

# A crucial national investment: the Tennessee-Tombigbee Waterway

by Barbara Dreyfuss and Susan Kokinda

I intend to take steps to turn around the no-growth policy advocated by the Carter administration in the area of resource development. I will emphasize that federal support of water projects should be viewed as an investment in the future, which provides wealth for that nation as opposed to merely consuming resources as so many other federal programs.

—**Senator James McClure (R-Idaho)**  
**Chairman, Senate Energy and Natural Resources Committee, Nov. 25, 1980**

The Tennessee-Tombigbee Waterway, a 232-mile navigation channel running from northeastern Mississippi into southwestern Alabama, will represent, upon its completion in 1984, a major modern accomplishment of the American System, realizing one of the nation's earliest dramas of economic development through internal improvements.

Like the Erie Canal of the 1820s, which linked the Atlantic seaboard with the Great Lakes and the Middle West, the Tenn-Tom Waterway can transform an entire region. The Erie Canal not only provided for a vast increase in commerce between East and West, but triggered a major city-building drive across western New York and into the Middle West. Western New York became the nation's major breadbasket.

The Tenn-Tom, connecting the Tennessee River with the Black Warrior-Tombigbee River system flowing into the Gulf of Mexico at the port of Mobile, will establish the infrastructure for the industrial development of one of the nation's poorest regions, the area where the states of Mississippi, Alabama, and Tennessee join boundaries. In addition, 14 states served by the 16,000 miles of connecting water systems will benefit from improved transportation and increased capital investment which are already following the channel's construction.

Construction on the Tenn-Tom project, begun in 1971, is about 50 percent complete. Seven of its 10 locks are completed or under construction, and over 70 percent of the costs are committed. Despite this, and precisely

because of the benefits that Tenn-Tom will bring, there is now a major effort under way to stop the project.

## Environmentalist objections

The effort to destroy Tenn-Tom is being orchestrated by the networks that created and are promoting the Carter administration's depopulation study, the Global 2000 report. The most noise is coming from the National Audubon Society, *New York Times* former senior editor John Oakes, and the Environmental Policy Center, which boasts on its board a number of members of the zero-growth Club of Rome. The Environmental

## The builders who created U.S. water transportation

Although not actually authorized by Congress until 1946, and not funded for construction until 1971, the proposal for a connecting link between the Tennessee and Tombigbee Rivers dates from the period of the area's original settlement by the French in the 17th century and the policies of the French *Controleur-Général des Finances* under Louis XIV, Jean-Baptiste Colbert.

Colbert made massive road and waterway development a major component of his policies for industrializing France; he had the same perspective for the development of France's colonies in the New World. It was based on this tradition that Jean-Baptiste Le Moyne de Bienville left Quebec to found settlements at Mobile, Alabama at the end of the 17th century. "Bienville was certainly aware of Colbert's policies, as he was around the period that Colbert was active. As an engineer, Bienville had the same concern for the development of natural resources," declared one historian of the period.

Policy Center is also funded by the Ford and Rockefeller Foundations, which helped produce the report.

Industrial growth promotes population growth, these environmentalists lament. They advocate shortages of energy and water supply as two efficient ways to reduce population. A number of federal water projects "do tend to foster population growth," complained Brent Blackwelder, head of the Environmental Policy Center, which held a conference the weekend of March 21 to organize American youth against the Tenn-Tom and similar projects on the grounds that they represent a scientific outlook.

Guest speaker was anarchist Abbie Hoffman, leader of the Yippies. "Complicated facts and issues, ignore them," declared Hoffman. "Facts separate people. The enemy has facts and science. You can't fall into their trap."

The EPC and the National Audubon Society, which filed a court suit several years ago to try to stop construction of Tenn-Tom, both work closely with John Oakes. Oakes wrote an op-ed in the *Times* on Feb. 17 calling on President Reagan to stop the waterway. In an interview, he was blunt about why he opposes the project. "I got most of my information for that editorial from the Global 2000 report. Overpopulation in the third world and overindustrialization in the industrial

world are the gravest threat to our national security. [OMB Director Stockman] recognized that they must be cut for environmental as well as national security reasons."

The March 21 conference, keynoted by New York Rep. Richard Ottinger, endorsed Ottinger's Population Policy Act of 1980, which would mandate zero population growth for the United States.

