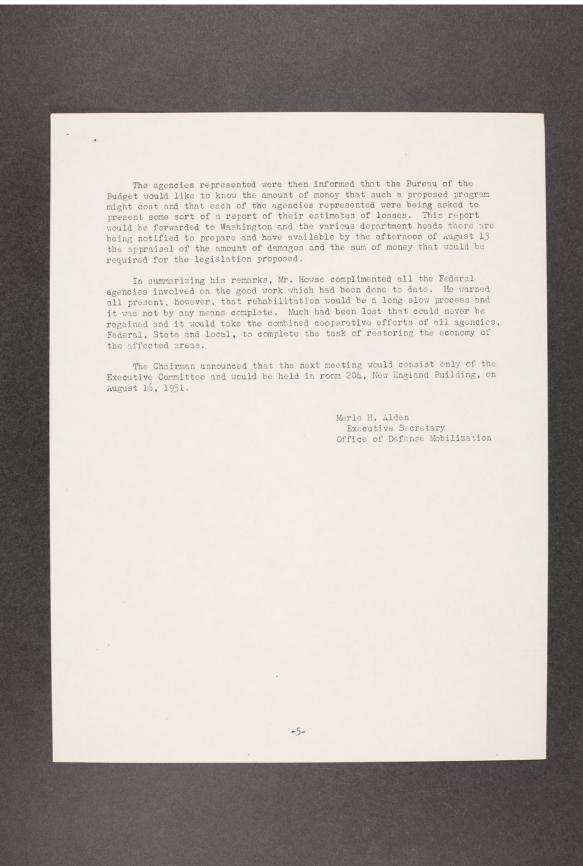
- (1) To request Congress to appropriate a sum of money somewhere between \$250,000,000 and \$500,000,000 to be made available for approved programs through the Director of Defense Mobilization and distribute it through the normal commercial bank channels for guaranteed loans for industry, farmers and others in need of such funds.
- (2) To recommend some sort of retroactive indemnification for flood sufferers. This might take the form of some sort of retroactive insurance as had been presented by Mr. S. M. Roberts, or it might be in a form comparable to filing war claims accounts, the essence of which is included in Senate Bill 1935 as introduced by Senator Hennings, of Missouri.

Mr. Howse then presented for consideration of the Committee members the general question of whether indemnification should be a flat sum across the board or whether it should be on a graduated scale. Should it consist only of granting absolution of indebtedness to agencies or departments of the Federal Government, or should it be granted to all flood sufferers alike without regard to the amount of their indebtedness to Federal agencies?

Senate Bill 1935, copies of which were made available to the Committee members, provides for a \$100 deductible minimum to keep out foolish and asinine types of claims. The Bill provides for a 25% discount of the first \$10,000 claim. The effect of this would be that if the loss claimed was for \$10,000, the payment would be \$7500. The Bill provides for a 50% discount of the next \$90,000 loss, and 75% of the balance of the loss, with a ceiling of \$1,000,000 on any one claim. Mr. Howse said that he did not intend to recommend an outright grant of a flat sum for everyone who was in any way affected by the flood. He proposed also to recommend that in connection with whatever action is taken that the action be taken only after participation by the individual states concerned. While there might be some question as to the extent to which the states could contribute financially, they could at least contribute 10% or 20% of the total participation.

He then asked for the comments of the members of the Committee in attendance, requesting particularly whether the program as proposed goes far enough or too far and how it should be handled. The general opinion of the group present was that it was a sound program and that it was very much in order. Further, the thinking in general was that indemnification only for those having government loans would be criticized and that any indemnification should be made available to all flood sufferers on the same basis regardless of whether or not they had a loan through the government, through private loan sources, or had no loan at all. It was agreed that action taken should be designed to get an immediate appropriation of funds and that there should be a flood control program, a flood insurance program, and an indemnification program going on at the same time.







Governor Edward Arn, correspondence files, box 57

MEETING OF SUB-COMMITTEE TO CONSIDER PROPOSAL FOR THE APPOINTMENT OF STATE, COUNTY AND LOCAL DISASTER REHABILITATION COMMITTEES

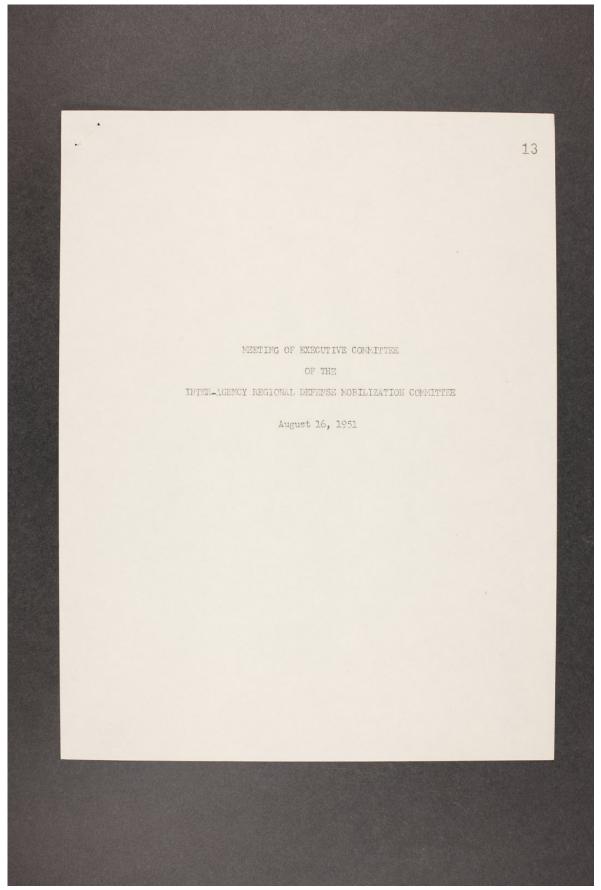
In accordance with the action taken at the meeting of the Inter-Agency Regional Defense Mobilization Committee on August 2, 1951, the co-chairmen appointed the following members as a sub-committee to consider the proposal for appointing state, county and local disaster rehabilitation committees:

> Jonas Graber, Chairman Frank J. Dean, Jr. W. A. Holloway

The Committee met at 2:00 FM on August 6 in Room 511, Federal Office Building. Sometime was spent in discussing and reviewing the purposes for which the committee was appointed. It was finally decided that the committee was appointed for the purpose of determining whether or not the Regional Defense Mobilization Committee should recommend to Mr. Howse that the device of having committees, as proposed in the draft letter read at the meeting on August 2, was desirable. The committee decided unanimously: (1) that in view of the existing circumstances and the necessity for having state, county and local communities recognize their own responsibility in the disaster situation, it appeared desirable to have some sort of state and local contact points established which could be looked to for information and advice; (2) that the draft letter be rewritten to emphasize the long time rehabilitation aspects of the program; that since the point has now been reached when the federal government must consider withdrawing its direct assistance, there is need to know what else must be done before such action is taken. It is further suggested that the letter de-emphasize the suggestion of appointing a committee and leave it to the Governor's discretion as to whether or not it should be a committee or a person or persons which would serve as the point of contact. This would avoid possible criticism of attempting to tell the Governor how to set up his organization. Rewriting the letter in this fashion might also avoid criticism from state officials as to why they were not called on for advice, information and reports at the outset, rather than waiting until after the immediate and urgent relief needs had been to a great degree met.

