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## ARTHUR E. MORGAN'S ETHICAL CODE FOR THE TENNESSEE VALLEY AUTHORITY

*Edited by* ROY TALBERT, JR.

Arthur E. Morgan, Chairman of the Board of Directors of the Tennessee Valley Authority, was dismissed from office by President Franklin D. Roosevelt, March 22, 1938. Morgan was charged with being impractical and visionary and guilty of calumny in having made false accusations against the other members of the Board of Directors, David E. Lilienthal and Harcourt A. Morgan. At a public hearing presided over by the President he was unable or unwilling to sustain the charges of dishonesty he had made against his fellow directors. Behind the controversy lay a basic difference in philosophy.

The assumption seems to prevail among Americans that TVA was largely a public power corporation; many people are less aware of the organization's pioneering work in regional planning, work involving agricultural development, flood control, and river navigation, as well as the distribution of electric power. Although all three directors subscribed to these basic aims, a study of the early days of TVA indicates that when Arthur Morgan was chairman of the Board he conceived of the Authority as an agency for even broader social and economic planning.<sup>1</sup> The description of Morgan as an idealist who desired a social revolution for the Tennessee Valley is correct, but for more than a superficial understanding of Morgan, one must come to grips with his social philosophy. Basically he called for a change in the character and temper of the American people—honesty, straightforward dealing, and openness at all times must become the established rule. Arthur Morgan insisted on a moral revolution as a prelude to a social revolution.

The best example of Morgan's emphasis on character can be seen in the following document, "An Ethical Code for the Staff of the Tennessee Valley Authority." The Code was written less than one month after the official establishment of the TVA. In it Morgan elaborated the principle that goals, no matter how desirable, never justify improper methods. If it was submitted to them, the Chairman's fellow directors

<sup>1</sup>Roy Talbert, Jr., "The Human Engineer: Arthur E. Morgan and the Launching of the Tennessee Valley Authority" (unpublished M.A. thesis, Vanderbilt University, 1967).

apparently found the Code unacceptable or felt it was unnecessary; in any case, it was not made public.<sup>2</sup>

The Code suggests the origin of Arthur Morgan's difficulty with the practical-minded liberals of the New Deal. Morgan's general ideas on social change seemed much too vague for them, and they thought his high-toned idealism and moralism a threat to the important work of TVA. Morgan's Puritanism and his apparently pharisaical attitude became the target of ridicule and abuse. One of the first instances occurred when Drew Pearson and Robert S. Allen, syndicated columnists, somehow heard of Morgan's Code. In August, 1933, their "Washington Merry-Go-Round" carried a satirical account of the document. After describing Lilienthal and Harcourt Morgan as the "strong men" of the Board, the columnists attributed "the whimsical touch" to Arthur Morgan:

Recently the irrepressible chairman popped up with a scheme even funnier [than his other ideas]. He disappeared for a few days in the Tennessee mountain fastnesses. When he emerged he clutched in his hand an 18-page document, which upon perusal turned out to be a sort of code of ethics for TVA employees.<sup>3</sup>

The Code, said Pearson and Allen, called for each employee to be "subjected to a searching questionnaire about his private life and public views." The incorrect information in the column suggests that the authors never saw an actual copy but worked solely from hearsay.

The Code is as clear and concise an explanation of Morgan's philosophy as one is likely to find. When it is read in light of his colleagues on the TVA Board (one a tough-minded, ambitious, young lawyer and the other president of a land grant college and acutely aware of the realities of Tennessee politics),<sup>4</sup> the improbability of Arthur Morgan's

<sup>2</sup> It is uncertain that Morgan formally proposed the Code to the Board, since the official Board minutes contain no mention of it. The Pearson-Allen column cited in this paper suggests that the staff of the TVA was aware of the Code. There is also a brief reference to it in Willson Whitman, *David Lilienthal: Public Servant in a Power Age* (New York, 1948), 35. [Lilienthal does not recall whether the Code was proposed for adoption, but in a letter to the editor of the *Publications*, Stanley J. Folmsbee, December 13, 1967, he stated that "TVA in 1933 was seeking people whose ethics were built-in, rather than the consequence of having signed some pledge prepared by their employer under varying degrees of economic and social distress. . . . To be forced to sign such a pledge as a condition of public employment would be an offense to that dignity in dealing with adults which led so many loyal university teachers to resent being compelled to sign a 'loyalty' oath." *Managing Editor*.]

