

trusted, either on the grounds of safety, efficiency, or economy?

*Private power for AEC plants?—The Shawnee versus Joppa example*

TVA has been denied funds to construct the needed Fulton steam plant. In lieu thereof, we are told, the Atomic Energy Commission is dickering with private companies for added supply. It is announced that the proffered rates will be as low or lower than TVA rates. It is probable the private bids will be accepted.

Hence Mr. Clapp's account of the AEC experience of a like character is likely to prove prophetic. He relates that in the fall of 1950 the Atomic Energy Commission decided to build a huge gaseous diffusion plant near Paducah, Ky., and contracted with both public and private enterprise for power. The TVA would build a great steam plant—the Shawnee plant—to supply one-half the electric power. The other half would be supplied by a newly organized private corporation, Electric Energy, Inc., that would build a steam plant under the same conditions right across the Ohio River at Joppa, Ill.

The utility press boasted that private enterprise would show Government inefficiency a clean pair of heels in this race. But, lo, TVA had Shawnee's first unit in operation on April 9, 1953—3 months ahead of Joppa's first unit—and on January 8, 1954, it had 4 units going and Joppa had 2.

And, lo again, Electric Energy, Inc., had underbid TVA on construction costs. But now it is higher. Says Mr. Clapp:

"The estimated cost of the private company Joppa steam plant of 4 original units has increased some 45 percent—from \$81 million in May 1951 to \$118 million in June 1953. The costs per kilowatt of capacity have increased over their original estimate of \$126 to \$184. Two more units at the Joppa plant being added to supply a smaller portion of AEC's expanded Paducah facilities show estimates even higher—\$198 per kilowatt. The taxpayers bought this record and they will have to pay for it; the private companies lose nothing because these increased costs are paid by the AEC.

"In comparison, the TVA Shawnee plant of 4 units was originally estimated to cost \$147.50 per kilowatt. TVA's actual cost experience to date, while building under the same physical conditions as the Joppa plant, shows that the total 10-unit Shawnee plant capable of producing 1,500,000 kilowatts will be completed by TVA at a capital cost well within our estimates."

Mr. Clapp does not pursue the question of consequent increased rates, so let us look into that. At the start TVA estimated that when in full operation the average energy charge from the Shawnee plant would be 3.58 mills per kilowatt-hours. Electric Energy, Inc., gave its figure as 3.57 mills, a little lower than the TVA bid, exactly as is expected from the new bidders.

The construction costs for Electric Energy, Inc., went up and their rates were raised. TVA's rates went up a little, not because of construction costs but largely as a result of escalator provisions tied to general economic indexes for operating labor costs. And now we find from information supplied by the AEC in April that TVA power costs 3.7 mills and the Joppa plant 4.3 mills, a difference of five-tenths mill. On this basis when the plants are in full operation AEC will be purchasing about 10 billion kilowatt-hours per year at a cost of \$38 million from Shawnee and about 6 billion kilowatt-hours for \$26 million from Joppa.

Multiplying 6 billion kilowatt-hours by 0.5 mill you get around \$3 million annually which AEC will pay in excess of TVA rates.

The AEC has another huge plant at Portsmouth, Ohio, served wholly by private enterprise—the Ohio Valley Electric Co.—which

ultimately will deliver some 15 billion kilowatt-hours annually. This company has already increased its construction estimate by 10 percent. The rate differential is lower, but, to cut it short, TVA rates would save the taxpayers \$5 million annually at this plant.

