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United States Senate

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS

June 29, 1955

Honorable A. B. Curtis
Orofino
Idaho

Dear Mr. Curtis:

On the floor of the Senate a few days ago, I made a speech pointing out that the so-called "user charges" advocated by the Hoover Commission in its latest report, could completely wreck navigation on such great rivers as the Columbia and the Missouri. These tolls would put all navigation operations at a complete competitive disadvantage, which probably is the purpose of the Hoover recommendations.

I made the speech so that you and your associates could be alerted to oppose this backward policy. I hope you think my remarks are pertinent and appropriate. They are enclosed herewith.

With kind regards, I am,

Sincerely,



RICHARD L. NEUBERGER
United States Senator

RLN:rs
Encl.



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RECOMMENDATIONS OF HOOVER COMMISSION THREAT TO COLUMBIA RIVER NAVIGATION

Mr. NEUBERGER. Mr. President, the Hoover Commission is making so many assaults upon urgent and important functions of Government that it is hard to keep pace with these attacks. However, I should like to voice some brief comments on the latest Hoover Commission proposal for wrecking imperative Federal services. Many of my constituents join in these comments.

Mr. Hoover and his aides have recommended that user charges be levied on waterways improved with Government funds. This would apply to water commerce passing through locks such as those at Bonneville and McNary Dams on the Columbia River, and, I presume, to water navigation made possible by channel deepening on such river systems as the Missouri and the Willamette.

Superficially, Mr. President, I imagine that the Hoover suggestions make sense to a great many people. Why should not barges, tugs, stern-wheelers, and freighters pay to pass through Government locks on great inland water routes like the Columbia and Mississippi?

Yet, we must remember that, since the era of George Washington, the Government has dredged, deepened, and marked with buoys our interior waterways. These were the first great routes of empire. It was the Missouri and then the Columbia River system which took Lewis and Clark westbound across the continent with our flag, 150 years ago.

Free access through Government locks has provided a yardstick to help bring down freight tolls on the railroads and the big trucklines. Where there has been water competition in the Pacific Northwest, for example, the charges to our farmers for transporting wheat, orchard fruits, and general produce are far cheaper than in areas where no water navigation exists.

Think of what Government improvements have meant in my region. In 1933, before construction of Bonneville Dam by the Corps of Army Engineers, only 85,715 tons of cargo passed into the upper Columbia at Cascade Rapids. By 1953, two decades later, this had soared to 1,343,575 tons—an increase of a phenomenal 1,600 percent. What had made the difference? It was the high-lift locks installed in Bonneville Dam, where also vast quantities of low-cost hydroelectric power have been generated for the farms, homes, and factories of our region.

Now, the Hoover Commission would rule out such gains, by applying heavy water-user tolls to use of the Bonneville locks. This is done in the name of that old Hoover cliché that those who receive Government services should pay for them.

How plausible this sounds, Mr. President. How logical it seems, Mr. President.

But, Mr. President, who would dare apply this doctrine to our daily lives? Would we say that only the people with children in the school ages should pay school taxes? Would we apply the cruel and grim rule that a man with 6 children would pay 6 times as heavy a school tax as a father with 1 child? Would we exempt families with no children from all payment of school taxes?

What a mockery this would make of our educational system in America.

Suppose a man had a fire in his house. Would we bill him \$250 the next afternoon for turning out the hook-and-ladder truck to quell the fire? Is that not what the Hoover theories mean? Those who receive Government services should pay for them. Why should a man whose house is not on fire pay taxes to douse the flames in the house of another man?

Move on to the realm of law enforcement. If a family requires the protection of several policemen because the family has been invaded by some lawless marauder, should we bill that family for the patrolmen's wages? What possible good could come to a civilized society from such a harsh and savage doctrine?

Yet, Mr. President, this is what might occur if we follow through on the Hoover doctrine that those who receive Government services should be the only people to pay for them.

In this connection, I ask unanimous consent to include in the body of the RECORD three informative articles on the newest recommendations of the Hoover Commission, by Alan S. Emory, who is the Washington correspondent of a fearless and enlightened daily newspaper in upstate New York, the Watertown Daily Times.