<sup>3</sup> *Memphis Commercial Appeal*, August 20, 1933.

<sup>4</sup> [In his letter cited in note 2 Mr. Lilienthal, who had received a copy of an earlier draft of this introduction, read more into this statement than was intended. He wrote: "Generations of Tennesseans who knew Harcourt Morgan know that no more honorable nor selfless man ever drew breath." *Managing Editor*.]

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success is evident. The Code says more about Morgan than it does about the TVA.

Morgan's ethical beliefs are further explained by three of his works: a play, *The Seed Man* (1932), and two books, *The Long Road* (1936) and *Search for Purpose* (1955). A journal kept by Morgan as a young man has recently come to light and is now being prepared for publication. This intellectual journal is particularly useful in understanding Morgan's philosophical journey.

The Code, nearly forgotten after over thirty years, was found buried in an unorganized file in the Arthur E. Morgan Papers, Olive Kettering Library, Antioch College, Yellow Springs, Ohio.

#### AN ETHICAL CODE FOR THE STAFF OF THE TENNESSEE VALLEY AUTHORITY

*Foreword.* The value of the Tennessee Valley Authority to the people of its region and of the nation will depend upon the progress it brings about in several respects, chief among which are the following:

1. The control and orderly development of material resources, such as agriculture, manufacture, mining, forestry, transportation and electric power.
2. Legal, administrative and social organization which will allow and encourage a full and wholesome development of the region and its people in accord with wise design.
3. The development in the Tennessee Valley region and in the country as a whole, of widespread understanding and appreciation of the possibilities of the region and of the possibilities of personal, social, economic, legal, and cultural development which would be made possible by intelligent design.

4. The development of ethical attitude and conduct, so that our efforts shall be cumulative in achieving our common purposes, and shall not be wasted and dissipated in the internal conflict, distrust and friction which result from unethical habits. This code deals with this element of ethical attitude and conduct.

*The Need for an Ethical Code.* The "New Deal," or the new social and economic order we are striving for, demands radical changes in many respects. We may talk in generalities about a new order, but when we come to bring it into effect in any particular, we find that it requires actual changes in deep seated habits, social, economic, and personal. These changes can be made best only by conscious deliberate effort, with the end clearly in view. Unless we realize that ethical attitude and conduct are the very foundation of a new order, we will resent changes in habits and attitudes, and our talk of a new social and economic order will be nothing but talk. What we are undertaking is difficult. If desire and determination to achieve our common purpose should be lacking in the personnel of the Tennessee Valley Authority, those purposes would be defeated in the very beginning.

For a person to be of full value to the Tennessee Valley Authority, he should not only know how to do his own special work, but should endeavor constantly to understand the aims, purposes, and standards of the organization as a whole. For that reason each employee is asked to become familiar with this statement of principles and practice, and to contribute to its improvement.

Of all the conditions which affect the success of The Tennessee Valley project, no other is more important than the spirit, attitude and conduct of the personnel of our organization. If, as the result of our effort, the Tennessee Valley should become the richest and smartest part of America, but if in getting that result we should leave an example of deceit, exploitation, favoritism, patronage, extravagance, bad personal habits, and selfish personal ambitions, our efforts might do more harm than good.

In every part of America, poor ethical habits are the chief preventive of a better civilization. The changes we wish to make are very important changes. If the personnel of the Tennessee Valley Authority can set desirable standards in its personal, social, and business conduct, its value in this respect may be greater than the value of any economic, social or cultural change it may bring about.

Ethical standards are not primarily personal. They are social. It is very hard to do differently or to think differently than the people we associate with. The group as a whole tends to force each member to act like the rest of the group. That is why improvement in ethical conduct is so slow.

The staff of the Tennessee Valley Authority must constitute a group with its own standards. If these standards are effectively maintained, before long they will be recognized by people generally, and the expectation of the public will help us to maintain the standards we have set for ourselves. The Tennessee Valley Authority will employ many young people from small rural communities, who will be forming their opinions of business and industry. If our conduct is uniformly on the level of a reasonable ethical code, the business these young people later develop may be greatly influenced by their early experience.

The personnel of the Tennessee Valley Authority should be made up of persons whole heartedly in sympathy with these standards. For persons to remain on the staff who are not in agreement with them, would count definitely toward the defeat of our purposes. It will require the whole hearted cooperation of the group to keep these standards from growing weak or fading away.