### Other bedfellows

Now, these environmentalists are being joined by a slew of liberal Democrats who want to kill the Tenn-Tom, because it would allow for population growth and industrialization in order to fund some of the social service programs Reagan wants to cut! The Americans for Democratic Action sent Reagan a letter demanding this type of tradeoff.

But in fact, it is a number of staunch Republican conservatives who are actually leading the Senate fight against Tenn-Tom. Senators Alan Simpson (R-Wyo.) and Pete Domenici (R-N.M.) introduced a measure that passed the Senate Environment and Public Works Committee in early March proposing that the Budget Committee delete next year's funds for Tenn-Tom. The EPC's Brent Blackwelder declared that the Environmental Policy Center is backing the efforts of these

In 1736 Bienville led an expedition up the Tennessee River along the route between the two rivers. A contemporary map shows a dotted line connecting the Tennessee and the Tombigbee, the first known proposal for a connecting link between them. The U.S. Army Corps of Engineers, studying the history of the proposed canal, is investigating whether the map done for Bienville was to indicate a water connection or a roadway with the dotted line.

Even while the region was still a territory of the young U.S. republic, settlers enthusiastically looked forward to the construction of a Tenn-Tom Waterway. Pioneer preacher Lorenzo Dow predicted in 1803 that such a canal system would be built, and would be "the glory of the United States as the trade of Tennessee passes through it."

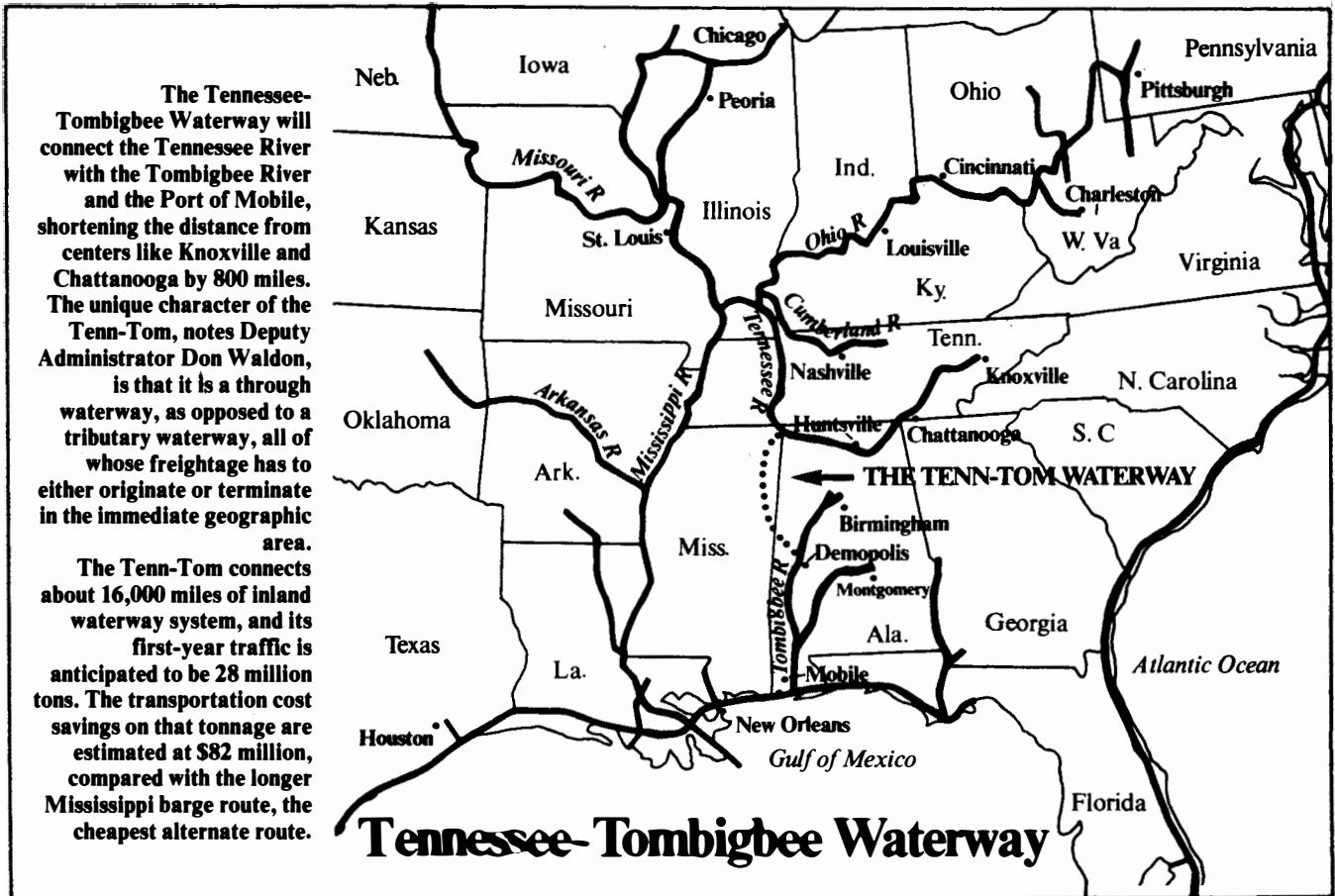
In 1810, a group of citizens in Knoxville, Tennessee petitioned Congress for a waterway between the Tennessee and Tombigbee; and shortly after Alabama attained statehood in 1819, it hired an engineer to survey Alabama's rivers to review the possibility for such a conception.

