

I am sorry. I have gone over my time, Senator Symington. I would like to yield to you.

Senator SYMINGTON. I would ask one question, Mr. Chairman. When you take a water project where you have flood control, reclamation, and power—I think those would normally be the three main interests—from the standpoint of what you might call good business management under sound accounting principles, you would be willing to have a closer rate normally for flood control than for power creation, would you not?

Mr. STAATS. This is one of the kinds of cases that I had in mind when I referred to the need for some flexibility.

Senator SYMINGTON. If you have a flood, there is disaster, and generally there is no way that can be prevented by private enterprise investment.

Leaving reclamation and its intriguing appeal from the standpoint of obtaining jobs where companies want to move and have happy employees, going from flood control over to power, you often have disagreement with private power interests as to whether it is to the benefit of the community and the country to put in any public power, do you not?

Mr. STAATS. That is true.

I would still feel that an analysis in connection with flood control, though, is a highly useful analysis in terms of both location of the project and the extent to which you can deal with the problem through upstream measures as against the large dams which we have gotten so used to.

Senator SYMINGTON. I agree. I only meant you would be willing to put a lesser cost ratio and percentage estimate on a flood control project, in the development of the overall project, than you would re the cost of power development in the particular dam in question.

I was not disputing, in any way, the necessity for flood control. I was in the executive branch when we tried to get adequate flood protection for Kansas City, which protection would have cost about \$200 million. In the 1950-51 flood around Kansas City we lost \$1 billion. So we lost five times more in 1 year, in that heavy flood, than the total cost of flood protection would have been.

So I was trying to figure if it was not logical to have a closer return-estimate cost ratio—lower would be better than closer—on the flood control aspect of a water development than on a power development included as a component part of the same water development.

Mr. STAATS. I would answer that in two ways. One is I think that you might have a basis for differentiating on the use of discount for a power project as against a nonpower project where you do have opportunities for private investment as well as public investment.

But I would think also that while we are talking about discount rates and cost-effectiveness studies, it is important that we also make a proper estimate of benefits.

My own personal experience with the Kansas City flood situation was that there had not been adequate analysis given to the benefits, or that project would have been built earlier.

There are many arguments involved, including the dislocation of businesses and farms, and so forth, in the area, and whatnot. But it was not an adequate assessment of the benefits in that particular case, in my opinion.