*The Basis of this Code of Ethics.* Ethical conduct is simply that conduct which is best in the light of its total consequences. For instance, a man may gain a temporary advantage by lying, but in doing so he is breaking down that general confidence of men in each other on which society is founded. His lie may serve his immediate purpose because those he lies to expect people to be truthful under such circumstances. If no one were truthful, then his lie would not deceive anyone, and would do him no good. He may have gained a temporary advantage, but at the cost of breaking down that mutual confidence on which society rests, and the total loss is greater than the gain. Truthfulness is good because it is fundamentally efficient and economical when we take the whole result into account.

Longtime experience has developed ethical standards that are better than the impulses or habits of individuals. Moreover, in times of stress a person's judgment is often unreliable, and it is well for him to have clear convictions and standards to guide him through such periods.

It is not true that each person should determine his own ethical standards, any more than it is true that each engineer should form his own engineering principles regardless of engineering experience, or that each lawyer should form his own principles of law.

The usual difference between good engineering and poor engineering is that the good engineer actually carries out the principles that most well trained and well informed engineers are agreed on. The chief difference between good

ethical conduct carries into practice. It is not only able and well trained, but it never does not do it. It is successful in practice. The Tennessee Valley Authority is unusual, by carrying out the principles of ethics in a being desirable.

An ethical standard is not on any abstract principle. It is experienced and it is as to what conduct is desirable.

This ethical standard is not that they can get to the top. It is rather a guide to what conduct is desirable. It is not a skirt the margin of the motives but what is desirable.

The principle is not that they might have over the group in standing. It is well informed and valuable chiefly in that it covers all points.

1. General interests.

The Tennessee Valley region is to the end of the Tennessee Valley region and influence Tennessee Valley rivalry with other regions.

Similarly, the Tennessee Valley Authority should be considered as a whole.

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ethical conduct and poor ethical conduct is that good ethical conduct actually carries into practice the principles that most well informed, intelligent, reasonable and well intentioned men agree are desirable. As a rule, an unusual engineer does not discover new fundamental principles of physics, but is unusually successful in putting into practice principles already known. The Tennessee Valley Authority should be unusual in the same way that a great engineer is unusual, by carrying into effect with unusual thoroughness and courage the principles of conduct that most well intentioned persons are agreed upon as being desirable.

An ethical code for the Tennessee Valley Authority should not be based on any abstract theory or dogma, but upon the common sense judgment of experienced and well meaning persons who have given thought to the subject, as to what conduct will be wholesome and desirable.

This ethical code is not for the purpose of informing people how close they can get to the edge of decency without being subject to discipline. It is rather a guide to help persons of good intentions to clarify their minds as to what conduct is desirable. A person who should habitually and deliberately skirt the margin of decency would be far less desirable than one who had good motives but who should occasionally fail obviously.

The principal use of this code is to bring to our attention standards we might have overlooked, and to give us the support and courage of a united group in standing together for standards of conduct which most intelligent and well informed men would approve if they thought they were feasible. It is valuable chiefly as giving illustrations of a general principle. It does not presume to cover all points.

#### *The Tennessee Valley Authority Code of Ethics*

1. General and enduring interests should control over special or temporary interests.

The Tennessee Valley Authority is not an end itself, but is only a means to the end of improving the social and economic condition of the Tennessee Valley region and of the country. There should be no effort to extend the power and influence of the Authority except as that extension is good for the Tennessee Valley region and for the country. Ambition and jealousy and selfish rivalry with other parts of the government service should not be allowed to develop.

Similarly, ambition or selfish rivalry between departments of the Tennessee Valley Authority should be carefully guarded against. If it starts to develop, it should be openly faced and eliminated, and not allowed to smoulder.

In personal affairs, too, the general good should prevail over personal good. A person should not stand on his "rights" if the good of the service or of others is not being served thereby. In case of promotions or employment a person should welcome someone going beyond him if that person deserves it, or if the good of the service requires. Arbitrary rules, like promotion by seniority, will have little place where high character and a good spirit are in control.

A person with the right spirit will not hold a position if he thinks someone else can fill it better. (The Tennessee Valley Authority should endeavor to insure that such straightforward social mindedness is not penalized. If a person is not suited for one position, he may be just the person for another.)

