

**REMARKS OF HARRY N. COOK  
PRESIDENT OF THE NATIONAL WATERWAYS CONFERENCE, INC.  
AT THE TEXAS PORTS AND WATERWAYS CONFERENCE  
SAN LUIS HOTEL, GALVESTON, TEXAS**

**June 25, 1996**

I was asked to speak today about financing challenges facing the Army Corps of Engineers' civil works program. Let me pose three questions:

- In reducing the deficit, what should be the priorities? That is, which programs should take the heavy hits and which should be spared?
- Who pays and who benefits? Who benefits may determine who pays.
- What is the proper Federal role in infrastructure investment, in regional and national development, and in port and waterway programs? Or, is there a Federal role?

These and other such questions are fueling heated debate in Washington, in State Houses around the Nation, and in numerous Congressional campaigns this year. How these questions are answered may well determine the ultimate fate of the civil works program, including the inland and intracoastal waterway system.

The U.S. Government runs on money -- lots of money. Expenditures during the last few decades, particularly in the last 15 years, have far exceeded revenues, and huge deficits have piled up. Why? The war in Vietnam; the defense build-up; the S&L bailout; Medicare, pensions, welfare and other so-called entitlements, and debt service. Government expenditures for non-defense, discretionary programs did not cause the deficit, but it is these programs which are now being slashed in an effort to balance the books. National defense

cannot be cut; that's about 15-16 percent of the Federal budget. Debt service is, of course, off limits and that is another 15-16 percent. Entitlements represent more than 50 percent of the total budget, but politicians seem powerless to make meaningful reductions here.

So that leaves non-defense discretionary spending. That's every Federal program other than national defense, entitlements and debt service. Discretionary outlays total about 15 percent of the Federal budget, and this is the category which includes civil works, education, environmental programs, etc.

As the Federal government tightens its belt, priorities dictate. Who sets the priorities? Congress tried to cut funding for environmental programs last year, but the President resisted. In the end, after a couple of government shut-downs, the President won, and environmental programs got a higher priority. So did education, job training and a few other programs.

Civil works did not fare so well. For the first time in memory, Congress failed to appropriate as much as the President had requested for the Army Corps of Engineers for the current fiscal year. In his budget for next year, submitted to Congress in March, the President requested about \$100 million more than Congress appropriated for this year but, in the same document, laid out budgetary ceilings which would cut the Corps by \$700 million -- about 22 percent -- over the next five years.

The ceiling mandated cuts of about 25 percent in construction, 25 percent in investigations and 13 percent in operation and maintenance. Such cuts would decimate the civil works program. The Corps

of Engineers needs more money to keep the Nation's commerce moving, to protect river valleys from devastating floods and to manage the Nation's water resources for the public good.

Congress quickly got into the act -- not by finding more money for civil works but by making even deeper cuts! In its initial allocation of FY 1997 funds, Appropriations Committees in the House and then in the Senate earmarked \$700 million less for water development than had been appropriated in FY 1996!

Congr. John T. Myers (Indiana), chairman of the House Appropriation Subcommittee, threatened to call off mark-up and go with a continuing resolution; that is, to simply continue to fund civil works at the FY 1996 level.

Finally, the Appropriations Committees, in concert with the leadership, relented and allocated additional funds for energy and water development. Depending on how the funds are divided between energy and water development, civil works funding in FY 1997 should be within about \$125 million of its FY 1996 funding level. Thus, it appears that the Corps of Engineers has dodged the bullet once again and will be able to keep the commerce moving on the Nation's waterways.

To make matters worse, however, several environmental and taxpayer groups and so-called "think tanks" claim that only a handful of major corporations use the shallow-draft waterways and that navigation programs, therefore, constitute "corporate welfare." And these groups have launched a major campaign to end what they call "aid to dependent corporations."

Inland navigation is not the only Federal program which they put in this category. Some lists include perhaps 100 or more programs, some of which allocate Federal funds directly to large corporations -- for instance, for export promotion. It is blatantly erroneous, we believe, for these groups to lump navigation in the same category with a hodge-podge of dubious Federal activities.

The organizations which are fighting "corporate welfare" want the President and the Congress to cut out this funding and use the money for education and training, basic research and development, "social investment," and -- get this -- 21st Century infrastructure, which they describe as highways and mass transit, environmental infrastructure and the information super-highway. Waterways, they infer, are outmoded and out of date, certainly not 21st Century infrastructure. "Cut and invest," they call this program.