Mr. Emory's articles were published June 10, 11, and 12, 1955.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Watertown (N. Y.) Daily Times of June 10, 1955]

USER CHARGES URGED ON UNITED STATES-AIDED WATERWAYS—HOOVER'S AND EISENHOWER'S GROUPS ALSO TO ADVOCATE SHARING OF COSTS (By Alan S. Emory)

WASHINGTON, June 9.—Both the Hoover Commission and the President's Special Committee on Water Resources will recommend user charges on federally aided waterways, it was learned today.

WOULD SHARE COSTS

The two reports will also advocate strongly the sharing of costs on water projects, with the formula depending on the community's ability to pay, the size of the community or State and the scope of the project.

Both features are expected to provide heated debate in the halls of Congress.

The user charge proposal is an outgrowth of a plan to charge tolls on waterways built with Federal funds. This plan, originally part of the report by the President's Committee on Transportation, was stricken after its premature release aroused substantial opposition.

The first draft, favored strongly by Secretary of Defense Charles E. Wilson, would have set the tolls sufficiently high to repay the Government for every penny it had ever invested in water projects. This was later modified.

Informed sources said the President wanted his Water Resources Committee report submitted before the Hoover Commission's so he would have a position from which to comment on proposals by the independent agency. This was the time for the transportation suggestions.

But controversy has postponed the President's committee project. At first it had been requested for use in the state of the Union address.

More recently it was presented to the President, but he reportedly rejected it as too vague in defining policy and demanded a more positive statement. Under Secretary of the Interior Clarence A. Davis was supposed to brief the report before the National Rivers and Harbors Congress last week, but he confessed that the subject of his speech "is the occasion of some little embarrassment." The report wasn't ready, although it is due soon.

The subject matter of the Hoover Commission's task force report on water resources—although part of the power section has leaked out—is so closely guarded that members slated to address the American Society of Civil Engineers in St. Louis June 15 do not yet know what they can say.

W. W. Horner, St. Louis consulting engineer and chairman of the flood-control task subgroup, feels that as of now he cannot say anything.

The Commission has set Saturday for a meeting, at which time the St. Louis speeches may be cleared.

Because of the complex and controversial nature of the water resources report—release of which has been demanded in Congress—Chairman Herbert Hoover has not selected

the three Commissioners to draw up the unit's final water resources report.

The President's Cabinet Committee and Adm. Ben Moreell, chairman of the water resources task force of the Hoover Commission, have been in contact several times, and there have been conferences between the two staffs.

A pattern of policy will be set by the two reports and by the water resources regulations laid down by the Bureau of the Budget.

The main theme will be to get the Federal Government out of the water business—power, navigation, flood control, and reclamation—except in rare instances.

In this respect the Army engineers have split with the top echelon in the Pentagon. The split went so far that when the President's Committee—including the Assistant Secretaries of the Army, Interior, and Agriculture, plus, on occasion, representatives from the Commerce and Health, Education, and Welfare Departments, and the Federal Power Commission—never called in the Engineers for consultation.

Beyond the waterway-user charges and cost-sharing plans, both the President's Committee and the Hoover Commission report will go into:

1. Where to draw the line on activities of the Federal Government on water projects. For example, Amarillo, Tex., wants the United States to provide it with a community water supply. The reports will call for much more State and local activity than now exists.

2. What projects are economically feasible. Staff studies claim there are now too many ratholes caused by eager grasping for big projects.

The Hoover Commission has turned up evidence of one city that demanded—and got—a waterway just to drive down rail rates, a subject that normally would be handled by the Interstate Commerce Commission. Congressional pressure is a distinct advantage in getting Federal waterways built, the Commission found, though many do not pay off in benefits to the country as a whole.

One statement that may yet prove to be the most explosive of the whole task-force project may be the one by Charles D. Curran, staff director, before the rivers and harbors congress:

"The job the task force was called upon to do," he said, "was one of finding the weaknesses and faults in the Federal water resources and power-development activities. It was not called upon to find out and report on the good features of the program."