The first official government study of the feasibility of such a waterway was made in 1874-75 during

the Grant administration. The engineers reported that the canal could be built, but doubted that there would be enough commerce to justify it. Other studies followed, but it was not until 1939 that the Army Corps of Engineers recommended constructing the waterway, seconded by President Franklin Roosevelt.

Throughout World War II, however, no water programs were built by the Corps of Engineers, as the nation's resources were vitally needed for the war effort. But the war pointed out the fact that Tenn-Tom was not only an economic necessity for the country, but a national security requirement as well. During the early years of the war, especially in 1942, many American ships carrying oil from Texas to the defense industries on the East Coast were sunk in the Gulf of Mexico by German submarines, forcing a change in shipping patterns so that oil was brought up the Mississippi River to the Ohio River and then overland. A waterway connecting the Gulf of Mexico to the Tennessee River would have greatly shortened the distance.

The Tennessee-Tombigbee Waterway was finally authorized by Congress in 1946; no appropriation was actually made to begin construction until 1971.



senators. And, undaunted by the fact that he is on the same side of the battlefield as Abbie Hoffman, Simpson now plans to introduce a measure before April 1 to declare the 1946 authorization of Tenn-Tom null and void.

As even the environmentalist and zero-growth advocates acknowledge, the fight to ensure the completion of Tenn-Tom is a fight for the growth of advanced Western civilization. Rep. Tom Bevill (D-Ala.), a leader of the fight for Tenn-Tom told *EIR*, "I am glad that these groups didn't get organized for 200 years, . . . because if they did, we'd not have been the most advanced country in the world, we would not have had the highest standard of living, and we wouldn't have been the wealthiest in the world."

### Economic benefits

The most immediate result of the opening of the Tenn-Tom Waterway will be considerable reductions in shipping costs of water freight throughout the region. A number of northern industrial states, including Ohio, Indiana, and Illinois, which now ship their goods and farm products down the Mississippi to the port of New

Orleans, will be able to save hundreds of miles by using the Tenn-Tom Waterway.

A 1976 study by Kearney Management Consultants under contract to the Army Corps of Engineers evaluated the current traffic patterns on the existing river systems and concluded that over 28 million tons of traffic would use the waterway in the *first year alone*. The savings in transportation costs would exceed \$55 million.

In addition to coal shipments, which would be the major commodity shipped on the waterway, Kearney found that a lot of grain currently transported by rail to New Orleans and Mobile would instead use the Tenn-Tom at substantial savings, mainly wheat, soybeans, and corn. Other commodity producers who would greatly benefit from the Tenn-Tom include pulp and paper products, chemicals, ores, clay and concrete.

Kearney estimated that the Tenn-Tom would save \$2.23 a ton in shipping costs for farm goods, and as much as \$4.38 per ton for chemicals. With the expansion of cheap and adequate shipping facilities, the coal reserves of the Appalachian region could also be developed. Another study for Corps of Engineers, done by

the 3R Corporation, concluded that there are 58 billion tons of reserve coal in the Tenn-Tom region, with an average recovery of 31 percent.