And groups like the Progressive Policy Institute, the Cato Institute, Heritage Foundation, Citizens for a Sound Economy, etc., are relentless in pushing this agenda, both in the Congress and in the Administration. And they have the mechanism, they believe, to enforce cut-and-invest initiatives.

They want Congress to establish a BRAC-like commission to develop a list of Federal programs which should be terminated or slashed. (BRAC, or the Base Realignment and Closure Commission, is the group which put together lists of military bases to be closed.) The Corporate Welfare Commission would work the same way, preparing a list of pared-down and zeroed-out Federal programs to be submitted to Congress, which would have only the opportunity to approve or reject the entire list.

Hardly a week goes by that the drive to rid corporate welfare doesn't gain new support. Just last weekend, for example, Congressional Democrats pledged in their new "families first" agenda to balance the budget by closing tax loopholes, cutting government waste, and -- you guessed it -- ending corporate welfare.

This is a serious challenge. Corporate welfare is a label which the waterways don't deserve because it is patently untrue. But it just adds to our woes. And it puts more pressure on civil works to get by with far less spending on new construction, on O & M, on manpower and on its own organization.

For several years, the Corps has been trimming its programs at the margins. Those days are over. Fundamental changes in how the Corps does business are now in prospect. Some changes have been suggested in the President's budget requests, such as:

- \* Termination of maintenance of non-commercial harbors, fishing ports, marinas, etc., which do not contribute to the Harbor Maintenance Trust Fund.
- \* Elimination of such programs as aquatic plant control, hurricane and storm protection works and beach nourishment, etc.
- \* Restructuring the flood control program to require additional non-Federal cost sharing and a commitment to flood plain management.

In addition, the Corps of Engineers is now toying with a number of additional options, such as:

- \* Reducing the hours of operation or closing a number of little-used tributary waterways.
- \* Saving enough on O & M to spend more on construction, allowing the Corps to maintain its expertise in this area.

- \* Selling some of its most popular recreation sites and closing hundreds of other sites between Labor Day and Memorial Day.

You get the idea. A slimmed-down civil works program bearing little resemblance to the Corps of Engineers' present structure and falling far short of meeting the Nation's water resources management needs. Not a very pretty picture.

To head off such a prospect, a number of water resources proponents representing the major waterway organizations, including shipper, carrier and port groups, is in the process of organizing a grassroots effort to convince Congress to allocate more funds, not less funds, but more funds for the Army Corps of Engineers.

Water programs are too important to American economic well being for them to fall by the wayside. These programs enhance regional development, agricultural and industrial productivity, export expansion and a host of other public policy objectives.

Shallow-draft waterways move more than 600 million tons of commerce annually. Included are massive amounts of petroleum and petroleum products, chemicals, coal, grain and soybeans, building materials, ores, fertilizer and a wide range of other bulk products -- commodities which are often described as the building blocks of the American economy.

The desire to reduce Federal spending is a worthy objective, but it would be counter-productive, I submit, to put all this commerce at risk -- to say nothing of the jobs and incomes it supports, the taxes it generates, and the other benefits it provides. The economic hardship would be too great.

At least 25 states are linked directly to the inland and intracoastal waterway system. These states represent 54 percent of the Nation's population, 49 percent of the Nation's gross domestic product, 56 percent of heavy manufacturing and 61 percent of agricultural jobs. Waterside counties in these 25 states employ 4.3 million workers in mining, manufacturing, forestry and agriculture -- all of which are industries that rely heavily on water transportation.

But you cannot have a modern, efficient navigation system unless it is adequately financed; that is, unless there are annual appropriations for planning and constructing lock-and-dam replacements, undertaking major rehabilitations and channel protection works (like Sargent Beach), and also operating and maintaining the existing system.

If a first-class inland and intracoastal waterway system is in the public interest, it merits public support, and investment in the transportation infrastructure of this Nation is a legitimate role for the Federal government. That is why the National Waterways Conference, like many other waterway associations, feels strongly that the Corps of Engineers needs and deserves more appropriations to carry out its mission.

And I urge you to join with us in fighting for more funds for water programs. The President has convinced Congress to give a higher funding priority to education, the environment, and job training. Water programs need a higher priority, too. In the states and in most Congressional districts, water programs are taken almost for granted, or at least they have been in the past. I fear that day is over! If you want to keep commerce flowing along the waterways throughout Amer-

ica, you are going to have to speak up and speak out for the waterways.

If the waterways are to survive current funding challenges, they must receive stronger political support on the national level. They need your vigorous support -- now, before it is too late.

###

National Waterway Conference, Inc.  
1130 17th Street, Northwest  
Washington, DC 20036-4676