

Supplemental thoughts

1. CWP destroys fed. role as wholesaler. Competes w. fed., rather than fitting under it. So w. big local agencies.
Hierarchy destroyed.

Moral: remain interstate.

2. Congress shd. support BR. in avoid'g ~~letting~~ making wtr. appurtenant, under doctrine of public service responsibility.

3. All state law is subordinate to FPC.

4. Regional income equity is b.s.

C.E. uses it.

C.E., Appalachia Rpt., snow job.

Outline.

Intro

Will not repeat. Nor criticize directly.

Rather, add some faults they have overlooked; and get right down to suggest's what Congr. might do.

B.

I. Fed.

Overlooking. Not mere oversight. Reflects some basic inadequacies in proful. Training, & dominated by rather stylized thinking & a small no. of cliques, in-groups, schools, dogmas, thought-clans.

-- & arguments many of which are just dressing over ^{throbbing id's} ~~forming guts~~ which are ~~not~~ directing the real combat from below on the Buckley-Vidal level.

A. Give away basic wtr. res. & dam sites. ^{Zero rent must take it, place alongside run int. as}
Wtr. res. includes rt. to pollute. ^{Efficient change in some ideas} giving away.
Is as tho gave offshore oil to Texaco free (& then paid for drill rig.)

~~Revised by B/C 7+~~
Bad results.
~~wrong project plan~~
1. Distrib.

Create privileged class. Fully strong.

add to privilege of class already privileged.
(must be large & rich to benefit more from early losses)

2. Timing. Racing. Premature use.

Preemptive development

Res. ext. by use, like resid. req. of homestead act

Too little, too soon

Coupled w. pork barrel wll'g. Must

have something going in many jurisdictions.

Half-finished work all over. Start everything at once. No priorities that are ec.

Coupled w. race for predev. quotas

3. Wrong allocn. The fully strong can force premature capture (appropri.) Or, rigid formula, as in Colo. alloc. wtr. not by up but arbitrary.

~~4. Overlook alt. use of site.~~

~~E.g. for larger dam~~

~~E.g. for non-dam use, as redev.~~

Or, fragmented proj.; something for everyone.

5. Rigid allocns.

6. Logroll's, get too many dispersed, subverted, unintegrated

projects.

B. Overweight local benefits

Underweight ^{diffused} ~~not~~ - soluble ones, esply. recent.

B. Expensing of soil & wt. cons.

C. Tolerate imbalance

Too much p.w., too little prt. response.

Too " ^{bad p.w.} " " local " (Trunks & feeders.)
Public affluence, prt. squelcher.

D.C. is good e.g. -- model of the nation (if not 'for the nation')

We do get a certain prt. response, due to tax shelters.

But ~~the~~ distorted allocn; perverse distribn.

Excess p.w. may be in spread --- invol. spread ---
more than in pure neglect of prt. response. Land specn.

~~D. Neglect interstate~~

C. D. ~~But~~ Inadequate interstate work, neglect interstate

States have all neeq, powers, & tax base, for interstate work.
Fed. invasion causes neglect — they hold back, for fed. money.

Neglect interstate problems, where Congress has unique powers.

— Low. Rational allocn. E.g. Colo. R. — Calif. shd.
get most, ^{& pay.} Sell to highest bidder.

E. Respond to melodramatic hysteria, bogey men.

World full of manipulators, stampedes, who play on
traditional irrationalities.

"Crisis" — falling ground wtr.

flood
drought

These are of their own making & choice. Don't fall for.

ss 'Going out of business'. They should. This is thinkable.
E.g. \$3. wtr. will drive rice grower out. Fine. Think of all the
others it will put in.

"Monument" bias.

F. ~~Go to full-funding~~ Annual rather than full-funding.
Playing games.
Everyone knows what happens.

G. Slow payout, if any.
Inflationary.
Worsens poverty.

H. Distrib. bad

Benefits to few big landowners. Flood control exp.
Costs to gen. taxpayer. Payroll tax.

I. B/C anal. is a joke.

II. Is there any hope?

Frustrations.

I hit stone wall,

... my words like silent rain drops fell into a well of silence. ^{But you think who's is my personal Cassandra complex.} Contrast, tax reform, fertile ground.