The sub-committee adjourned at 4:00 o'clock.







Governor Edward Arn, correspondence files, box 57

MEETING OF EXECUTIVE COMMITTEE

INTER-AGENCY REGIONAL DEFENSE MOBILIZATION COMMITTEE

Co-Chairmen: K. V. James
Department of Commerce

Defense Manpower Administration

K. V. James Presiding:

Agency Representatives:

Department of Commerce Defense Manpower Administration

Federal Security Agency Department of Defense

Department of Agriculture Housing & Home Finance Agency Office of Housing Expediter

National Production Administration

Executive Secretary

K. V. James Arnie Solem Clinton A. Johnson
James W. Doarn
Frank E. Vrooman
Lt. Col. Preston Brown Donald E. Smith Kenneth Kingsbury F. J. Maynard Carroll W. Berry

Merle H. Alden

John Cleary

The meeting convened at 1:30 P.M. August 16 in Room 204, New England Building, 112 West 9th Street, Kansas City, Missouri.

Minutes of the Previous Meeting

Mr. James opened the meeting and announced that the minutes of August 9 were ready to be sent to the members of the Committee. He asked if there were any corrections of the minutes of the August 2 meeting.

Mr. Alden stated that on page 11 the listing of the Regional Defense Mobilization Committee should include the name of Mr. Jonas Graber, representing the Housing and Home Finance Agency. Mr. Donald E. Smith resinted to the following corrections which should be ready: pointed out the following corrections which should be made: on page 7, line 14 of the first paragraph, change "state" to "Missouri" at the end of the line. On page 7, the second paragraph, line 7, change the figure \$7500 to read \$150,000.



Governor Edward Arn, correspondence files, box 57

Defense Production Act Amendments of 1951

Mr. John Cleary discussed some of the implications of the Defense Production Act Amendments of 1951. These are the Title One Amendments to the Defense Production Act of 1950. He discussed in particular the to the Defense Production Act of 1950. He discussed in particular the effect of the establishment of the Small Defense Plants Administration which is to take the place of the Smaller Mar Plants Corporation as established under the original Act. The Small Defense Plants Administration will be given \$50,000,000 to spend by June, 1952, and its powers are set forth in Section 714(e) of the Act. Among other things, the Small Defense Plants Administration is given broad powers to obtain from any Federal department engaged in defense procurement any facts deemed pertinent. It is also given the power to determine what is a "small business". Mr. Cleary also discussed briefly the changes in the price control provisions of the amended Act. Mr. Ferry discussed the implications of the amended Act as related to rent control. Under the amendments to the Act there are now two ways in which a community or locality which has been decontrolled, cap be recontrolled. These are: (1) The State or local government, after holding public hearings, can pass a resolution asking that it again be placed under rent control; or (2) the Director of Defense Mobilization and the Secretary of Defense may designate a locality as being a critical defense rent area, in which case all housing will come back under rent control.

Proposal to Re-establish Rent Control in Flood Area

Mr. Maynard presented to the Executive Committee for its consideration, Mr. Maynard presented to the Executive Committee for its consideration, the question of whether or not certain localities in the flood area should be brought under rent control under the provisions of the Defense Production Act Amendments of 1951. Mr. Maynard stated that the Office of Rent Stabilization believed that the areas of Saline, Geary, Riley, Shawnee, Douglass, Franklin, Dickinson, Wyandotte, Leavenworth, and Johnson Counties in the State of Kansas; and Jackson, Clay, and parts of Flatte County in Missouri, should be brought under rent control because: (a) A number of defense or military activities have been provided, or existing plants have defense or military activities have been provided, or existing plants have been reactivated and expanded for defense activity; (b) a great in-migration of workers and personnel will be required in such defense or military activities; and (c) there is a substantial shortage of housing to meet the needs of even the normal population in the flood area, and that the needs of additional defense workers or military personnel cannot possibly be met by the present available housing.

Mr. Maynard suggested that if the Committee agreed with the opinion of the Office of Rent Stabilization, that the counties named be declared to be critical defense rent areas; that a resolution to this effect be adopted. The Committee discussed at some length, the proposal made by Mr. Maynard, and also the responsibilities of the Committee in handling such matters. The Committee Committee in handling such matters. The Committee finally decided that it could not take action on the rent control proposal because it did not have before it at that time sufficient facts to justify an action with the far reaching implications contained in the proposal to re-enact rent control. The Committee then adopted the following resolution:



Governor Edward Arn, correspondence files, box 57

NOW, THEREFORE, BE IT RESOLVED that this Committee investigate the situation in and determine the facts as to whether or not this Committee should make a recommendation to the Secretary of Defense and the Director of Defense Mobilization that the foregoing named counties should immediately be declared to be "critical defense housing areas" as defined in Section 204(1) of the Housing and Rent Act of 1947, as amended by Public Law 96, 82nd Congress, and that in order to provide for the construction of housing for defense workers, military personnel, and flood refugees, that such real estate construction of oredit controls be relexed as are necessary in the determination of the President, to encourage the construction of necessary housing.

"Foregoing named counties" as used in the resolution refers only, to the areas of Shawnee, Wyandotte and Johnson Counties in the State of Kansas, and Jackson, Clay, and parts of Platte County, now under control in the State of Missouri, and the investigation and recommendations will be limited to those areas.

The Chairman then appointed a committee consisting of Mr. Kingsbury, Mr. Vrooman and Mr. Alden to obtain the information necessary for making such determination. The next meeting of the Executive Committee will be held on August 31 and at that time the results of the investigation will be presented to the Committee for such action as may be appropriate.