### **Cost/benefit analysis**

The zero-growth opponents of Tenn-Tom try to prove that the project is nothing more than a boondoggle for a few congressmen, by pointing to its low "cost/benefit" ratios. Cost/benefit analysis is a complete fraud for showing the actual worth of a project like Tenn-Tom. Developed by Harvard, Rand and a few other such bastions of linear reasoning, cost/benefit analysis was designed to prove that capital investment does not pay.

Since it deals only with immediate benefits and immediate costs, cost/benefit analysis negates a policy of laying the groundwork for future development. Using such an analytic metric to guide investment, few industries would invest in expansion plans that turn a future profit, but would concentrate on short-term speculation. If cost/benefit analysis had been invented 150 years ago, there would not have been an Erie Canal.

Moreover, the Army Corps of Engineers has been prohibited by law, thanks to the advocates of cost/benefit analysis, from evaluating a project on the basis of its future benefits, and thus can only put forward immediate benefits for Tenn-Tom such as lowered shipping costs. But there are already some dramatic indications of what the Tenn-Tom project will mean to industrial and overall economic growth.

The half-completed waterway has already attracted a flurry of new industrial ventures. In 1973 the U.S. Department of Commerce forecast \$2.9 billion in industrial investment by the year 2000 for the area including Mississippi, Alabama, Tennessee, Kentucky, and Florida. There has already been over \$3.4 billion invested between 1975 and 1979 in the counties of Alabama and Mississippi touching the waterway itself.

Heavy industries like U.S. Steel and Weyerhaeuser have already located near the waterway, as have a number of heavy construction firms supplied by U.S. Steel. Two major auto manufacturers—Volkswagen and Nissan—recently announced they will locate on the Tennessee River in order to use the Tenn-Tom to ship out of Mobile. One already constructed prefabricated steel plant exports to Saudi Arabia, and chose to locate in the area because of the waterway. The state docks at Mobile have an \$80 million expansion program just to handle anticipated coal exports.

Unemployment in the Tenn-Tom area, despite some pockets of high employment, was between 12 and 15 percent prior to 1975. The buildup of construction work and support industries for the Tenn-Tom have dropped unemployment to between 7 and 8 percent.

Tishomingo County, Mississippi, located where the channel connecting the Tennessee to the Tombigbee is being cut, was an impoverished area valued at \$17 million. Now there is \$600 million going into the area for construction alone. Three years ago, construction also began on a \$3 billion nuclear plant at Yellow Creek, which will provide for all of the cities in the Tennessee Valley Authority and the northern Alabama industrial area. Previously a sparsely populated, hilly area unsuitable even for farming. Tishomingo County is now vibrant and bustling with new housing construction, a port at Yellow Creek built in 1975 which turned a profit last year, and major heavy-duty supply companies which have announced they will remain after the Tenn-Tom is completed.

The region's large cities will significantly benefit from the waterway. The steel center of Birmingham, Alabama, for example, has been in decline, suffering from the additional burden of pollution controls which have led to cutbacks in steel production or actual plant shutdowns. The mills have been unable to get the grade of coal at a price they can afford that will enable them to meet the pollution standards. With the completion of the Tenn-Tom, reduced coal shipping costs will alleviate the problem. Birmingham, moreover, will also become a north-south port, greatly expanding its flow of commerce. Chattanooga and Knoxville have also created ports to handle the greater shipping volume which will come with the Tenn-Tom's opening.

All of these prospects, of course, depend on whether the new administration and the Congress reverse the current credit strangulation and related policies which are driving the economy toward a depression. Projections over recent years, premised on only a moderate national rate of economic growth, envision a tremendous boom for the entire southeast region as a result of Tenn-Tom.

Hammer, Siler, George Associates, in a study commissioned several years ago by the Appalachian Regional Council, forecast that in the first 15 years of operation, the waterway could generate an additional 25 percent in employment in the immediate area, increasing the number of jobs by 165,000.