The management of the Tennessee Valley Authority should be such that self seeking ambition does not succeed in advancing itself. It should make sure that the able person who habitually puts the general good ahead of his own shall be recognized and put in positions of responsibility. Such a person is apt to recognize others with attitudes like his own, and the service is improved by his exercise of authority.

2. The affairs of the Tennessee Valley Authority shall be conducted in all respects with honesty and openness. This policy may be revolutionary in business and government, but once established it will count strongly for good will and economy in living. The following cases illustrate this principle.

a. We shall have nothing to do with secret investigations, spying or espionage in any form. If we cannot get information by straight forward honesty, we shall go without it. We may occasionally miss catching an offender or fail to get important evidence, by this method, but the increase in self respect, mutual confidence and dignity will far outweigh the loss.

In the long run the investigator who uses open, straight forward methods will get further than the spy, and his reports can be depended on. In general, a man who will lie for me will lie to me. Government secret service men have been known to falsify reports in order to increase their own importance, and the same has been found true of the spy of a private power company. Straight forward openness is not only more self respecting, but in the long run it is more effective.

This same policy of complete absence of espionage shall be the standard of personal relations.

b. In land purchases or other business deals, we shall avoid the method of offering less than we intend to pay, and the haggling and dickering of oriental traders. In the purchase of land, where an agreement cannot be directly reached, the method should be first to get an appraisal by disinterested men of good judgment. The appraisers should, if possible, visit the man and get his story to learn of any elements of value or expense that otherwise might be overlooked. When an appraisal has been completed and approved, with all conditions taken into account, the value appraised should be offered to the owner. If the price is not acceptable, dickering and bargaining should not be introduced, but arbitration or condemnation would be in order. If the Tennessee Valley Authority wishes to buy a piece of property, it should approach the owner directly, and not buy secretly through a third party. Complete openness of dealing should prevail.

c. In dealing with public firms or private organizations, no false moves shall be made to mislead or confuse the firm, person, corporation, or public organization concerned. It is, of course, proper to keep one's counsel and not to announce all of one's plans. Not only will this policy encourage self respect and sound character on our own part, but, if it is thoroughly lived up to, the public will come to have increasing confidence in the Tennessee Valley Authority, and shrewd practice on the part of others will loose [*sic*] its force.

d. In the relations of individual members of the staff with the Tennessee Valley Authority or with the United States Government, or with others, complete straight forwardness should prevail. No evasive or misleading statements should be made.

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e. In the case of expense accounts, the items should appear to be what they really are. If a necessary receipt has been lost, a person should not make a false receipt or list the amount under some other item. If an item is an estimate, the exact amount being forgotten, that fact should not be disguised. If an expense has been incurred which is irregular and not according to rule, but which was necessary, a true statement should be given, perhaps with reasons why the item is justified. It should then be left to the judgment of the administration of the Tennessee Valley Authority as to whether the item should be paid. The Tennessee Valley Authority will endeavor to meet such honesty with intelligent reasonableness, rather than by arbitrary rules.

f. In giving information to the press and to the public, only true and representative statements should be made. This does not mean that information should be published prematurely or that a person must tell everything he knows.

3. Except as hereafter indicated, employees of the Tennessee Valley Authority should not take gifts, favors, hospitality or any other benefits from any persons who might in any way profit by giving such benefits. European private and public business is said to be honeycombed with such practices, very commonly taking the form of direct bribery, and American private business is far from faultless. The Tennessee Valley Authority must keep entirely free from such practices.

The following are some cases illustrating this principle:

a. Employees or officers of the Tennessee Valley Authority should not accept favors from investment bankers, such as would come from being placed on private and preferred investment lists.

b. Engineers and other employees should not take meals at contractor's expense without paying for them. Engineers' specifications should contain this provision and generally should state the rates at which such meals shall be paid for. Purchasing agents of the Tennessee Valley Authority should not accept meals, gifts or any favors from persons who have goods or services to sell. Real estate appraisers should not accept meals, transportation or favors from persons having land to sell. The same general principle should apply everywhere with all employees.