Miscellaneous Business

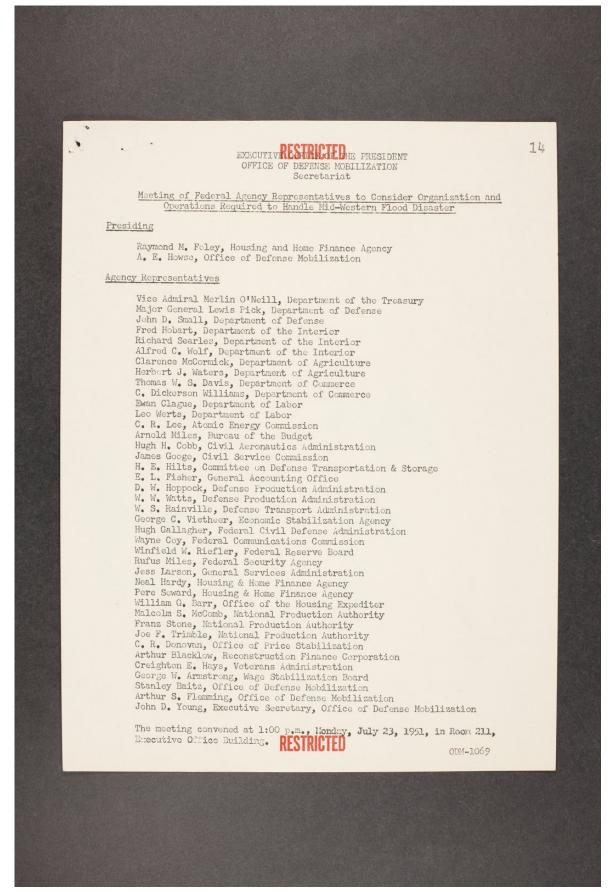
Mr. Johnson reported upon the progress which had been made in solving the problem of the shortage of engineers. The Regional Office of Defense Manpower Administration has been working with the State Employment Service in order to learn the requirements for engineers and also the supply which may be available. Contacts are being made with State Universities for the same purpose. All of the information needed is not yet available, nor is the information on training sources, which is also needed, available at this time. The shortage of engineers is still the number one manpower shortage problem, however.

Mr. Solem reported that the Regional Labor Management Committee had met on Friday, August 10, and that the Wichita Labor Management Committee had held its first meeting on August 14. Meetings of Labor Management Committees will be held at regular intervals and their work may have a relationship to the work which must be done by the Inter-Agency Regional Defense Mobilization Committee.

The meeting was adjourned at 4:00 P.M.

Merle H. Alden Executive Secretary Office of Defense Mobilization







Governor Edward Arn, correspondence files, box 57

RESTRICTED

Mr. Howse stated that the purpose of the meeting was to provide an over-all Federal Government organization that would be able to handle effects of the flood disaster quickly and adequately in a coordinated manner, also to provide each agency with information necessary to understand its own responsibilities and take whatever organizational steps where necessary to meet these responsibilities.

The Regional Defense Mobilization Committee which already exists in Kansas City will be expanded to include representation from all the agencies present at this meeting. This will be the principal interagency coordinating mechanism in the field.

The Washington coordinating mechanism will be the Mobilization Executives Staff with whatever ad hoc membership is needed to handle the economic rehabilitation of the disaster area. Ad hoc working committees of the Mobilization Executives Staff will be created to handle the daily problems that may require interagency solution.

Mr. Foley explained that his responsibilities under Public Law 875, "Disaster Relief Act, 1950," are limited to providing immediate relief and assistance to supplement the efforts of state and local governments. The \$25,000,000 appropriation, which has been provided under the Disaster Relief Act, is limited in that it cannot be used for permanent reconstruction or for repairs to private property. The Federal agencies operating under authority of the Disaster Relief Act are already taking immediate relief steps. The housing situation in the area is very serious. Thousands of homes are damaged or a complete loss. The HHFA will require additional authority to deal with the long-range housing problem. Mr. Foley has established a special working committee in the area to handle the housing situation. The committee is already at work.

Mr. Feley explained that it was not possible to separate responsibilities for immediate relief from the longer-range problem of economic rehabilitation, responsibility for which the President has assigned to the Director, Office of Defense Mobilization. With this fact in mind, the HHFA and the Office of Defense Mobilization are establishing a mutual operating organization in both Washington and the field.

General Pick gave a brief report on the current flood situation. The water is falling rapidly behind the flood crest. Little damage is expected below St. Louis. It is impossible to determine the extent of damage in the flood area at this time. Restoration of anything approaching normal activity in the area will be a difficult undertaking.



Governor Edward Arn, correspondence files, box 57

- 3 -

Mr. Howse requested each agency represented at the meeting to designate a Washington representative and a Kansas City representative. A list of these representatives is attached as Addendum I to this summary.

The remainder of the meeting was devoted to statements of the actions being taken by the various agencies and any needs and requirements they might have to present to the committee. There follows a summary of the agency reports:

Department of the Treasury

The Coast Guard has provided boats and planes for relief and rescue work. The need for these is now diminishing. The Coast Guard does not have additional forces or equipment that can be of use. There are no present needs to be presented to the committee.

Department of Defense

The Department of Defense is participating in several phases of flood relief.

Department of the Army is supporting relief of flood areas in accordance with Army Regulation 500-60 "War Department Activities in Connection with Disaster Relief," dated December 1, 1939. The Commanding Generals, Fourth and Fifth Armies, acting as representatives of the Department of the Army, have received requests for supplies to be used in flood relief from the American Red Cross and have furnished such supplies from stocks within their command or from depots under command of Chief of Technical Services. In general, supply requirements have been minor so far as Department of the Army is concerned and in no case have they seriously conflicted with requirements for supplies in the Far East Command. A detailed report of the supplies furnished by the Army was submitted to Mr. Howse.

The Corps of Engineers have area offices set up in the flood area and are participating in the clean-up work. They have many dump trucks which are soldier driven and have been turned over to contractors which have been lined up to direct the work. Money being spent is from the Engineers own relief fund and not that allocated specifically for this emergency.

The Air Force has airlifted approximately 300 tons of material consisting mainly of empty sand bags, cots, blankets, rations, assault boots, and miscellaneous items. At the peak of the effort, some 2,500 air force personnel were involved. A detailed report was submitted in writing to Mr. Howse.