*One mill means \$50 million*

Now this \$8 million annually may be worth the price to save us from "socialism," but the overcharge is small when compared to what AEC would be paying if there were no TVA in existence and its competitive effect absent. However, there are some clues which give us a rough idea:

AEC has three great plants in this region—Oak Ridge, Paducah, and Portsmouth. The total consumption of the three will be in the neighborhood of 50 billion kilowatt-hours annually. Now TVA faces a shortage and to meet its dire needs by 1957 it proposed to construct the Fulton steam plant on the Mississippi River north of Memphis. However, the President's Budget Bureau refused to grant the necessary appropriation and, in effect, indicated that the needed new power be purchased from private companies. Evidently relying on a continuance of the administration's new policy, two private concerns promptly approached TVA. The Southern Co. (a holding concern which controls the Mississippi, Georgia, and Alabama Power companies) proposed to construct a new plant and, on a 20-year contract basis, to sell TVA power at an average of 5.23 mills per kilowatt-hour, or more than 1 mill higher than the present rate of 4 mills at Shawnee. The Mississippi Power & Light Co. bid 2 mills higher.

Multiplying AEC's 50-billion-kilowatt-hour requirements by 1 mill, we get \$50 million for the Southern and, by 2 mills, \$100 million for the Mississippi. As aforesaid, this gives us some rough idea of what this one Government agency would be paying if there were no TVA, one-half of whose power supply will go to AEC.

It is to be hoped that Mr. Hoover's task forces will include comparisons of a similar nature to all expenditures of the Government for electric power, which runs into many, many millions. Such comparisons reveal values from TVA's successful demonstration that embarrass TVA's critics and save taxpayers a tidy sum.

*Emergency power and the tax-amortization scheme*

The Nation is being given to understand that, with assistance from the Federal Government, private utilities are building new generating capacity which will care for defense needs. Mr. Clapp sharply disagrees. Thus: "The present expansion program for new power capacity will do little more than meet normal civilian demands under conditions of economic expansion."

Specifically, as of June 1953, 636 electric power projects have received certificates for rapid tax amortization. They will increase capacity by some 22 million kilowatts over about a 3-year period—not enough for defense.

But should private utilities be asked to invest millions in surplus plants that might lie idle? "No," he answers. But the tax-amortization scheme is not adequate and is entirely too costly. He suggests, as alternatives, that the Government might guarantee the companies against actual losses or might subscribe capital to the utilities in the form of second-preference stock without voting rights.

#### V. FINDINGS

Chairman Clapp does not advocate Government monopoly of the power business; that is a scarecrow to fool the unwary. It is neither sought nor advisable.

But since regulation by State commissions has failed to meet expectations, and since the competition of public plants has forced

the utilities drastically to reduce their rates while remaining solvent, and be more effective, public competition is absolutely necessary for the public welfare and safety. It would clearly be a tragic mistake to reverse this policy and install private-utility monopoly.

He pointedly reminds us that "the electric business, whoever owns and operates it, is a public business. \* \* \* It is as native to this land as cornbread. \* \* \* The operation of an electric system is a managerial job. The managers can be either private or public managers, as the public chooses.

"If the private utilities satisfy the public objective of providing low-cost electricity in abundance, they have a good chance of staying in the business. But if they fail, they should not be surprised if they are fired by the consumers and replaced by public managers. \* \* \* In my view, the best way for private power companies to remain private is to show more enterprise."

These lectures constitute the most brilliant overall statement of the case for TVA in recent years. It is to be hoped that the University of Chicago Press will speedily issue them in book form for the benefit of sober people at home and abroad.

### Agricultural Foreign Service Should Be Reestablished

#### EXTENSION OF REMARKS

OF

HON. SAMUEL W. YORTY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 5, 1954

Mr. YORTY. Mr. Speaker, at this time I want to speak in support of House bill 8033. This bill authorizes the creation of an Agricultural Foreign Service in the Department of Agriculture. It provides that the Secretary of Agriculture may appoint and assign personnel to service abroad, responsible to, and subject only to the orders of the Secretary of Agriculture with respect to their technical duties. Of course, they should be otherwise under our chief of mission in the country to which they are assigned.

At the present time the Secretary of Agriculture is compelled to work through representatives stationed abroad who, while they carry the title "agricultural attaché," are in fact employees of the Foreign Service of the Department of State. All contacts with, instructions to, and reports from the agricultural attachés must be relayed through the Department of State.

