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DEPARTMENT OF STATE

Memorandum of Conversation

DATE: May 24, 1973

SUBJECT: Kra Canal: Conversations with Executives of Robert Nathan Associates and TAMS

PARTICIPANTS:

John B. Dexter, Director for Thailand and Burma Affairs, EA/TB
Jerome Jacobson, Vice President, Robert Nathan Associates
William Binger, Vice President, Tibbetts, Abbot, McCarthy and Stratton

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On May 24 I had separate telephone conversations with Jerome Jacobson, Vice President of Robert Nathan Associates and William Binger, Vice President of Tibbetts, Abbot, McCarthy and Stratton, concerning the Kra Canal pre-feasibility study in which both of those firms are, together with Hudson Institute, collaborating. I wished to solicit their views relative to General Praphat's request that the Corps of Engineers be authorized to review the pre-feasibility study after it is completed in draft next August. I asked the two executives similar questions and their responses were in close accord. The two conversations can, therefore, be summarized together.

Both Jacobson and Binger volunteered, and expressed emphatically, the view that Praphat's request, reflecting the desires of K. Y. Chow and other Canal promoters, was motivated almost entirely by a desire to get the United States Government involved and to use the prestigious name of the Corps of Engineers in their efforts to generate support for project on the part of both the

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United States Government and other potential investors. Both volunteered the opinion, speaking as "private citizens", that this was an improper use of the Corps. Mr. Binger noted that the Canal project, notwithstanding RTG interest, is essentially a private venture and asked hypothetically what we would think if a private American group were to solicit Corps of Engineers endorsement of such a project in the United States. Both spoke critically of the degree to which the Corps had already become involved in the project through the activities of individuals associated with the Corps and wondered how this could have come about. On the other hand, both said that, from the standpoint of their own firms' roles in the study, they would have no objection to an independent review by the Corps or anyone else.

The principal questions that I asked of Messrs. Jacobson and Binger, together with their responses are the following:

1) Leaving aside the real motivation behind Praphat's request, could it be argued that review of the pre-feasibility study by some independent technical agency would be necessary or helpful for making decisions on whether to proceed further with the project?

Both expressed the opinion that, although independent review might conceivably be of some value, the value would be minimal. They noted that the current study is a tentative and preliminary one that, because of limitations imposed by the time available and the terms of reference, was necessarily quite general in character. Furthermore, as Binger noted, it necessarily had to rest upon existing engineering data and did not have the benefit of any newly-developed engineering studies. There would, therefore, be very little to review in terms of the adequacy of the technical data or methodology. Binger commented that, in any review of such a broad-brush study as this one is, an independent agency could always raise a host of questions, but implied that the answers would not necessarily affect the general validity of the engineering conclusions, which were bound to be highly tentative in any event.

Binger also made the point that the time available for a Corps of Engineers review would have to be extremely limited, inasmuch as the draft is due for completion in early July and for submission to the project's "Senior Review

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Group" only a month later. He did not see how the Corps would have time to examine the data in sufficient depth to come up with other than superficial judgments. He added that he would have some apprehensions that the suggested review, if it was to be really serious, could disrupt the time schedule for submission of the study.

Binger suggested that one conceivable benefit the project's promoters could see in an independent review would be to gain reassurance that the original consultants had not been influenced in reaching a favorable conclusions, if that should be the case, by a hope that they would get contracts for the subsequent work. He doubted this would be the motive in the present instance, however, because the promoters already seemed determined that the feasibility recommendation would be favorable.

2) If the Canal promoters genuinely believed that technical review of the TAMS engineering analysis was important to help them reach judgments, would the Corps of Engineers be the only or the best source of the expertise required?

Both responded unequivocally in the negative. There are other means that would be equally reliable. Binger suggested two alternatives. One would be to engage another engineering consulting firm similar to TAMS. The second and better alternative would be to convene a group of private individual consultants. He noted that the Corps of Engineers itself follows this procedure and gave as an example the recent Panama Canal feasibility study. He pointed out that, if "prestige" was a factor, this method would be just as good or better than using the Corps of Engineers, except for the lack of association with the US Government. Binger stated further that, in conducting the study, TAMS itself had drawn in outside consultants and that two of them were highly respected engineers who had participated in the Panama Canal study. One of them, Wendell Johnson, had been the Chief Civilian Engineer of the Corps of Engineers prior to his retirement. In this sense then, the study had already benefited from a Corps input of highly experienced and competent expertise.

I asked Binger whether TAMS had had any contacts with the Corps of Engineers on this project. He said he had seen General Clark, Chief of Engineers of the Corps,

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the preceding week on other business and that Clark had made passing reference to the Kra Canal study. Clark apparently did not express an opinion as to whether the Corps would want to undertake the review or not, but had indicated awareness of reasons why the US Government might oppose. As Binger reported it, Clark had noted simply that there could be apprehension that, if the Corps should demur to a favorable recommendation in the pre-feasibility study, this could be taken by the Thai as a serious epxression of US official opposition to the project. On the other hand, if the Corps should take a favorable position on the Canal's engineering feasibility, this would be viewed as an official US Government blessing. Clark could see that either of these possibilities could be of concern to the US Government.

In conclusion, both Jacobson and Binger came out strongly as believing the Corps of Engineers review is neither necessary nor desirable.

Both requested that their comments on this subject not be permitted to get to the Thai or to the Canal promoters.