Others here, too. E. W. H. pol. has bn. elaborately explained & pilloried & ridiculed by several distinguished ecots; & one of first things to posture of enlightened press a young student in '30s, ^{became} learned was that 'given & harbored' was a bitter joke.

Line-up of vested interests:

- Cement cos.
- Landowners
- Civil Servants
- Engrs. from cement & perishes
- Lawyers
- entrenched legislators

But nothing is done. One concrete, wilder & wilder ^{plans} ~~but plans~~ are seriously proposed, like navig. actually going, & I am sure they wd. every channel cleared out to top of Pike's Pk. if they cd. get money.

Who is for it? New hope.

- conservation

recreation

anti-pollution

- youth rebellions. (Yannacourae, etc.)

- acute capt. shortage. Offers relief from Keynesian

attitude, that suffices so much ec. thinking even today, that spending is so inherently good that it doesn't matter what gov. buys, just so it spends.

Hi i.e. is urban way of signal's shortage of housing; urban servage treatment & clean water etc.

- this Committee. Much of trouble stems from

org. of Congr. I assume you're preparing to do something. I will not

impose this presume to ^{impose} lecture this group on matters you know

better than I; but I applaud the effort & will pray for you.

III. What shd. Congress do?

I will ^{advise} ~~tell~~ you what if I were King; what wd. be best for country. Will not ^{advise} ~~tell~~ you how to accomplish it in classroom: that's your field of competence.

A. I record ~~most~~ of good ex. some you have in PBB vols. Espl. change what i; have indep. audits of B/C studies

B. Find some redistrib. device other than logrolling.

Trading projects is at heart of problem. ~~the~~ Trouble in Eden. The only coin is other projects, often of a little kind.

How else may ^{beneficiaries} of p.w. compensate other citizens?

By tax mechanism.

I identify benefits, tax them.

Prime beneficiaries are landowners.

But inc. tax so largely exempts land inc., they of all taxpayers contribute least. (Submit App. on how land inc. escapes tax.) Bens. come as cap. gains, a score of loopholes.

If you work for a living, pay full t.r. If ~~you~~ ^{influence} p.w. to enhance yr. l.v., ~~get~~ ^{get} little or no tax.

So it pays people to commit great effort to dream for proj.

This has always been a problem, but has worsened ^{in our times} ~~totally~~ by ~~proper~~ cumulative perversion of fed. inc. tax; & reduced role of prop. tax. Latter is being reversed; Cong. may do something about former.

So as you work on tax reform, are relieving pressures that ~~create~~ push Cong. into more proj. - & not just int.

C. Change benefits for ^{Fed.} resources they approp.

Encourage states to likewise, as condition of Fed. aid.

Tradition of giveaway (including give Fed. wtr. to states)

Has prevented B/C acts ^{B/C > 1 betrays.}

Precedent of offshore oil. ^{and efficient change,} Apply to dammiters; wtrs.

Thus end racing.

Thus solve conundrum of who pays whom for what. There is a school of ecsts. who think people who want clean air & wtr. shd. pay polluters not to pollute - altho I've never understood how they (over)

D. Full funding

Focus on fewer proj.s.; at a time. Complete them fast - save interest; bigger influ.

E. Direct staff to conduct or contract for studies in optimal timing of site dev., develop criteria.

Now, some ~~blat.~~ constn. is premature; some is postmature. These studies wd. be basis for priorities each yr.

In general, priority wd. go to projects of largest surplus ^{or B/C.} and slowest growth of surplus from waiting.

F Except on a given site, choose max B-C, not $\frac{B}{C}$.

propose to limit the no. of people who ~~can~~ demand payment,
they have managed to ~~know~~^{confine} the gn. of respons. for abatement
~~into some~~ & lend respect to claims of polluters they shd. be
paid to be good.

Govt. asserts its ownership solves: both parties pay govt.
Polluter for using; & boaters & withdrawers for using.

F. Value outputs ~~at~~ of ^{price-} supported crops after subsidy. i.e. deduct subsidy.

G. Redress balance by help's capl. into prt. land dev. Some has already bn. helped. E.g. breeding stock; farm ponds; expendable cap. improvements; depreciable resid. improvements. But bias to large farms. Reinsel study.

