

COMMISSIONER IN OUTLINE OF NEW PLAN FOR FUNDS

Tells Association Situation Is Serious For the Western States

CASPER, Wyo., Oct. 15. (UP) —Unless some new source of revenue is found to finance the construction of federal reclamation projects, the program now in course of construction must be virtually suspended at the close of the present fiscal year, June 30, 1938. In his address here Wednesday before the National Reclamation association, Reclamation Commissioner John C. Page said substantially this, and the conclusion is fully justified by the accounts of the reclamation bureau.

"At the close of this fiscal year the reclamation fund will be depleted," said Commissioner Page. "This is true because congress has appropriated \$4,000,000 more than was in the reclamation fund at the beginning of the fiscal year, and because accretions to the fund in recent years have averaged well below \$4,000,000. Therefore, unless this year's receipts go way above the recent average, the program authorized by congress will call for all the money that was in the fund on July 1, and all the money that flows into the fund through repayment of construction charges, and from oil and other royalties and from land sales. When the books are balanced, there will be no money in the fund to keep the work going through the next fiscal year.

Commissioner Page, in his address, anticipated that the recla-

mation commission, when it reports, will advise against further reclamation moratoria. "It is most encouraging to find little sentiment anywhere for continuance of the blanket moratoria," said the commissioner. "But," he added, "construction repayments alone will be insufficient to meet the requirements next year." Where the settlers, during the past four years, have been repaying \$2,300,000 a year, notwithstanding the moratoria, Commissioner Page estimates that this year repayments may reach \$4,000,000, because there has not been and will be no general waiver on 1937 repayments. But with the fund depleted, appropriations already \$4,000,000 in excess of cash on hand, and a possible \$4,000,000 coming in this year from project collections, the situation is still serious, because, as the commissioner pointed out, "other sources that contribute to the reclamation fund are estimated to yield not over \$2,000,000 this year," whereas to continue work on the approved projects now under way will, as Page puts it, call for \$10,000,000 to \$12,000,000. The prospects, therefore, point to a possible \$2,000,000 balance in the fund on July 1, 1938, and work ahead calling for five or six times that amount.

"Some means must be found to fill this gap if the program is to continue with reasonable speed," warned the commissioner. "Two alternate courses have been suggested. One would lead to the elimination of the reclamation fund as a special fund, and would require appropriations for all these projects direct from the general treasury, with all repayments to return direct to the general treasury. The other, which I favor, would lead to the retention of the reclamation fund, with dependence upon advances from the general treas-

ury, or the discovery of some new revenues."

Reclamation experts here said there is sound reason why Commissioner Page should not favor wiping out the reclamation fund, thereby making future federal irrigation construction dependent on appropriations directly out of the general fund of the treasury. Each time congress has considered an interior department bill, and the appropriations for new construction were under attack, western spokesmen in congress have invariably stressed the fact that the money appropriated does not come out of the general treasury, but out of a separate fund that was set up and that can be used for no other purpose; that these appropriations do not impose an extra burden on the taxpayers; that it is western money used solely for the development of the west.

Once the reclamation fund is dispensed with and appropriations for new reclamation construction come out of the general fund in the treasury, they point out, the task of securing the needed appropriations will be twice as difficult as in the past, and in the event an economy wave should sweep over congress, reclamation might easily suffer. There was general agreement among western senators and congressmen with the preference expressed by Commissioner Page.

As to the alternative, finding some new source of funds, that is the problem that must be worked out next session, it was stated. If liberal blanket appropriations are again to be made for relief, with authority to the president to say how the money shall be used, reclamation construction, to the extent of \$10,000,000 or \$12,000,000, or even more, might be financed through the co-operation of the president, it was pointed out, but it was agreed that that is not a safe nor a permanent method of carrying on the established program. It might be worked during the coming session, and again it might fail. It cannot go on indefinitely. There is precedent for making advances to the reclamation fund out of the treasury, as has been done twice in the past, but such advances have to be repaid in annual instalments, and those repayments curtail by just so much the amount available each year for new construction. Besides, annual advances are out of the question.

Above all this fact stands out, reclamation leaders said: The government is now carrying out a reclamation program that calls for the annual expenditure of \$15,000,000 to \$17,000,000 over and

above what is spent on Grand Coulee, Fort Peck, Boulder dam and the Central Valley of California, and new projects are being urged for adoption. As long as this pace continues—and fairly rapid progress must be made if the work is to be done economically—this amount will be required each year. Repayments by settlers, plus revenues from oil royalties and land sales, will not, and never will yield any such amount. Therefore, if the reclamation fund is to be preserved, some new source of revenue must be tapped, it was declared.

Project power sales can be made and add to the reclamation fund, but on such dams as Boulder, Bonneville, Fort Peck, and Central Valley, congress already has stipulated that power revenues shall go into the general treasury to reimburse the government for the cost of those projects, and it will be 50 years before those projects have paid out and are able to contribute to the reclamation fund, it was stated. On the Salt river project in Arizona power revenues go to the settlers on the project. Congress, of course, can amend the law, and divert these power revenues into the reclamation fund, but even that source could contribute little before July 1, 1938.

Still another possible way of increasing the reclamation fund would be to direct, by law, that repayment on projects built wholly or in part with relief funds, instead of going into the treasury, should go into the reclamation fund, it was suggested. Ultimately this would add some \$46,000,000 to the fund. But it would add very little during the next eight months or the next three or four years. What the west needs and must find is some substantial source from which \$8,000,000 to \$10,000,000, or even more, can be had to finance irrigation appropriations which will be asked of congress in the forthcoming budget. Failing to get this money, work must slow down, or stop altogether, unless congress can be persuaded to advance the needed millions from the treasury. Getting those millions by direct appropriation would be a tremendously big job, the meeting agreed.