

S. Doc. 1

MEMORANDUM

Sen.  
McClellan

*Jim Kent has  
been in  
connection  
with  
this  
project*

the United States  
of Representatives  
on Appropriations  
Washington, D.C.

January 18, 1966

Center for Transportation

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We feel it imperative to bring to your attention our great concern over the disastrous effect upon the future development of our waterways if the new criteria being followed by the Corps of Engineers in the evaluation of navigation benefits are continued in effect.

It is our understanding that no new projects have been approved since the new criteria were placed in effect November 20, 1964, and that the pending economic studies of projects, including Central Oklahoma, the Lake Erie-Ohio Canal, the Tennessee Tombigbee Waterway, the Red River, the Trinity River, and the Chattahoochee River from Columbus to Atlanta, Georgia, will likely result in unfavorable reports.

As you know, prior to the recent change in policy, it was the practice to use existing freight rates as a basis for evaluating transportation savings that might accrue from a proposed waterway. In essence, the new policy, which was instituted without any Congressional clearance to our knowledge, provides instead for a comparison of the barge rate with a theoretical rate which the railroads might adopt if the waterway were placed in operation. By assuming this unrealistic freight rate the estimate of the commerce that would use the waterway is reduced to a point where it is almost impossible for the Corps of Engineers to justify a waterway improvement.

We frankly feel that the application of this new policy is very unrealistic. It involves a high degree of speculation, subject to wide variations in individual interpretation, as valid and reliable analysis techniques



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Congress of the United States  
House of Representatives  
Committee on Appropriations  
Washington, D.C.

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Honorable Lyndon B. Johnson  
President of the United States  
The White House  
Washington, D. C.

Dear Mr. President:

We feel it imperative to bring to your attention our great concern over the disastrous effect upon the future development of our waterways if the new criteria being followed by the Corps of Engineers in the evaluation of navigation benefits are continued in effect.

It is our understanding that no new projects have been approved since the new criteria were placed in effect November 20, 1964, and that the pending economic studies of projects, including Central Oklahoma, the Lake Erie-Ohio Canal, the Tennessee Tombigbee Waterway, the Red River, the Trinity River, and the Chattahoochee River from Columbus to Atlanta, Georgia, will likely result in unfavorable reports.

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The President

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have not as yet been developed. The practical effect is that with the evaluation of the project on this new basis, the waterway cannot be built, and the railroads continue to maintain their existing rates in the absence of any actual competition. This results in a very short-sighted policy which perpetuates a static or no-growth climate for industrial development by continuing inordinately high transportation rates that the waterway project would materially reduce. Another serious effect of the new criteria is that many multi-purpose projects which depend upon navigation benefits for part of their justification will also fail to show economic justification.

Although we agree that a thorough study of the method of evaluating navigation benefits is desirable, we believe it is premature to change the existing policy until many considerations basic to the problem can be resolved. These include the development of acceptable data for consistent application of a cost basis in the evaluation of waterway transportation benefits and the appropriate analysis of secondary and other benefits properly considered under the provisions of Senate Document No. 97 issued May 29, 1962.

Under the old policy thousands of miles of waterways have been justified and constructed. The economic benefits that have resulted have far exceeded the original estimates and expectations, with the direct annual monetary benefits exceeding the annual costs by over 3 to 1. Yet many of these projects would have been rejected and never authorized had the new criteria been in effect at the time they were authorized. For example, the construction now underway on the Arkansas River navigation development, the Kaskaskia River, and the Cross-Florida Barge Canal would undoubtedly not have been initiated under the new policy. We do not feel that the Administration or the Congress made a mistake in approving these projects. We fear, however, if the new policy remains in effect, that the forces supporting it may request consideration of whether further appropriations to complete their construction is now warranted.

We are most concerned that the Administration and the Congress will now be placed in the untenable position of having to explain to the extensive areas involved in the pending projects that suddenly, because of a new theory, the rules have been changed and they are hereafter doomed to live with the status quo.

We believe it is essential, therefore, if we are to avoid serious widespread political and economic repercussions, that the Corps of Engineers



The President

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revert, pending further study, to the only sound and practical approach now available to them, i.e., the use of existing freight rates in its economic analysis of pending waterways.

Respectfully yours,

*Michael J. Kirwan*

*Allen J. Ellender*  
Allen J. Ellender, Chairman  
Subcommittee on Public Works  
Senate Committee on Appropriations

Michael J. Kirwan, Chairman  
Subcommittee on Public Works  
House Committee on Appropriations

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