

«Economic Affairs»

High Dams on the Upper Willamette

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Plans to Control Floods and Drown Out the Private Power Companies at Same Time.

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The report of the Army Engineers states that flood control of the Willamette river can be handled equally in two ways; first, by a system of dykes and levees at a cost of \$33,000,000; second, by the construction of seven dams for \$62,075,000. Since congress has relieved the local interests of paying damage costs, the Willamette River Basin Commission has taken the stand that the more federal funds spent, the more the residents will prosper. The data shows that instead of flood control for only \$33,000,000, it is better to get five times that amount from the government even if federal officials eliminate private industry and state rights.

Flood control is only suggested as a starter. Federal dams are wanted for a multiple purpose. According to the army engineers report, if the coordinated plan is for power development and irrigation, the taxpayers will foot the bill for \$79,955,000 instead of \$62,075,000.

If the proposed power plants are later completed on the middle fork of the Willamette, the McKenzie and the north Santiam rivers, this will cost the government \$48,070,000 and there will be an annual expense of \$3,896,000. Therefore, for flood control and complete power development it will run up to \$128,025,000.

Irrigation, of course, is an important factor for arid lands. The Willamette Valley is not an arid region since the annual rainfall is about 40 inches on the valley floor to about 100 inches in the higher elevations. The promoters would like an irrigation project even though the district engineer states that the cost of a complete irrigation system would be about \$30,000,000. However, this could not be handled by the army engineers. If the plan for inland waterway transportation was also carried out, it would mean a Christmas gift of \$160,000,000 from the federal taxpayers to the residents of the Willamette Valley.

This Oregon pressure group is a jump ahead of their competitors in other states because at the last session of the Oregon legislature they lifted \$18,000 from the state taxpayers' pockets to create the Willamette River Basin Commission so they could pry loose \$62,075,000 from the federal taxpayers as a starter. At the present time the initial development of the Willamette Valley project has been started on an authorized sum of \$11,300,000.

Some of the Chambers of Commerce in the different cities of the Willamette Valley have publicly favored this project, not solely for flood control, but for the federal development and management of hydro-electric power in the hope of getting cheaper power rates which will eliminate private companies. According to the March, 1940, issue of Nation's Business, a magazine for business men published by the Chamber of Commerce of the United States, we are facing the political campaign that is forcing government ownership instead of private ownership and operation of electric power systems. "The federal government has no more right to generate power for sale as a business than it has to operate a chain of shoe stores."

About ten years ago when some groups were contending for more hydro-electric power, the well known Thomas E. Edison stated that the first and best source of power is coal. We can probably use coal at our present rate for a thousand years or so without any danger of exhausting the supply. Water power is a political issue, and a business one. There is far more danger in public monopoly, for when the government goes into business it can always shift its losses to the taxpayers. If it goes into the power business, it can pretend to sell cheap power and then cover up its losses. The government never really goes into business, for it never makes ends meet. And that is the first requisite of business. It just mixes a little business with a lot of politics and no one ever gets a chance to find out what is actually going on.

After allotting funds for a year or more, P. W. A. dumped the projects in the congressional lap on the plea that the federal investment had become so great that completion was virtually obligatory. Bonneville dam provides a typical example of this technique. This project was begun with a P.W.A. grant of \$20,000,000 to the army engineers on September 29, 1933. The total estimated cost was \$31,000,000. So far the federal government has spent \$93,000,000 including \$27,000,000 for the transmission lines.

The question is raised, how much will it cost the taxpayers when private industries are driven out? Can the government reduce prices, meet the annual costs and secure interest on the money invested?