

We have had the opportunity to study a report by the President's National Advisory Commission on Rural Poverty entitled "The People Left Behind," dated September 1967. This very commendable report found that available evidence indicates that little, if any, direct employment of the unskilled rural poor results from the construction of natural resource projects (page 134). It also noted that the construction of such projects creates false hopes concerning their contribution to increasing employment and incomes of the rural poor.

It is also noteworthy that the Economic Development Administration, U.S. Department of Commerce, does not include construction jobs created by their projects as a means of justifying such projects (Economic Development, Vol. 4, No. 9, September 1967, page 2). The Association of American Railroads finds no support for a procedure that includes part of the project costs as a means of justifying authorization and construction of the project.

It is also of significance to note that the staff of OCE estimate the area under study will experience a growth in manufacturing approximately one-fourth higher than the national growth. This is not characteristic of depressed areas. One of the principal characteristics of depressed areas is a declining population as people move out to seek employment. Surprisingly, the Vicksburg District estimates that the population of the 14-county tributary area, all but one being ARA, increased by 6.6 percent between 1960 and 1965.

RECOMMENDATION

When the Vicksburg District Engineer's report is corrected to reflect overstatements of traffic, transportation savings, and recreation benefits, we compute the benefit-cost ratio to be approximately 0.7 to 1. One of the difficulties of computing a benefit-cost ratio for the subject project results from the failure of the staff of OCE to show the path or growth of transportation savings over the project's economic life, 1975-2025. Our analysis dated August 18, 1967, computed the benefit-cost ratio of the subject project to be 0.3 to 1. Analysis of the comments by the staff of OCE resulted in increasing annual transportation savings by approximately one million dollars, of which about one-third results from a change in the growth curve used to discount transportation savings.

Since the Yazoo River Navigation Project clearly lacks economic justification, we recommend and urge this Committee not to authorize it.

Mr. BLATNIK. I call on my colleague, Representative Thomas G. Abernethy, of Mississippi.

STATEMENT OF HON. THOMAS G. ABERNETHY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. ABERNETHY. Mr. Chairman and members of the subcommittee, I am here to urge that you include in the river and harbor and flood control bill the navigation improvements on the Yazoo River, Miss., as recommended by the Chief of Engineers and concurred in by the Secretary of the Army and the Bureau of the Budget.

My review of the report of the Chief of Engineers leads me to the conclusion that the construction of this project will be a truly fine investment not only for the immediate region to be served, but for the entire Nation.

The estimates of the Corps of Engineers appear to be unusually conservative, yet result in a benefit-to-cost ratio of 1.6 to 1. Prospective shippers among my constituents are certain that freight tonnages, particularly in grain and fertilizers, will be far greater than estimated in the report.

Fourteen or more counties, including some of the most productive agricultural counties in the Nation, will be served by the project. While now an area principally relying on agriculture, it is experiencing rapid industrial growth which certainly will be accelerated by this project. Even in its present hazardous state of navigation, the Yazoo River is