### **Impact by sector**

Hammer, Siler, George included in their report projected benefits of the Tenn-Tom to the major production sectors of the region:

- **Agriculture:** Farming operations in Alabama, Mississippi, Tennessee, and Kentucky would benefit from cheaper transportation, especially for their soybeans and grains, and would have more direct and less expensive access to fertilizers as well. Since the area has the potential for an additional 500,000-1,000,000 acres

of soybean cultivation, Tenn-Tom could mean 20-30 million more bushels of soybean production.

- **Mining:** The waterway will open up the area's vast coal reserves for development, and will provide major saving for coal producers in Illinois, Indiana, and elsewhere who now ship down the Mississippi or by rail. Substantial oil and natural gas reserves are also believed to exist in Alabama and Mississippi, and the Tenn-Tom would facilitate development of a petrochemical center in the area. Large amounts of sand, gravel, and crushed rock now travel on the Tennessee River, and for any new construction projects in the area, the Tenn-Tom will be extremely important for shipping these raw materials.

- **Paper industries:** The four states primarily involved with the Tenn-Tom Waterway presently account for 13 percent of all woodpulp production. This industry could grow substantially because transportation costs are a critical factor in the cost of production.

- **Cement:** The area is already a major producer of cement products, which are particularly dependent on water transportation for any plants that locate along it, which could also take advantage of the large limestone deposits which exist all along the waterway.

- **Steel:** The region is historically an important steel producer, with 66 plants operating in 1972. Tenn-Tom would not only facilitate imports of basic ores and other materials, but provide substantial savings in transportation costs for steel users.

The combined effects of expanding such sectors of productive enterprise will mean not only greater output of agricultural, industrial, and energy products, but would bring the region to a level of capital intensity permitting its qualitative transformation into a more urbanized, modern industrial area. With that development, the longstanding blight of rural poverty and backwardness in the Southeast can be eliminated at last.

## National transportation

The Tenn-Tom Waterway's key function is to expand the infrastructure for the total economy's growth. Some of the project's opponents have claimed it will merely redistribute investment from one area of the country to another. Not only is that argument incompetent from the standpoint of what actually happens when productivity is technologically enhanced, but it is also false even with respect to what the new shipping patterns will consist of when Tenn-Tom is completed.

The charge that the waterway will divert traffic from the Mississippi, depressing that area to the benefit of the Tenn-Tom region, ignores the fact that the Tenn-Tom increases the efficiency of the river systems as a whole. The port of New Orleans has publicly supported the Tenn-Tom project so that some of the pressure on its own facilities will be relieved. The Tenn-Tom Water-

way can handle 8-barge tows but nothing larger, while the port of New Orleans operates most efficiently when handling larger tows without having to shift to deal with smaller ones. The traffic which will be diverted from the Mississippi will be the smaller barge tows.

Opposition to the Tenn-Tom Waterway has come from the railroads, in particular the Louisville and Nashville, which has gone into court to argue that the waterway would cause environmental damage, destabilizing the ecosystem and causing acid drainage problems. Privately, L&N officials make it clear that what they oppose is competition for freight by the waterway. They maintain that with the public subsidy the Tenn-Tom is receiving, they could expand their own facilities to do whatever the Tenn-Tom will.

In fact, there is an important place in America's transportation grid for combining high-speed rail lines and bulk commodity barge shipping. Even if railroads were given assistance to expand and to modernize and upgrade decaying track and roadbed, rail would not replace water shipping, it would complement it.

Barge carriers are bulk freight haulers. One barge can carry 1,500 tons and travels in a tow with up to 20 other barges. The average tow of 15 barges thus carries 22,500 tons, while the average freight car holds 100 tons and a train 10,000 tons—less than half the tonnage of a barge tow. For bulk shipments not requiring particular speed in delivery, water shipping is the most efficient, and is much more fuel efficient as well. Barges get about 514 ton miles to the gallon, while trains get only 202.

The Tennessee-Tombigbee Waterway represents exactly the kind of project which strengthens the economy of the nation as a whole. Even the locality it will serve encompasses 16 states. As West Virginia Democratic Senator Jennings Randolph put it during a 1977 debate on Tenn-Tom, "It is not an expenditure. It is an investment in the area and the country."