Importnt. is not just any prt. invt., but in the ~~the~~ rt. place, under Fed. prog.

H. Commission a study group to codify interstate wtr. law & recommend how to reach ec. goals.

E.g. how to let Calif. get most of Colo. R.

I. Declare out of order anyone who bases his case on conventional bogey men.

J. Develop multi-lateral bargaining, so instead of Trading wtr. for wtr., Trade wtr. for hospital.

Already do some, but obviously not enough.

Ultly, wtr. lead to trading money for money; & that leads to lowering taxes. Good idea.

K. Scratch 'regional dev.' as a criterion. All dev. is regional,
Is either meaningless or a thin cover for vote-swapping; to make of
dying cong. dists; & justifica. of sink's nations previous capt. into subregul.
proj's.

Remember the Canal Boom & Bust of 1836.

L. Resist pressure to designate AS & SCS as 'anti-poverty'
agencies.

To fight poverty, fight poverty. Invest nations capt. so as
to produce goods people need, soon.

M. Use fed. power to promote pooling
Continue to work thru local munic. ent.; specialize in wholesale.

Issues in Fed. wtr. policy.

1. ~~Q~~-int. rate
2. Limited planning horizon. Ignore i. higher future uses, need for flexibility
3. Log rolling. If it must be, let electoral districts lobby for total sum, - then allocate it most productively among uses.
4. Inst'l. lag in adapting priorities to current needs.
 - Too much inn.
 - Too little polln. control
 - Need cut out obsolete policies; focus on new.
5. Make beneficiaries pay for
 - Dammites
 - Falling wtr.
 - Consuming wtr.
6. Avoid racing.
7. Economize on nat. cap. fund.
 - Respond to more urgent needs in housing.
8. Fight infln. by adding to prodn., fact.
9. Avoid imbalance:
 - Too much capt. alloc. to major works
 - Too little pvt. complements.
10. Avoid sprawl .. like CVD
11. Coordinate w. scarcity - valorize, programs.

12. Coordinate w. hiways, other Fed. works

13. Clean up interstate wtr. law. Congress can do more good here than by giv' away money.

14. Stop falling for old lines.

"Crisis" -- flood danger; drought.

13. Focus on rentable surplus generating invts.

This follows automatically by demanding repayment.
E.g. focus on water -- achieve ex. of scale.

14. Return funds to local level -- by lowering Fed. taxes.

15. Promote efficient use of local wtr. before importing wtr.

16. Stop wasting scarce land.

✓ 17. Expanding cap. improvements in agric. -- wtr. supply esply.
(or fire prevention). (Check this out)

1. 'Regional Development'. Depressed areas. Appalachia.

SCS

Army Eng.

} Setting 'anti-poverty' designation

2. Trend to more incl. projects

"Developmental benefits"

3. SCS -- "RC&D" projects. Developmental

4. Ark. WR project. Open to Little Rock. \$26, already spent.
(Catoosa)
Aiming for Tulsa. (+ \$26 invisible.)

5. AE, highly scattered, poorest pork barrel -- in S.E.
(also on St. Louis) (& Calif.)

6. Paul Douglas. 'Why Upper Colo. Proj. is vs. public-interest'

Remarks, in Senate, 4-18 & 19, 1955.

Fed. wtr. policy, ideas. (begin at 20)

20. Cong. must accept that some areas shd. remain dry. Is no duty to extend wtr. service to every corner.

Cong. must let local people force & control local projects.

Cong. must ~~not~~ release its full energies to manage the affairs that are properly fed: interstate reconciliation.

Cong. must focus on ways to reduce job-security-seeking staff; & to engage in spending just to give people something to administer. But there is plenty to do - give people new jobs, doing new things.

21. Let some people go out of some businesses.

Too long, everyone run scared at bogey man. \$3. wtr. will drive the rice grower out of bus. "

22. Let every city or county automatically collect an effluent charge from the upstream city or cty. based on quality of wtr. at line. Then it falls on cty. to police its own.

23. D.C. is model for nation, all right. ~~Exemplifies~~

Caricatures anomalies of nation. Beautiful parks; ~~splendid~~ monumental public bags; and mile after mile of some of the sickest, wretchedest shum housing in the country, & N. Atlantic comm. I've never seen Calcutta, but even poor Filipino in his Nipa hut is better

housed than ~~negro~~ blacks on K St. N.E.

