WARRIOR-TOMBIGBEE DEVELOPMENT ASSOCIATION,
Birmingham, Ala., August 20, 1968.

Mr. HENRY P. CAULFIELD, Jr.,
Executive Director, Water Resources Council,
Washington, D.C.

DEAR MR. CAULFIELD: This is in response to your notice in the Federal Register under date of July 26, 1968:

We have followed with considerable interest the proposals made before the Joint Economic Committee that interest/discount rates used in the evaluation of costs of water resources projects be substantially increased. Giving the proposals only superficial consideration or looking at them from only a single view point, makes them *seem* plausible.

There must be available to the Committee economic studies on which the vast Appalachia program is based which would demonstrate that much of that program is not economically feasible even when the present low interest/discount rate is used. The Appalachia program, as well as others having to do with general sociological improvement of the areas which they cover, I believe were enacted (unless I am badly mistaken) to provide long-range social and economic benefits rather than immediately traceable economic benefits.

Should application of drastically increased discount rates for water-related public improvements be made obligatory, many will go by the board. Among them could be those with which this Association is most concerned—the remaining projects on the Warrior River and tributaries—all of which lie within the area encompassed by the Appalachia Bill and which have had the support of the entire Alabama delegations in the House and the Senate. Thus, on one hand, Congress will have enacted programs to raise the economic and social level of an area and, on the other hand, if the drastically higher discount rates are established, will have instituted rules to negate these benefits.

I believe that the members of the Joint Economic Committee want to be fair and, therefore, would want to hear equally the opinions of economists with opposing points of view regarding the *social* and economic advantages and disadvantages of both the low and high discount rate.

We would very much appreciate your making this letter a part of the record of the Committee.

Sincerely yours,

C. M. KILIAN,
Executive Vice President.