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## Interviews

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## Why the Tenn-Tom is an economic necessity

*From an interview with Rep. Tom Bevill, the Alabama Democrat who chairs the Water and Energy Development Subcommittee of the House Appropriations Committee.*

## Coal pact a victory against oil multitis

by Lonnie Wolfe

As *EIR* goes to press, the bargaining council of the United Mineworkers Union has approved a tentative three-year pact with Bituminous Coal Operators Association. Union leaders, led by President Sam Church, will now take the agreement, which calls for a 36 percent total package of wages and benefits, to the more than 160,000 soft-coal miners for ratification. Union sources expect the UMW membership to overwhelmingly approve the pact. Because of complicated ratification procedures, this will not take place before the contract expires March 27. Union tradition of "no contract, no work" will therefore produce a short strike.

Only a week ago, both union and industry spokesman were predicting a long strike—and with good reason. According to sources close to the negotiation, until hours before the agreement was reached early March 23, the BCOA, led by Bobby Brown of Continental Oil's Consolidation Coal, was locked on a strategy of deliberately provoking a long strike. Brown was following orders from the coal-owning multinational oil interests, who control nearly half of U.S. coal reserves. This grouping, which backs the resource and population control doctrines of the Carter administration's Global 2000 report and is led by individuals like Robert O. Anderson of ARCO, sources report, have no real desire to use coal as a major domestic energy source. Their plan is to keep energy prices high, enforce artificial scarcity, and sit on the reserves until the price of oil goes high enough to make synthetic petroleum production profitable. Meanwhile, they have refused to fund programs to develop processes for clean, efficient coal use, like magnetohydrodynamics while Anderson's Aspen Institute deploys environmentalist groups to block coal use.

It was judgment of the coal-owning oil multitis that a long strike would be to their benefit. Sources close to Consol's Bobby Brown report that in his opinion, the UMW, weakened by a decades-long union reform movement that undermined the centralized authority of the national leadership, could be disintegrated by a long strike. In addition, such a strike would bankrupt many of the smaller producers, leading to further consolidation of the industry in the hands of the oil multitis and such interests as U.S. Steel.

**EIR:** Why is the Tenn-Tom important?

**Rep. Beville:** It is getting more important each day because of the energy situation. . . . The demand for coal from the U.S. both domestically and abroad will continue to increase. Now, we can save \$2.60 a ton if we ship by water. Of course, the Tenn-Tom will connect Mobile Gulf with 16,000 miles of inland waterway.

Our farmers can ship and be competitive in foreign markets. They can save 15 cents a bushel on soybean exports. Also, steel shipping will be cheaper. . . .

The Corps [of Engineers] has environmentalists. I'm for it. But that is not to say that you can't build dams, roads, highways. The country has to progress, develop its resources. . . .

I am glad that these groups didn't get organized for 200 years, because if they did we'd not have been the most advanced country in the world. I have never seen as much misinformation as in the press on Tenn-Tom. The *New York Times* copied misleading information. None of the papers bothered to call the Corps. . . . I asked them to come in and testify—we have 800 projects eligible for funding, so if the Tenn-Tom is bad the subcommittee wants to know. Not one of them would come. The opposition all have something in common, they know nothing about the project.

*From an interview last autumn with Don Waldon, deputy administrator of the Tennessee-Tombigbee Waterway Authority and a former deputy assistant secretary of the Interior Department under the Ford administration:*

**EIR:** What will be the economic impact of Tenn-Tom?

**Waldon:** With the price of fuel becoming much more important in transportation costs, the distances saved are more important than they used to be. Much has been said, as Senator Moynihan put it, that Tenn-Tom is a cloning of the Mississippi River. In a way it does parallel the Mississippi, but it does not compete; what it does do is provide the shorter distance for commodities originating or terminating in some 14 states with the Eastern Gulf ports. When we built the interstate highway system, we didn't build just one highway running north-south or east-west.

Right now there are close to 5,000 people working on the waterway—not that many jobs, but keep in mind that the Tenn-Tom is located in the most depressed area of the country. Take a state like Mississippi: what the waterway will do is bring industries that are more capital-intensive and highly skilled, which normally locate along waterways because they need bulk transportation—like chemical plants and paper mills and steel fabrication plants.

Water projects, unlike other programs, have to be subjected to a sort of cost-benefit test that does not include those [overall] 135,000 new jobs.