There are exceptional cases when the acceptance of a favor or of hospitality from a person one is doing business with is suitable and proper and an evidence of mutual respect. In such cases the employee of the Tennessee Valley Authority should clearly report such favor or hospitality along with his regular expense account, or within a month, so that it will be a matter of public record. Habitual failure or neglect to make such report would be a violation of this code. No employee of the Tennessee Valley Authority should accept tips. If tips are left in his or her charge, they should be turned over to some such organization as an Employees Relief Association.

c. As a help in establishing this general standard, it seems wise that each officer or employee of the Tennessee Valley Authority who is to have administrative or executive responsibility shall at the time of his employment or at the time of his promotion from another position to such responsibility, file with the Authority a complete list of the real and personal property of himself and of his dependents or immediate

family. From time to time the administration of the Authority may ask for such statements to be brought up to date by employees in responsible positions.

4. Employees of the Tennessee Valley Authority should actually give to the work of the Authority the time, attention and service they are supposed to give. They should not carry other substantial interests or responsibilities which impinge on the total energies and resources supposedly given to the work of the Authority. In case such division of time and interest seems necessary and desirable, the matter should be taken up with the administration of the Authority, and a clear understanding arrived at.

What an employee of the Tennessee Valley Authority has to offer is not primarily hours of time, but rather it is insight, judgment, interest and enthusiasm. A Thomas Edison might be worth as much in a day as a careless plodder would be in a year. This best quality of service cannot be rendered by people who are not in good physical and mental health. Dissipation and other habits which destroy health and the full possession of one's powers are in direct conflict with any reasonable ethical code.

5. Discoveries or developments made by employees of the Tennessee Valley, while on duty, should be the property of the Tennessee Valley Authority. For instance, if an employee should discover valuable minerals while on duty, he should not withhold that information in an endeavor to personally profit by his discovery.

6. Employees of the Tennessee Valley Authority should live moderately and economically, avoiding competitive expenditures. In this way they can be more nearly ready to meet adversity, can partly avoid economic emergencies, and can avoid many temptations to improper use of funds or influence. Integrity needs to be thus fortified by thrift and foresight. Free spending is infectious, and the standard here presented can be maintained best if it is generally and openly adopted.

In general, the acceptance of a position with the Tennessee Valley Authority should be a conscious and deliberate surrender of the expectation of acquiring wealth. For the employees of the Tennessee Valley Authority the satisfactions of life should be those which come from doing good work in their chosen fields, from economical and thrifty living, from deserving the respect and good will of their associates and of the public and from reasonable security for old age or in sickness. A feeling that one must somehow escape into another economic class and that Tennessee Valley Authority service is a necessary evil, is inconsistent with the spirit of the service. Anyone having that attitude should leave the Tennessee Valley Authority service. Tennessee Valley Authority employees should look forward to sharing in a general improvement in economic conditions, which they may help to bring about.

7. Tennessee Valley Authority employees should maintain wholesome and self respecting standards of personal conduct. Intemperance, lax sex morality, gambling, and the use of habit forming drugs are not in keeping with the spirit of the Tennessee Valley Authority personnel.

In general, the Tennessee Valley Authority expects of its employees and officers the habits and attitudes of well intentioned and self respecting men and women, regardless of what the situation may be. A genuine desire to make the most of one's life and to serve the general good will be the best incentive to desirable conduct.

8. A spirit of friendliness and good will, with readiness to cooperate and to bear one's full share of the load, or more than one's share when occasion demands, is essential to the job we have on hand. Friendliness and patience with the public will be a great help to the public and to us.

9. The Tennessee Valley Authority aims to develop a staff of men and women who are whole heartedly and enthusiastically committed to the project of helping build a new social and economic order. So long as that attitude genuinely exists, and so long as there is a sincere and sustained effort to maintain the standards here described, the Authority should have patience and forbearance with specific failures that do not immediately menace the work of the Authority. Where such sincere effort exists, arbitrariness or harshness in dealing with mistakes or failures is out of place.

The spirit should be one of mutual cooperative effort and of understanding and patience. In case that spirit is absent, the presence of calculating, selfish ambition, or habitual cheapness of conduct, will justify eliminations, even though employees keep within the letter of the law.

10. This code shall be effective when approved by two-thirds of the executive staff of the Tennessee Valley Authority, and it may be amended by similar action.

I have made myself familiar with the Ethical Code of the Tennessee Valley Authority. I am in agreement with it, except as indicated below, and as an employee of the Authority I shall endeavor sincerely and persistently to give it expression in my attitude and conduct.

Signed \_\_\_\_\_

Title \_\_\_\_\_

Date.

Draft of July 15, 1933

By Arthur E. Morgan