[From the Watertown (N. Y.) Daily Times of June 11, 1955]

UNITED STATES MISUSES WATER RESOURCES, IS CLAIM—HOOVER COMMISSION DRAFTS RECOMMENDATIONS WHICH MAY NOT BE APPROVED

(By Alan S. Emory)

WASHINGTON, June 10.—The Hoover Commission water resources task force, whose report is considered the hottest on the books, sums up its philosophy this way:

"The Federal Government has used water resources and power development projects, which should be undertaken exclusively for economic purposes, to accomplish indirect social and political ends."

Its controversial recommendations, not expected to be released to the public until next month, undoubtedly will be watered down by the Commission in its report. Much of the same thinking and policy will be reflected in the report of the President's Cabinet Committee on Water Resources.

Among the task force recommendations are these:

Eventual sale or disposal of Government hydroelectric power projects to States, localities or private enterprise. This pre-

sumably would strike at the heart of the Tennessee Valley Authority operation, although former TVA Administrator David E. Lillenthal said in a recent speech that the long-run benefits of TVA might turn out to result from waterway improvements, rather than low-cost power.

Relating power rates on Federal projects to the cost of production, with rates generally not falling below those set by private industry.

Payment by recipients of irrigation and flood control benefits of 50 percent or more of the benefit value.

Benefits from one phase of a project, like power, should not be used to pay for other phases, like irrigation and flood control.

Federal responsibility should be limited to national defense, regulation of interstate commerce, and preservation of the national domain."

In exceptional cases loans should be made on projects where revenues would assure repayment in a period not to exceed 50 years.

The United States should not assume responsibility for a project that can be discharged by a State or local government or private enterprise, except where the national interest might be affected.

All flood control work now being done by the soil conservation service of the Agriculture Department should be transferred to the Army engineers.

The present Interagency Water Resources Committee and the water resources section of the Bureau of the Budget should be reconstituted a Water Resources Board and Board of Review respectively. These two agencies would have to pass on all water improvements, making recommendations to Congress only if the project met tight standards. They would make periodic reports to the President and to Congress and would undertake regular reviews of all backlogs of authorized works.

The task force, headed by Adm. Ben Moreell, chairman of the board of the Jones & Laughlin Steel Corp., said current policy "fosters competition among its agencies, causes controversy, confusion, duplication, and waste, encourages, rather than curbs, bureaucraties ambitions."

One observer said that the Hoover Commission task force, while opposed to government power projects as a matter of philosophy, was surprised to find those now in existence has proved so feasible economically.

Both the commission and the task force are headed by men who believe strongly in a minimum amount of government competition with private business. Staff members of both units say that they are run with an iron hand. In describing Admiral Moreell's operation, one worker said, "He got red and rumbled once and everybody ran for cover."

[From the Watertown (N. Y.) Daily Times of June 12, 1955]

GROUP TO BLAST POWER PROJECTS—HOOVER COMMISSION TO COME OUT WITH ATTACK ON PRESENT, PAST, AND FUTURE PLANS—MOREELL OPPOSES GOVERNMENT COMPETITION WITH BUSINESS—CRITICS HAVE CHARGED THAT TASK FORCE IS STACKED WITH 26 PRIVATE-POWER ADVOCATES

(By Alan S. Emory)

WASHINGTON, June 11.—The Hoover Commission, which meets today on its water resources report, is expected to come out with a blast against Federal power projects, present, past, and future.

NOT A SURPRISE

This will not surprise critics of the task force, who have argued bitterly that the task force, under Adm. Ben Moreell, chairman of the board of the Jones & Laughlin Steel Corp., was stacked with 26 private-power advocates.

Admiral Moreell favors getting the Government out of competition with private business. The man on the task force he listens to most closely is J. W. Reavis, a Jones & Laughlin director and director of the National City Bank, of Cleveland, the Industrial Rayon Corp., the Hershaw Chemical Co., the Electric Controller & Manufacturing Co., four other firms and the Cleveland Chamber of Commerce.

Of 10 engineers on the task force, 9 were on the action panel of the Engineers Joint Council. In 1951 this panel, headed by W. W. Horner, of St. Louis, chairman of the flood control sub-group of the task force, advocated:

1. "Sale of Federal power * * * in general * * * at the generating stations."