Governor Edward Arn, correspondence files, box 57

RESTRICTED

The Navy has provided 3000 personnel to handle relief operations in the Kansas City area. Many of these men assisted police and aided in removing stranded individuals to places of safety. The Navy has participated in several air drops of such items as typhoid serum, life jackets, etc.

The Armed Forces Regional Committee representing the procurement services has instructions to coordinate its activities with the Regional Defense Mobilization Committee. The procurement services have plant inspectors in the process of collecting damage reports to individual facilities. An expert in restoration of damaged industrial equipment has been sent from the Washington, D. C., Naval Gun Factory.

The Department of Defense will need priority assistance in the salvage of equipment and restoration and replacement of damaged industrial facilities. The Department of Defense is working with NPA and DPA on these problems.

Department of the Interior

The Department of the Interior has filed a list of equipment that is available for flood relief work. Two safety experts from the Bureau of Mines have been dispatched to the area to assist in programs designed to make areas safe from explosion prior to their reoccupation.

The Defense Petroleum Administration will need priority assistance in restoring the oil refineries which have been severely damaged. Electric power generating systems in the area have not received extensive damage.

Department of Agriculture

Food supplies have been donated and additional stocks are available if needed. A million dollars have been obtained from the 25 million authorized under the Disaster Relief Act for livestock feed. This feed will be used during the next 30 days, after which a careful screening of needs will be conducted before additional feed is issued. Grain is available in the area on a purchase basis. Enough grain supplies are being maintained in the area to avoid severe price increase.

Damage to REA power lines is not extensive, but damage within homes of consumers of REA power is severe. Additional legislative authority may be required to allow REA Coops to delay payment on loans.

The Farm Extension Service is taking steps to educate farmers on use of water and other relief measures.



Governor Edward Arn, correspondence files, box 57

- 5 -

The Farm Credit Administration is providing for a year or more moratorium on loans.

The Farmers Home Administration is in a position to make additional

Private credit to farmers in the disaster area is "drying up."

The Department of Agriculture believes that additional credit to farmers will be needed to develop a program whereby farmers can rehabilitate farm equipment and facilities. The Red Cross is not providing adequate relief in rural areas.

If the Food and Drug Administration moves rapidly enough, grain that has been under water can be salvaged and used for feed. Mr. Howse requested Mr. Miles, FSA, to get together with Mr. McCormick, Under Secretary of Agriculture, for the purpose of solving this problem.

There will be extensive requirements for dehydrating equipment, etc., for use in salvaging crops.

The Commodity Credit Corporation can supply seed, but at present no authority exists to make this available on a grant basis, as has been requested.

Department of Commerce

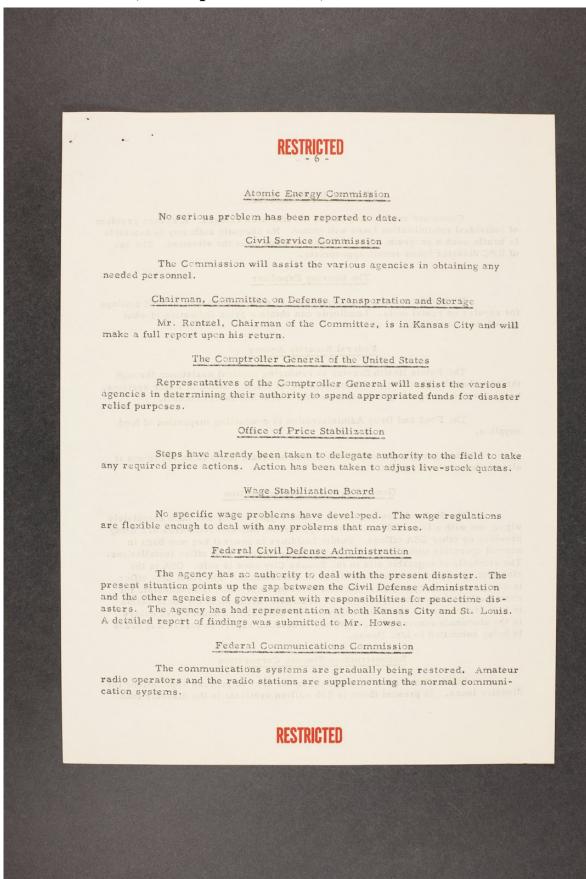
A survey of damage to roads is underway by the Bureau of Public Roads. The CAA has been able to maintain service at most airports in the area. The National Production Authority has had a nine-man team in the area making a survey of economic rehabilitation requirements. (See report under DPA-NPA below.)

Department of Labor

The Department of Labor is watching the unemployment problem in the area. The local unemployment offices will be in a position to handle this problem.

The Department of Labor requested other members present to keep the Department of Labor informed as to labor priorities so that steps can be taken to meet them.







Governor Edward Arn, correspondence files, box 57

- 7 -

Federal Reserve Board

Consumer credit, Regulation W, has been relaxed. A severe problem of individual rehabilitation loans will occur. No adequate authority is available to handle such a program. The V Loans will not meet the situation. The use of RFC disaster loans seems appropriate.

The Housing Expediter

Field offices have been instructed to make allowances in rent ceilings for repairs on rental units. Landlords can obtain a prior indication of what the allowances will be.

Federal Security Agency

The Public Health Service is rendering medical assistance through the state health offices on problems relating to contamination of water systems, breakdown of sewage disposal systems and rodent and insect control.

The Food and Drug Administration is conducting inspection of food supplies.

The agency's principal concern is adequate funds to do the things it already has authority to do.

General Services Administration

The Federal Government regional supply center has been completely wiped out with a loss of \$5 million. Supplies for this six-state area are being provided by other GSA offices. Public buildings in general are now back in normal operation with the exception of certain outlying post office installations. The stockpile of vegetable oils in the Kansas City area is safe. GSA is the claimant agency for common use items in Government. The local GSA office is doing some emergency procurement as requested. GSA is responsible for construction of aluminum plants under contract. Some steel for these plants is being fabricated in the Kansas City area. This will no doubt cause delays in the aluminum construction program. A detailed report on losses and needs is being submitted to Mr. Howse.

Reconstruction Finance Corporation

Eight offices have been opened in the area to process applications for disaster loans. At present there is \$35 million available in the disaster loan



Governor Edward Arn, correspondence files, box 57

RESTRICTED

fund out of a total loan authority of 40 million. Loans can be made from these funds for ten years at an interest rate of 3%. There is no restriction on the kinds of loan that can be made. Most of the loans will probably be for repair and restoration of homes and small business concerns.