Investigating committees have reported that the agricultural attachés in many of our diplomatic missions have been relegated to inferior positions from the standpoint of compensation and prestige, and therefore, cannot perform as effectively as they should.

At one time we did have a Foreign Agricultural Service. An act in 1930 created a distinct Foreign Agricultural Service in the Department of Agriculture. Officers in this Service abroad were regularly and officially attached to the diplomatic mission of the United States. In 1939, under a Presidential reorganization plan, this Service was transferred to the Department of State.



The Foreign Service Act of 1946 repealed the act of 1930 which authorized a Foreign Agricultural Service and at the present time the Secretary of State is charged with the collection and dissemination of agricultural information abroad.

At the present time many of our agricultural attachés abroad do not fully understand the objectives, purposes, and operations of our farm programs. Our agricultural representatives abroad should be familiar with every part and parcel of the farm program and should be taking a more active part in creating a better understanding of them in foreign countries.

We particularly need representatives abroad who can counsel with the agricultural people in foreign countries regarding the quality and quantity of farm products available for export.

To a large extent our present sharp decline in farm prices and income is the result of a one-third drop in farm exports. We desperately need the best foreign agricultural service possible. Instead we are now operating through a State Department currently loaded down with diplomatic problems.

House bill 8033 has been drawn as a result of many investigations and much study of the problem of how best to develop and maintain a high-caliber, effective staff of agricultural representatives abroad. The need has never been greater; surely House bill 8033 should get early and favorable consideration by this Congress.

than honest if we did not recognize that many of the most notorious political machines in America have been built by Catholics and operated by Catholics."

These thoughts have been expressed before, and there is some truth to them. But there is another side, too. First, dishonest people in Government who happen to go to church are not necessarily Catholics in anything but a nominal sense. To classify them otherwise is to mislead. Secondly, it is true that Catholics have been identified with scandals, but they have also participated in exposure of scandals. Thirdly, Catholics, at least in name, have been identified with political machines, but Mr. Farley should realize that newspapers are metropolitan and they are concerned with big city organizations. One cannot help wondering what would happen if the spotlight of intense publicity were turned on the one-party South or that other vast no-priest land to the west. Surely not is all utopia there.

Every Catholic is incensed at dishonest Catholics in government or anywhere else, but the numbers of such Catholics should not be exaggerated, nor the overwhelming majority of honest Catholics in government be overlooked. Mr. Farley has made a good point, but at least the news report indicates very one-sided treatment and indignation probably disproportionate to its base. Maybe this report of Mr. Farley's speech is evidence of the kind of thing that has caused his apparent alarm.

There is no place in government or elsewhere for dishonest people, except maybe in the penitent's section of the confessional. Certainly some persons known as Catholics are dishonest. They should take serious heed of Mr. Farley's charges and of the warnings of other Catholics, including the clergy. But no one should close his eyes to the fact that Catholics in government have been a mighty force for good.

"We have learned through bitter experience that the Communists respect neither God nor man. They move toward their objective of world domination under the Marxist pattern with ruthless disregard for the rights of other nations and the canons of decency and justice upon which civilization is based. It is not surprising, therefore, that free people everywhere should be beset with deep anxiety and apprehension concerning the future."

"Despite these deplorable conditions, however," said PHILBIN, "our duty is plain and clear. Regardless of the obstacles and grave problems, we must never permit ourselves to be captured by the hysteria of the moment. We must pursue the great and necessary goal of world peace with firmness, with patience, and with all the earnestness at our command. We must sincerely continue to negotiate and counsel with other nations to achieve a just peace. At the same time, we must recognize that such a peace cannot be based upon the appeasement of those who are seeking to destroy this Nation and our free system."

"In this crisis it is imperative for us to marshal and mobilize our great strength as a Nation, military, economic, and spiritual, because it will be by virtue of our own resolution to preserve our blessed heritage, our armed might, economic vitality and innate sense of justice that we will be able in the end, not only to defend but to preserve our American way of life."

