

Agriculture by Susan Brady

The 'user fee' caper, Part II

Waterways must pay for themselves, says the DOT, pleased that this will discourage building new ones.

This DOT study merely became a thinly disguised trumpet for a policy position of full waterway cost recovery which the current administration had adopted well before the completion of the research," James A. Skinner, Jr., chairman of the National Waterways Conference, Inc., told the Water Resources Subcommittee of the House Committee on Public Works and Transportation early last month.

Skinner, who represents waterway-related businesses, associations, and agencies organized to document the public value of the American waterways system, charged that the study not only ignored many subjects specified by Congress, but failed to consider the cumulative effect of shallow-draft navigation fees along with pending coastal port fees and Coast Guard user charges.

Furthermore, Mr. Skinner pointed out, the study rules out any new U.S. navigation projects over the next two decades.

Transportation Secretary Drew Lewis admitted the study's defects when he presented the results of the quick contract job done for the administration (by the Booz, Allen and Hamilton consulting firm, systems analysts at Data Resources, Inc., and an Iowa State University professor) to the Senate Environment and Public Works Subcommittee on Water Resources on Feb. 10.

With only \$9 million, Lewis as-

serted, the Transportation Department was forced to concentrate on the direct effect of users' fees on shippers, carriers, and immediate regions, to the exclusion of other issues such as an historical analysis of federal assistance to the nation's various freight-transportation modes or waterway requirements through the end of the century.

Consideration of such issues, Lewis claimed, would be "a waste of the taxpayers' money."

The user-charge analysis was based on construction costs only for projects now under way. Mr. Skinner and others protest that this method leads to an underestimation of the charges required to achieve the cost-recovery (i.e., waterways paying for themselves) demanded by the Office of Management and Budget. Lewis commented in his Senate testimony that under the study's approach, projects would be added and charged for as they were required to accommodate projected traffic.

Then Lewis proceeded to the heart of the matter: "The analysis found that full cost-recovery user charges postpone traffic growth to the extent that no new projects are needed for capacity purposes before the year 2000."

The Secretary added only that while rehabilitation projects on the waterways are not strictly excluded, it is judged that cost-recovery "would tend to dampen some of the enthusiasm for these projects that

would otherwise exist, and lead to lower-cost ways of dealing with rehabilitation needs."

In other words, instead of seeking to estimate the full burden on productive industry that user fees would impose at either present or expanded capacity, the DOT takes the point of view that fees are welcome because they will discourage growth!

"Dampening enthusiasm for projects" is not included among the "negative effects" of the plan listed in the study—effects which, in any case, Secretary Lewis considers "not nearly great enough" to reconsider the user-fee policy.

The user fees will result in an immediate drop in barge traffic and a permanent reduction in the share of waterway traffic now moving on barges, the cheapest and most fuel-efficient form of traffic, according to the study. Barge traffic may recover in five years to pre-user-charge levels.

More significant is the reported effect on the grain industry—the single largest commodity moving on the waterways in terms of ton-miles.

Nearly half the country's export grain travels to port through the inland waterways. The effects will include imposition of transport charges to the tune of 5 to 6 cents per bushel for grain shippers—that adds up to a gross income loss of 1 percent for corn or wheat growers, or \$900 a year loss for a 400-acre family grain farm at current crop prices. User fees will also impel a forced shift in the location of the areas where grain is grown for export!

Next installment: how to win this fight.