The \$35 million now available may not be adequate. It will take two-three weeks at a minimum to process a loan application. Mr. Howse requested that RFC consider means of providing a faster service. He also requested that RFC explore the possibilities of developing a guaranteed loan program which would operate through existing private banks.

Defense Production Administration - National Production Authority

A plan will be presented today to Mr. Fleischmann which will provide whatever priority, allocations, set asides, etc., are required to cope with the economic rehabilitation program.

DPA and NPA will need estimates of requirements from the various claimant agencies.

The field offices will be strengthened and delegated authority to handle on-the-spot priority assistance. A system of priorities will have to be devised which will provide that critical materials are used to meet the most important needs first. The field offices will require assistance from other Federal agencies with field offices in the area to estimate requirements. Industry groups will also be used to develop requirements.

Jobbers stocks in the area are very low or non-existent. A system of self-certification for 50% of base period stocks is being recommended.

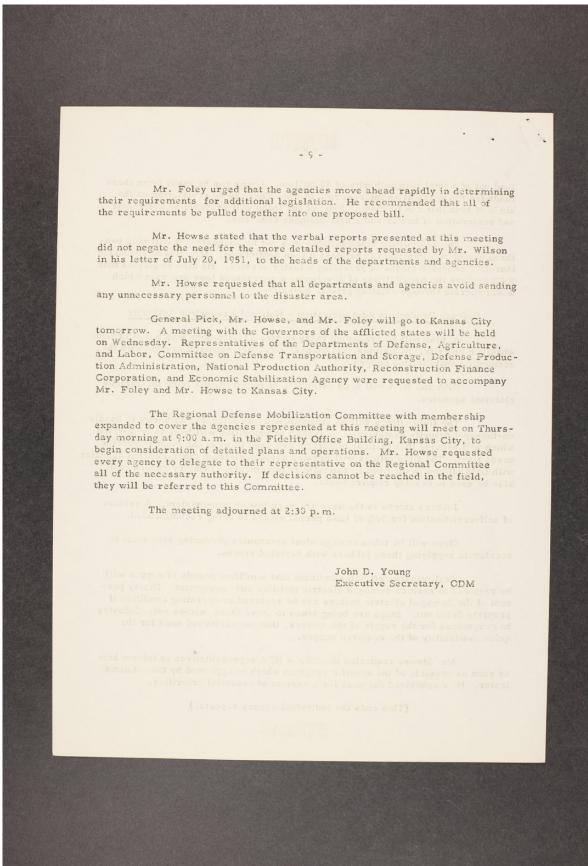
Steps will be taken to urge steel companies producing M-6 steel to accelerate supplying those jobbers with depleted stocks.

Preliminary estimates indicate that a million pounds of copper will be required to restore damaged electric utilities and equipment. Ninety percent of the damaged electric motors can be restored to operating condition if properly dried out. Steps are being taken to move these motors out. Industry has organized for the repair of the motors, thus necessitating need for the quick availability of the required copper.

Mr. Howse requested the DPA - NPA representatives to inform him as soon as possible of the specific program which is approved by the Administrator. He emphasized the need for a system of essential priorities.

(This ends the individual agency reports.)







LIST OF WASHINGTON, D. C., AND KANSAS CITY, HISSOURI, REPRESENTATIVES OF PEDITUL ACCIOES PART CIPATING IN FLOOD DISASTER WORK Addresses				
AGENCY	WASHINGTON, J. C.	KANSAS CITY, MO.		
Department of the Tronsury	Rr. Adm. R. J. Menorman Coast Guard Edgis. 1300 E. St. M. W. Executive 6400, Ert. 5674			
Department of the Intoxior	Richard D. Secries Under Secretary	Goorge M. Kentz		
	Room 5110, Inturior Bldg. Republic 1620	or liv. Kovaresh Gobles Hovel Cypress 3140		
Department of Defense	R. M. Hatfield, Jr. Vice Chairman, MB for Stockpiling Pentagon Eldg. Liberty 5-6700, Ext.71163	Frank J. Dean Vice Chairman, MB for Regional Offices Hotel President Grant 5440		
Department of Agriculture	Clarence J. NeCormick Under Socretary Room 200, Admin. Bldg. Ropublic 4142, Ext. 6156	Donald E. Smith HA Commodity Office Fidelity Blig. Harrison 0404		
	Herbert J. Waters Asst. to Under Socretary Room 200, Admin. Dldg. Ropublic /1/2, Ext. 57/4	Gladwin Young Field Representative Room 600, Rudge Bldg. Lincoln, Hebrasia		
Department of Commorce	C. Dicherson Williams Solicitor Sterling 9200, Ext. 1772	Konneth V. James Regional Director 700 Pickwick Bldg. Harrison 6464		
Department of Labor	Arthur W. Hotley Bureau of Pauloyment Security Executive 2420, Trt. 734	Clinton Johnson Deputy Regional Director Bureau of Apployment Security 1009 Fidelity Bldg. Hanvison 6464		
		ODM-106l4		