"We know that we have justice on our side. We know that our ideals of freedom will prevail because they derive from the Almighty. And we are building a mighty defense and striking force that will command the respect and fear of potential enemies."

Touching upon the effect of new military techniques, PHILBIN said: "Atomic and hydrogen weapons will make the next war almost too horrible to contemplate and the Communists know that fact as well as we do. These weapons, while awful beyond description, are the strongest arguments for peace. Let us hope and pray they will never be used in warfare and let us work to that laudable end. But at the same time, let us face all the realities of the modern world with that courage, fortitude, patience, and confidence which Americans have always displayed in the great crises of the past. Our Nation will continue to be stronger in arm, stronger in spirit, and stronger in the determination to preserve our liberties. This great strength will be our protection as well as the means through which we may be able to secure a just peace."

PHILBIN asserted that our Armed Forces were steadily growing in power and are capable not only of defending the Nation against attack but of inflicting powerful, devastating retaliation against any enemy. "The American people really have nothing to fear," said the Congressman. "If they keep alive their faith in God and their will to retain the benefits and blessings of this great democratic Government. If the American people adhere to the great spiritual truths which underlie our Constitution and zealously safeguard the individual rights of American citizens, and conserve and develop our national strength there will be no enemy capable of destroying us. So let us grapple with all these great problems without fear, without hysteria, and without flinching and appeasement. Our cause is just and it will triumph over communism and all the other evils of modern life."

PHILBIN complimented the group upon its inspiring devotion to American principles—devotion, he said, "to God and country more important now than ever, and devotion to the great principles of unity, brotherhood, and toleration which will keep this Nation strong, great, and enduring."

### Let's Not Overdo It

#### EXTENSION OF REMARKS OF

**HON. JOHN E. FOGARTY**

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 26, 1954

Mr. FOGARTY. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from the Providence Visitor of April 29, 1954:

#### Let's Not Overdo It

Two facts transcend the sense of this editorial: First, James A. Farley is a distinguished American as well as a fine Catholic; secondly, not all Catholics in politics are a credit to their church or their Nation, and some have been a disgrace to both.

Mr. Farley's record in Government service speaks for itself. He has been praised by people of all parties and of all religious faiths. No doubt he has made enemies along the line, but no one has questioned his honesty. Recently in Boston, however, Mr. Farley went to considerable lengths to point out that some Catholic politicians have been more prone to abuse their power than non-Catholics. He went on, "In recent scandals involving men in public life, the identification of Catholics among the betrayers of trust came so often as to bring a heavy sense of shame. . . . Too often, especially among Catholics, men in public office feel there is one code of conduct for their private lives and an entirely different code for their public lives. . . . We should be something less

### World Communist Conspiracy

#### EXTENSION OF REMARKS OF

**HON. PHILIP J. PHILBIN**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 26, 1954

Mr. PHILBIN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement;

REMARKS IN PART OF CONGRESSMAN PHILIP J. PHILBIN, MAY 23, 1954, PITTSFIELD, MASS.

Before a communion breakfast at Pittsfield yesterday morning, Congressman PHILIP J. PHILBIN, of Clinton, warned against the growing strength and expansion of the world Communist conspiracy which he said is understandably causing the American people gravest concern.

"The developments at Geneva are not only distressing but truly alarming, because they indicate," he said, "that the free world has apparently been unable to agree upon a formula for checking further aggression."

"The designs of the Communist conspiracy have been plain for sometime past," the Congressman asserted. It has moved steadily forward to embrace control of more than 800 millions of people. It was Korea yesterday, it is Indochina today, and it will be some other helpless nation tomorrow. Thus we observe the sorrowful spectacle of the almost complete cancellation by willful infiltration and aggression of our noble war aims of according to all nations, great and small, national sovereignty and self-determination by governments of their own choice.

