

within the purview of decision by the Chief of Engineers. Instead, he believes they are matters to be considered by the administration and the Congress.

The comments of the State of Arkansas and Federal agencies are favorable.

The report is presently under review by the Bureau of the Budget.

Mr. Chairman, this completes my statement.

Mr. JONES. I think I will have you restate the letter from the—is it the Secretary of the Army?

Colonel SHAFFER. No, sir; from the Chief of Engineers.

Mr. JONES. Restate it, please.

Colonel SHAFFER. Yes, sir; in submitting his proposed report the Chief of Engineers stated that the Petit Jean and White Oak projects are unique, however, in that their authorization and construction by Corps of Engineers would represent the entry of the Federal Government into a new field involving questions of broad policy not yet promulgated.

Mr. JONES. So the project is economically feasible. There is a need for the electricity, the engineering data and information to complete the scheme, the hydroelectric power will bring an annual benefit of \$21,980,000.

The only thing outstanding as far as the Chief of Engineers is concerned is one of policy; is that correct?

Colonel SHAFFER. Yes, sir.

Mr. JONES. The gentleman from California, Mr. Clausen.

Mr. CLAUSEN. On what basis as far as your computations are concerned, when were your computations made, this year?

Colonel SHAFFER. No, sir. The computations quoted were made on January 1963 price levels.

Mr. CLAUSEN. 1963?

Colonel SHAFFER. Yes, sir.

Mr. CLAUSEN. And what were the interest factors that you used in arriving at the computations?

Colonel SHAFFER. The interest factor at that time was 3 percent, sir.

Mr. CLAUSEN. 3 percent?

Colonel SHAFFER. Yes.

Mr. CLAUSEN. And as Mr. Harsha from Ohio pointed out earlier this morning in considering some of the power projects you know the overall cost of borrowing money in the year 1968 has been substantially higher based on the average.

Do you have any idea, either one of you, that there are at this time, or could you give us an idea what the benefit-cost ratio might be, using current interest costs?

Colonel SHAFFER. Yes, sir; approximately 2.0.

Mr. CLAUSEN. That gives you what rate of interest?

Colonel SHAFFER. $3\frac{1}{4}$ percent, sir.

Mr. CLAUSEN. Using $3\frac{1}{4}$ percent?

Colonel SHAFFER. Yes, sir.

Mr. CLAUSEN. You think the Federal Government is going to be able to borrow the money at $3\frac{1}{4}$ percent?

Mr. THRALL. I doubt it.

Mr. CLAUSEN. Not at the current rate. To say quite candidly—to arrive at a more realistic figure we would have to take into account the existing interest rates, would we not?