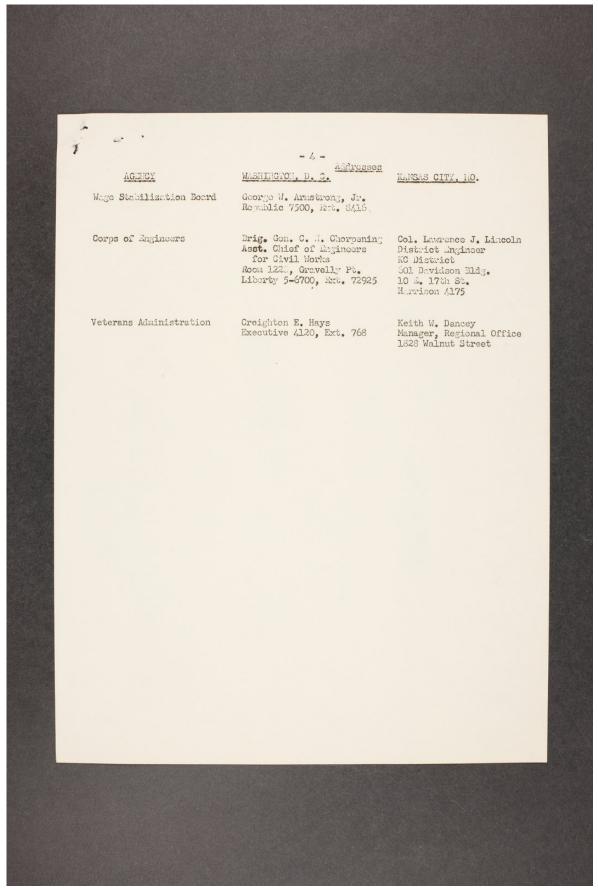


AGELICY	- 2 - Addresses	K.NSAS CIT, 10.
Atomic Energy Cormission	C. A. Loo, Jr. Sterline 5000, Ert. 505	
Bureau of the Budget	Arnold Miles Executive Office Uldg. Executive 3300, Art. \$27	Wallace Vartor c/o Aladdin Hotel
Civil Service Coumission	James J. Googe Assistant Chief Field Operations Room 215 Republic 5711, Ent. 215	Noble C. Lindstron Inspector Fidelity Bldg. Herrison 6464
Committee or Defense Transportation & Storage	Charles I. Longacre Dept. of Commerce Starling 9200, latt. 601	Honor King c/o kwehlbach Hotel
Defense Production Administration	Dugone F. Bertrand Coordinator of Regional Defense Mobilitation Comm. Sterline 5200, Ert. 3106 W. W. Watts Deputy Administrator or A. S. Herthorn Sterling 5200, Ert. 3106	Kansas City representation by Kansas City Regional Defense Hebilization Cosmittee
Economic Stabilization Agency	David McDonald 811 Varnout Ave. Storline 0167, Ert. 997	Roe Bartle 112 W. 9th Street Harrison 6454, Art. 656
Foderal Civil Defense Administration	Hubert R. Gallagov, Office of Field Advin. 1930 Columbia Rd. H. W. Hudson 5500, Art. 222 or 419	Carl W. Gabel Regional Director Hidwest Office Clayton, Missouri Perkview 5250
Fodoral Communications	Wayne Coy Chairman or Earl Hindownn Executive 3620	ii. T. Gallehor Engineer-in-Charge 3200 Fidelity Eldg. Hervison 6464, Ert. 253

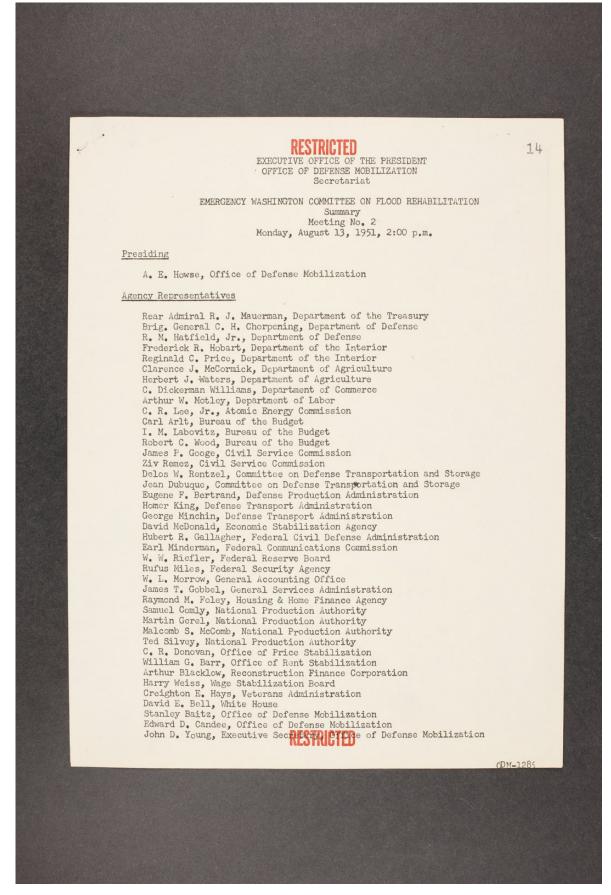


AGENCY	- 3 - Addresses	KANSAS CITY, MO.
Federal Reserve Board	W. W. Riefler Assistant to Chairman Republic 1100, 1200, 204	Covin Loody Prosident Pederal Reserve Bank Victor 6950
Federal Security Agency	Rufus E. Miles Assistant Administrator for Defense Activities Republic 7500, Ert. 2403	James W. Down Regional Director 2305 Federal Office Bldg Harrison 64,64.
General Services Admin.	Russell Forbes Executive 4900, Ext. 4312	W. A. Holleway Regional Director Fidelity Bldg. Harrison 6464
Office of the Housing Expeditor	William G. Barr General Manager Lincoln 3-9590, Ert. 63	Jones Robertson Area Rent Director 222 Railway Jochenge Bl 7th & Walmut Sts. Harrison 6464
National Production Authority	Malcomb S. McComb Special Assistant to the Administrator Room 580%, Commerce Sterling 4200, Ert. 3878	Samuel Corly c/o Department of Comme Pickwick Bldg. Herrison 6464, Ext. 200
Office of Price Stabilization	C. R. Donovan Tompo E, Rm. 8-305 Storling 4200, Ert. 4513	Roo Burtle 112 W. 9th St. Harrison 6464, Ert. 656
Reconstruction Finance Corporation	Peter Bukowski Deputy Administrator Executive 3111, Ext. 377 or Arthur Blacklow Executive 3111, Ext. 360	David Powell Agency Manager Federal Reserve Bank Bl Victor 8621
General Accounting Office	W. L. Morrow Assoc. General Counsel Executive 4621, Ext. 5938	











Governor Edward Arn, correspondence files, box 57

RESTRICTED

- 2 -

The meeting convened at 2:00 $p_{\bullet}m_{\bullet}$ in Room 211, Executive Office Building.

I. Purpose of Meeting

Mr. Howse explained that the meeting had been called for the three-fold purpose of (a) bringing up to date the data on flood damage originally submitted by the member agencies on July 24 at the request of Mr. C. E. Wilson; (b) obtaining recommendations from the several agencies as to measures needed to restore the economy of the flood-ravaged areas to effective operation; and (c) reviewing a general proposal for a long-range flood rehabilitation program which Mr. Wilson was making to the President.

In his introductory remarks, Mr. Howse stressed the need for prompt assistance and foresaw a big job yet to be done in the next 30 to 90 days. He urged each agency not to relax its vigilance, but to be prepared to take further action.