2. Federal, State, and local taxation of Federal-power projects.

3. "The Federal Government should not engage in the production or supply of power primarily in order to fill the power requirements of any community or region"—a crack at the Tennessee Valley Authority.

4. Except where Congress specifically reserves authority, local enterprise should not only be encouraged, but should have priority to make hydroelectric power development under proper governmental control and regulation.

5. The law should provide that States or other local agencies may acquire hydroelectric power developments or transmission lines constructed by the United States.

6. Federal hydroelectric projects cannot reasonably be used as measures of economic efficiency or of propriety of costs or rates for privately produced power.

The nine members of the council on the Task Force are Arthur B. Roberts, chairman of the waterpower subgroup; William D. Shannon, another member of the subgroup; Carey H. Brown, Julian Hinds, Mr. Horner, Frank H. Newnam, Jr., Malcolm Pirnie, Royce J. Tipton, and Lacey V. Murrow.

Mr. Roberts favors private companies' taking over control of all Government power projects and made a report along this line for Haskins and Sells, auditors for a number of private firms including Electric Bond & Share. The report also favored bus-bar sales. The Roberts report prepared in addition for the old Hoover Commission in 1949 was criticized by four old commission members, including Sen. GEORGE D. AIXEN, Republican, Vermont, as special pleading for the line taken by private utility companies.

Mr. Shannon is author of a letter to a Seattle newspaper in which he criticized public-power theories as socialistic.

Chairman of the reclamation and water-supply sub-group is former Wyoming Gov. L. A. Miller. He wrote a Saturday Evening Post article on power in 1949 called *The Battle That Squandered Billions*. It was reprinted by the Edison Electric Institute and many private companies.

Also on this panel is Harry E. Polk, former president of the National Reclamation Association, which said in 1952 that "sales of power from Federal developments should be made to public and private users at the bus bar where possible." In opposing the Federal Government plan for a high dam at Hells Canyon on the Snake River in Idaho, Mr. Polk said big industry in the Pacific Northwest may have been seduced with the bait of cheap power with the deliberate intent of overloading the capacity of existing installations so that Congress would appropriate more money to build more power dams.

R. W. Sawyer, another member of the power sub-group, is a former reclamation association chief and held the same post with the Oregon Reclamation Congress, which was financially backed by private utility firms.

William B. Bates, of the flood-control panel is a director of the East Texas Chamber of Commerce, which strongly opposed the re-

nomination of Leland Olds to the Federal Power Commission. Mr. Olds is a strong public power man. In September, 1953, the chamber favored "sale to private owners of all Government-owned property not necessary for the legitimate functions of Government."

E. A. Kracke, accounting adviser to the task force, is a partner of Haskins & Sells. Carl Byoir, press relations counsel, has clients that have strongly opposed TVA. Harry W. Morrison of the flood control unit is head of Morrison-Knudsen, large contracting firm that has contracts with the Idaho Power Co., a bidder to construct dams in opposition to Hells Canyon.

When the Hoover Commission published a press release on the task force it omitted some details about the members.

The biographies did not say that:

Mr. Horner, as St. Louis city engineer, was for a while Admiral Moreell's employer.

Mr. Reavis was a Jones & Laughlin director.

James P. Growdon of the navigation subgroup is an engineering consultant to several utility companies.

Albert C. Mattel of the power subgroup is one of Chairman Hoover's closest associates.

Mr. Morrison is a friend of Interior Secretary Douglas McKay and a former employer of Ralph Tudor, who just quit as interior undersecretary.

Mr. Pirnie is a trustee of the Committee on Economical Development.

Nowhere does the press release show that any of the task force members, with the exception of Mr. Brown, was on the Engineers Joint Council.

Other outspoken Commission foes of public power include Utah's Gov. J. Bracken Lee, John Jirgal, Chicago utility finance specialist; Donald Richberg, general counsel to the task force and former New Deal brain-truster, and Charles L. Andrews of the power subgroup, a Memphis cotton shipper who says he does not support TVA.

While a few task force members are not outright foes of public power, there is not a public power advocate in the 26. For this reason, the task force report, which advocates Federal disposal of all TVA properties and private enterprise construction of all atomic energy electric power plants, will not be a surprise—although it will cause lots of heated debate.
