Gentlemen:

I am Governor Thurmond of South Carolina. I am also Chairman of the Freight Rate Committee of the Southern Governors' Conference.

South Carolina is fortunate in having three seaports on its seaboard, Charleston, Georgetown and Beaufort, or Fort Royal. In 1942, our state embarked upon a statewide program of developing these seaports as valuable economic instruments, and their development is a matter of state concern and support. The South Carolina State Ports Authority was created by an act of our General Assembly as a state agency to carry out this program, and you have already heard something of the progress which has been made by the Authority in increasing the flow of waterborne commerce through the ports of Charleston and Georgetown.

Today the State of South Carolina, through me as Governor, and through its agency, the South Carolina State Ports Authority, is asking your cooperation in your proper sphere of activity by making possible the reactivation of the historic port of Fort Royal as an instrument of service to a large part of our state and a not inconsiderable part of South Carolina.

We believe that Fort Royal will strengthen the seaport set-up in our area, and will contribute substantially toward raising the ceiling of economic development of the adjacent back country. We also believe that the comparatively small initial cost of its channel project and the annual upkeep will prove to be negligible in relation to the benefits which our agricultural, business and industrial economy will enjoy from the project.

Our section has long suffered from a discriminatory freight rate structure with sectional differentials. Our industrial potential has remained low, and our section has struggled against an adverse trade balance, with the result that we have had little money to provide for our people, both white and col-
ored, the high standards of health, education and welfare which some sections enjoy. We are engaged in a tremendous effort to solve our economic problems, and we shall not be able to do this in the most effective manner unless we see that our business and industry are put in a position to reach the markets of the nation and the world with their products on a competitive basis, and that they can get the raw materials which they need on a like basis.

We have already been able to do a great deal about our freight rate situation, and we expect to achieve further progress in that field. We must also obtain for our people the benefits which will be derived from active seaports, each of which is a natural resource of both our state and the nation which we cannot afford to neglect and fail to develop.

There is no better equalizer of transportation rates than competitive water rates, or a combination rail and water rate, and I feel that it is our duty to utilize to the fullest our natural Class I highways, the ocean, and our rivers, harbors and inland waterways, upon the proper development of which our economic progress will so strongly depend.

From a consideration of the factors and circumstances which have already been laid before you in detail, we are firmly convinced that the development of Port Royal channel is justified on its own merits. The area which it will serve as a seaport will be better served by it than by any other port. That area now actually contains substantial industry which is entitled to this service. It also contains much undeveloped country, the development of which Port Royal will make possible, and which has not developed without it. The existing industry in its area should alone be sufficient to justify the cost and upkeep of the proposed channel. If the construction of this project should bring about further industry in that area, the result would be one in which we shall all be able to take keen satisfaction at a later time.

As a state, South Carolina is on the march. In addition to the State Ports Authority, we have our Research, Planning and Development Board, our Clark Hill Authority, and many other
state and local agencies that are working to bring about the est-
ablishment or location of new businesses and industries in the
state. Our efforts are meeting with success. Our growth is not
of the war boom type.

South Carolina industrial output for the fiscal year
1946-1947 was $1,557,240,138.00, which was $443,747,000.00, or
40% more than the fiscal year 1945-1946, whereas the wholesale
commodity prices increased only 24% during the period.

Our building construction for the same period was up
38%. This compares with an increase of 16% in construction costs
during the period, according to the Associated General Contract-
ors of America. The F. W. Dodge Corporation reports that the
dollar volume of contracts awarded in the 37 states East of the
Rocky Mountains in 1947 exceeded 1946 by only 4%.

Contrasting with 1946, South Carolina showed an increase
of 12% in the use of gasoline, 36% in kerosene and No. 1 heating
oil, and 65% in No. 2 and No. 3 heating oil, an increase of 21%
was registered in diesel and distillates.

The trade of this section is already growing, and we
feel that if we follow through our program of providing the
maximum in transportation facilities, it will grow even more, and
that our economic progress will be both sure and sound.

Port Royal Sound, with its 20 miles of natural, clear,
deep water, could be developed into one of the finest ports on
the Atlantic Coast. This would have been done long ago but for
the set back which our section suffered as a result of the War
Between The States, when, in 1861, a Union fleet moved into Port
Royal Sound and established a naval base at Farris Island. The
island principalities suffered the cruel fate of the vanquished.
The Federal Government, by taxation, in effect confiscated the
land and sold it to the freed slaves in 10 and 20 acre tracts for
$1.00 an acre, and the whole section suffered a set-back of at
least a century.

To right this injury alone would be strong justification
for the approval of this project. But this is not all. According
to the District Engineers' report, the benefits under Plan B, when adjusted for the increase in freight rates since the report was written, amount to $164,800.00 now, and $172,800.00 later. The Pan Atlantic Steamship Company operated at Georgetown in 18 feet of water. They will operate at Fort Royal in 24 feet, and effect as much or more savings as was estimated for Plan B.

I earnestly urge your careful and favorable consideration of the proposed channel improvement, because of what it will do for South Carolina, and for the Savannah River Valley, as well as for a large section of the Nation.

Respectfully submitted,

J. Strom Thurmond
Governor of South Carolina.