II. Status of Emergency Flood Relief Activities

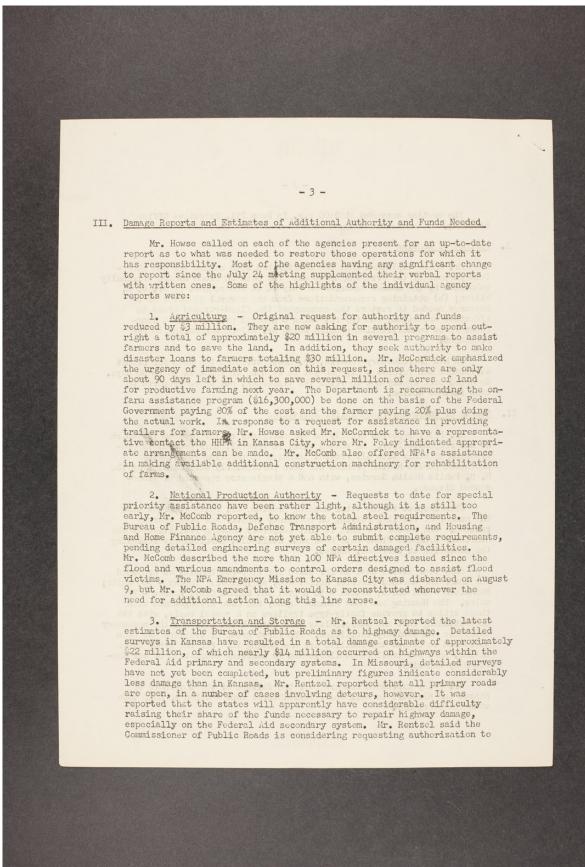
Mr. Foley reported briefly on the emergency relief program for which he has responsibility. He stated that, in general, this program is progressing smoothly with all Federal agencies cooperating fully. The potential public health problem has been particularly well handled by the U.S. Public Health Service, with not a single case reported of flood-caused disease.

With respect to the vital housing problem, Mr. Foley reported that the number of families relying on emergency shelter has been sharply reduced. One reason for this is that temporary housing facilities at the Sunflower Ordnance Plant have been made available, particularly relieving the situation at Lawrence, Kansas.

Only four cities have so far asked for stop-gap housing as provided for under the amended Disaster Relief Act, as follows: Topeka - 300 units; Manhattan - 200 units; Ottawa - 50 units; and Kansas City, Kansas - 700 units. The Housing and Home Finance Agency has made arrangements with these cities to provide family-type trailers on a rental basis, with the understanding that the municipality will furnish the site and the necessary utilities and sanitary facilities. The first group of trailers has been delivered to Ottawa and families are now moving in. For the other three cities, HHFA has trailers available and is awaiting completion of arrangements by the city.

Mr. Foley expressed concern over the failure of the Governors of Kansas and Missouri to call their legislatures into session to help cope with the emergency.







Governor Edward Arn, correspondence files, box 57

RESTRICTED

increase the amount of Federal participation in rebuilding the secondary system, but before going ahead with such a recommendation, they would like to know more about what special steps the states will take to meet the emergency.

In the field of aviation, total damage of between \$11 and \$12 million is estimated, largely confined to airports, notably, the Fairfax Municipal Airport at Kansas City, Kansas. The CAA has funds in hand sufficient to restore the damaged airports to their original usefulness, assuming participation by state and local agencies. By far the most serious loss, estimated at about \$8.5 million, was sustained by TWA, whose main overhaul base is at the Fairfax Airport.

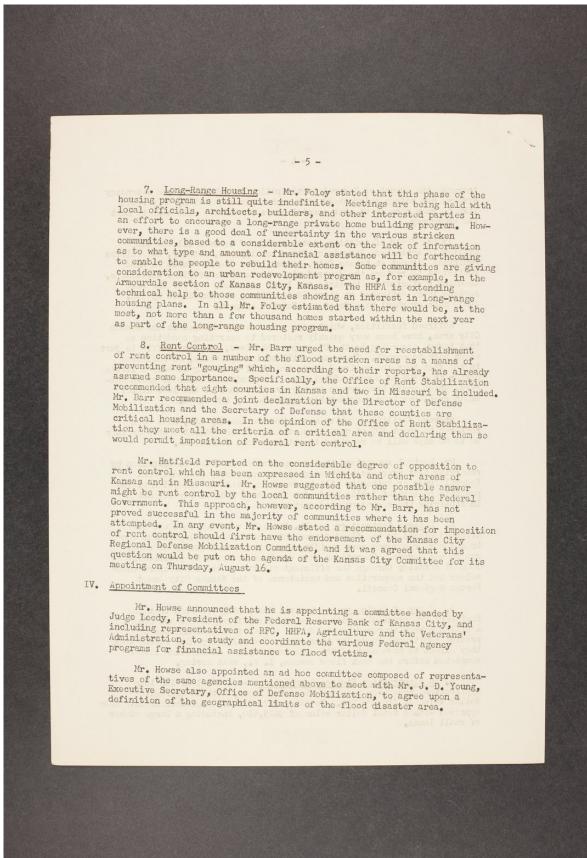
Railroad facilities, which were very heavily damaged in the Kansas City area, have been very quickly restored to operating condition so that today, according to the DTA representatives, through traffic is just about back to normal. There are still serious problems, as reflected in the fact that the railroad yards are still operating at only a little better than 50% of normal efficiency. A definite shortage of grain boxcars, which would have arisen in any event because of the late winter wheat crop, has been considerably aggravated by the flood.

Storage facilities, which were likewise heavily hit, have been restored to about 50% of normal operation. It is estimated that another 30 to 60 days will be required to attain normal conditions.

Mr. Rentzel summarized the transportation and storage situation by remarking that progress has been good and apparently no additional Federal funds or authority will be required, with the exception of the possible request of Public Roads for increased Federal participation in repairing the secondary road system.

- 4. <u>Defense Contractors</u> Mr. Hatfield reported that the 67 affected plants in the flooded area which hold Defense Department contracts have recovered very rapidly, even though in a number of cases damage was severe. Operations have now been restored to practically 100% of normalcy through the efficient efforts of the contractors themselves and the cooperation and assistance of the Kansas City Armed Forces Regional Council.
- 5. Corps of Engineers General Chorpening reported that the Engineers are proceeding with the work of repairing levees and dikes. A bill has been approved by the Senate Appropriations Committee to provide additional funds for this work. General Chorpening stated that they expect to have most of the necessary repairs to existing levees completed before the next flood season, i. e., next spring.
- 6. Reconstruction Finance Corporation A total of 490 loan applications have been received since the flood, with an aggregate dollar value of \$10,280,760. To date, 107 of these applications have been approved with a total dollar value of \$625,910, including a large number of small loans.







