

MEMORANDUM

St. Lawrence for
Treasury
 RECEIVED
 APR 2 5
 CENTRAL FILES

1. U.S. Costs under Senator Wiley's St. Lawrence Seaway Bill (S. 589)

The current estimate of the Corps of Engineers is \$89,538,600 for all work to be financed by the United States under the Wiley bill (S. 589). That figure includes a 10.8% increase over December, 1950, cost levels. Interest at 3% during a five-year construction period is estimated at \$6,215,400. The total is \$96,254,000.

The remainder of the Seaway construction would be financed by Canada; and the power project would be financed from the outset partly by the State of New York Power Authority and partly by Ontario.

2. Cost of deepening lake harbors

The urgent need for the seaway as a matter of National Defense relates primarily to the movement of iron ore to midwest steel plants and availability of Great Lake shipyards to ocean shipping.

Iron ore coming through the Seaway would initially move in existing lake freighters, which would not require deepening of any lake harbors.

If at some future time it should be desired to move iron ore to lake ports in ships, which would require 27-foot channels, certain harbor channels would have to be dredged in the lake ports where the ore is unloaded. However, that work would have to be done under those stated circumstances whether or not the United States participating with Canada in the construction of the St. Lawrence Seaway, as provided by the Wiley Seaway Bill. In other words, that situation is the same whether Canada proceeds alone or the United States participates.

At December, 1950, cost levels, the Corps of Engineers estimated the costs of obtaining 27-foot entrance channels and turning basins to outer docks in certain lake harbors as follows:

Buffalo, N.Y.	\$1,680,000
Ashtabula, Ohio	588,000
Cleveland, Ohio	1,059,000
Lorain, Ohio	736,000
Conneaut, Ohio	639,000

If the same factor of 10.8% is included to cover increases in costs from December, 1950, levels (as in the case of the construction of the Seaway), the presently estimated costs would be as follows:

Buffalo	1,861,440
Ashtabula, Ohio	651,500
Cleveland, Ohio	1,173,372
Lorain, Ohio	815,500
Conneaut, Ohio	708,000