

Such a higher rate is excessively and unreasonably high and certainly its application to water resource projects would be damaging to the National interest.

The Corps of Engineers has been notoriously conservative in evaluating the benefits of channel and harbor improvements. Furthermore, the economic analysis of waterway resources projects has not evaluated secondary or social and expansion benefits. The benefits attributable to a project from a regional, State or local viewpoint are not fully evaluated under current procedures. Unless and until the procedures are revised to allow the full evaluation of benefits to include the direct and indirect benefits, the tangible and intangible benefits and also the regional, State and local benefits, the increase in interest rates will be unbearable. Furthermore, the procedures for the evaluation of public works projects generally ignore national objectives which are particularly prominent in the development of channels and harbors required for the operation of the ports of the United States.

It is recognized that for many years the various Government agencies engaged in water resources development have used their own judgment as to the interest rate to be used for Federal and local investments in the evaluation of proposed projects. This practice has led to inconsistencies among agencies in the application of benefit-cost analysis. The elimination of these inconsistencies and the application of uniform economic criteria and techniques to measure the economic worth of Government expenditures is to be desired. However, the direction of movement now indicated would burden the waterway projects with an unreasonable rate of interest without offsetting changes in evaluation of benefits.

The Board of Commissioners of the Port of New Orleans is gravely concerned with abrupt and imprudent action in the adjustment of interest rates to be used in the cost analysis of channel development which will cause a severe cutback in Federal sponsorship of necessary and justifiable harbor improvements. The results will be extremely detrimental to the growth and expansion of the maritime and port industries of the United States.