Governor Edward Arn, correspondence files, box 57



V. Comments on Pending Flood Relief Bills

Reconstruction Finance Corporation - Mr. Blacklow stated that the RFC is in accord with the purposes of the Scrivner Bill (H.J. Res. 307) which would allow the Federal National Mortgage Association to purchase mortgage loans. With respect to the Hemnings Bill (S. 1935) and its companion measure, the Bolling Bill (H. R. 5022), Mr. Blacklow read a memorandum by the RFC Legislative Counsel opposing the basic principle of indemnification of flood victims through Federal grants.

Federal Reserve Board - Mr. Riefler stated that Federal Reserve is in sympathy with the general purposes of the Scrivner resolution, but suggests that it be re-drafted to restrict the authority to purchase mortgages directly related to a disaster. He also read a memorandum from President Leedy of the Kansas City Reserve Bank favoring a Federal grant-in-aid program for flood relief without tying it to state participation, in belief that the latter could not be obtained without undue delay.

Commerce Department - Mr. Williams reported that Commerce was opposed to the principle of a Federal grant-in-aid program, as distinguished from loans to compensate private owners for damage.

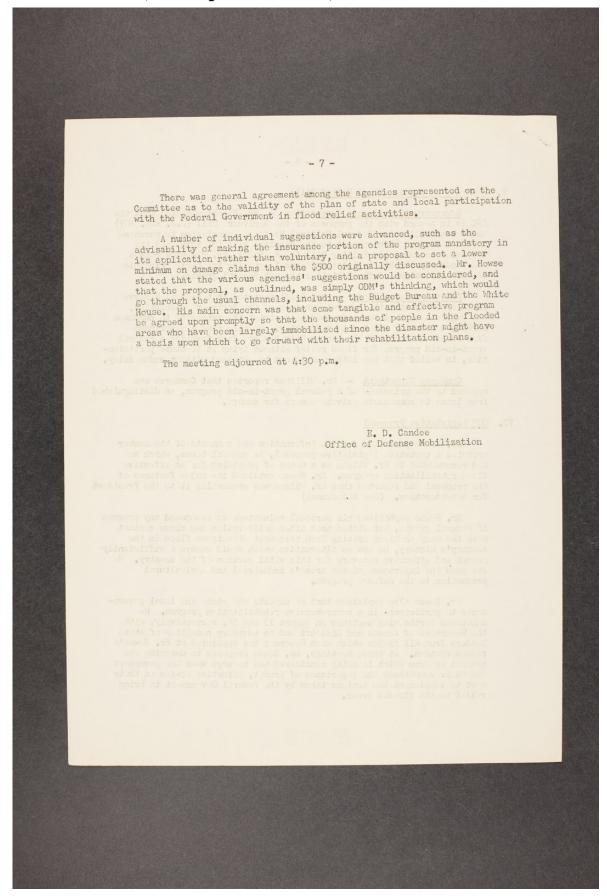
VI. ODM Legislative Proposal

Mr. Howse presented for the information and comments of the member agencies a tentative legislative proposal, in general terms, which he had recommended to Mr. Wilson as a means of providing for an effective flood rehabilitation program. Mr. Howse outlined the major features of the proposal and reported that Mr. Wilson was presenting it to the President for consideration. (See Attachment)

Mr. Howse emphasized his personal reluctance to recommend any program of Federal grants, but stated that after deliberation and close contact with the many problems arising from this most disastrous flood in the country's history, he saw no alternative which would ensure a sufficiently prompt and effective recovery for this vital section of the country. He stressed the importance of the areas's industrial and agricultural production to the defense program.

Mr. Howse also explained that he expects the state and local governments to participate in a comprehensive rehabilitation program. He announced forthcoming meetings on August 15 and 16, respectively, with the Governors of Kansas and Missouri and an advisory committee of state leaders from all fields which each Governor has appointed at Mr. Howse's recommendation. At these meetings, Mr. Howse proposes to describe the general program which is being considered and to urge upon the governors and their committees the importance of prompt, effective action on their part to complement the actions taken by the Federal Government to bring relief to the flooded areas.







Governor Edward Arn, correspondence files, box 57

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

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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."

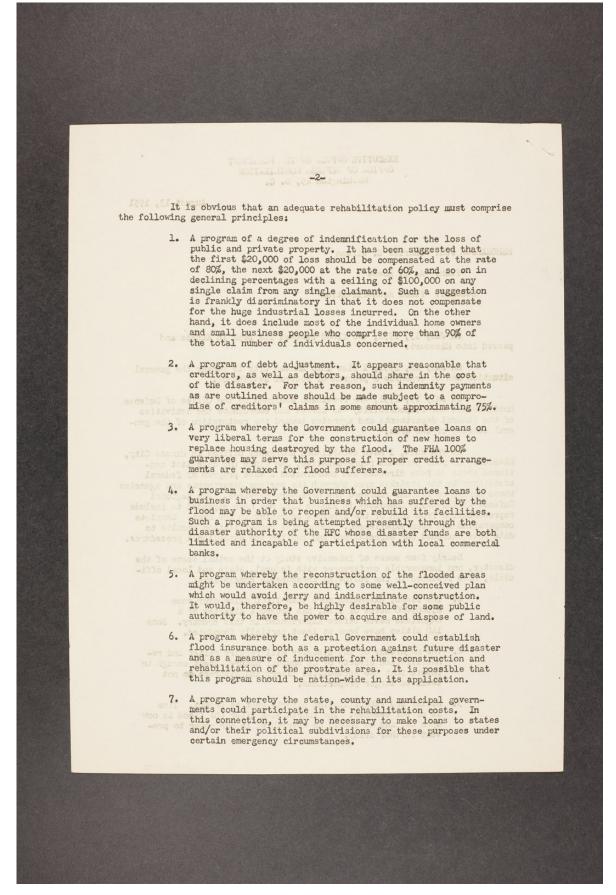
As you know, I have established emergency offices in Kansas City, Missouri, as your personal representative, and since the date last mentioned above we have directed and coordinated a vast program of federal assistance to the stricken area through the various departments and agencies whose normal operations 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:

- 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 123







Governor Edward Arn, correspondence files, box 57

RESTRICTED

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.