24. Subcommittee on Ec. in Govt.

"Ec. Anal. & the Effic. of Govt."

Follow-up of PPB system greenbooks.

Summarize:

Cause of ineff.

Recommended Cong. Action.

25. Speak 10 minutes

File longer statement

Bring 100 copies.

26. Frustration of reformer in field.

Major outrages well known. But nothing is done.

Not always the fate. Property ^{since} & tax reform, words fell on fertile ground, getting & seeing action.

But is hope:

— action on pollution.

— capt. shortage now perceived as real danger.

— invasion of recreation resources.

— political opposition to new projects rising to equal gains.

27. Money sunk in wtr? Not large, but symptomatic.

28. What res. are misallot? Capt. & wtr.

and where wtr. is limitational

29. There has been unfair criticism of wtr. programs from

- priv. power cos.
- giant landowners vs. 160 a. law.
- scarcity addicts.

~~But~~ I disavow their support.

Some subsidy justified

- dev's cost
- military
- 2dry benefits.
- unusual variability

30. Most costs have turned vs. p.w. by fall's back on a very simple model, per Adam Smith (he believed in pub. wtr)

31. Congress shd. put a price on all wtr, it can legally claim it's its.

Giveaway is not just ~~subsidy~~ money; it's wtr. itself.
Premature projects, the rule. Combo. of Loggell's & presumption.

32. Focus on getting rapid priv. dev. under the ditch.

33. Promote pooling -- e.g. on Colo. R.

34. Assume they know problems.

Cont. on policy recs.

35. hogwogg leads to fragmented excessive spatial dispersion.

— e.g. fragmented service area

— e.g. too many small harbors.

Solution: less fed. subsidy.

36. Why a BR

— worthy purpose, to make small farming possible in west. But local i.d.s can do the trick. BR not needed. Except cd. some fr. as super I.D., to pool wholesale wtr, horiz. integm. -- esp.ly infrastructure.
— to balance logs w. humid states.

37. Congr. shd use its leverage to force state reform.

38. Keep wtr. allocn. flexible.

39. Shorten rights. Quick payout. Staging. Avoid grandiose.

Remember the Canal Boom. Make funds revolve.

40. ~~But~~ Have damsites developed to max. rent -- and charge it.

FPC now collects rent for damsites, but nominal.

Congr. shd get FPC to assert latent authority, as it did on gas -- only do it right.

41. Abolish ~~abundance~~ of mandate of having agencies evaluate own projects.
 Set up Congruent. comm. ~~to~~ or special coord. agency to do so.
 Otherwise, falls to BB.

42. Continue to encourage local music. ext. by working thru it.
 But not by subsidizing it -- that debauches it.

43. Review BCM

challenge

KPTC talk

44. As my extended testimony, submit Penn State paper?

45. Abolish 'regional dev.' as objective.

is euphemism for subjugated land; logrolling; preserve. of obsolete Cong. Distros;
 overstatement of bus.

all dev. is 'regional'.

46. Unempl. is no reason for a bad project.

Bus. projects generate less unempl. than alt. invts.

47. Task Force rpt. to Fed. WRC is weak.

48. "Full. funding" -- rather than year ~~by~~-by-yr. appropriat.
 Avoid sketch-outs.

49. Distribu. -- quality. bad.

Cost born by payroll tax

Benefits to big landowners, tax exempt.

50. Prox. says wtr. is only program area where Cong. gets B/C data. - from '36.

If so, others must be flying blind, for wtr. evaluations are a joke. ~~The~~ Main benefit has bn. to help educate generation of costs. in fact they are a joke.

51. P.W. spending has 2 unfortunate outcomes

a. ~~Log rolling~~ "Pork-barrel-rolling"

b. Keynes, etc.

Underspending

0-interest

c. Job-security

52. Cong. has monumental internal problems, re which I can not expect. Point is, Cong. cd. do better ^{if exsts. gave} ~~as~~ better advice. ~~But costs have~~

53. User charges & beneficiary charges are not same.

54. $\frac{B}{C} > 1$ means site value is left out of costs.