

This project, on completion, will have, we feel, no effect whatsoever on the present marketing structures. It will have no effect whatsoever on rail rates for the transportation of wheat. Real rates change from time to time, yes, of course. But that changes in response to factors quite apart from competitive barge transportation. They involve changes as a direct response to the needs of shippers who are dealing in wheat and not in response to competition from barges.

As a matter of fact, it is possible that South Dakota wheat can find its way to New Orleans cheaper by moving from the tributary area in South Dakota to Minneapolis by rail and to eventually move by barge down the Mississippi to New Orleans. It is not only perhaps cheaper from a transportation charge standpoint—the fact of the matter is that the movement of wheat in that direction over such a route would produce in New Orleans not the raw South Dakota wheat, it would produce in New Orleans a blended wheat, that is a wheat mixed with other wheats to meet a particular standard necessary for the export market. And that wheat would arrive ready blended in New Orleans.

I might say the process of blending is not economically done in New Orleans. And to this date, I do not know of any extensive blending facilities in New Orleans. The point is that if anyone wants to export South Dakota wheat from New Orleans or other gulf ports, this is fine, and it might just as well arrive in New Orleans by barge; but the point is it might cost less in terms of transportation charges to the owners of that wheat if it came not from Yankton, but from Minneapolis. And it got to Minneapolis of course by rail, as most of the wheat does.

Members of the committee, the Corps of Engineers predicates a 1.3-to-1 benefit-cost ratio. Nearly 90 percent of the benefits are attributable to the transportation of wheat. It does not take much error in the Corps of Engineers' estimate to bring the benefit-cost ratio below parity. And as a matter of fact, we believe that the more realistic benefit-cost ratio in this case is 0.3 to 1.

Mr. HARSHA. May I interrupt you, sir. According to my worksheet here, it says "Damages prevented"—I assume that is flood waters—\$2,072,000; that transportation savings, which would be the transportation costs for wheat, of \$856,200. Other recreational benefits—they apparently show transportation savings of \$856,000, rather than 90 percent; am I wrong?

Mr. LONG. I do not believe your are, sir. I believe our figures jibe completely. I think 90 percent of the benefits for the navigation aspect of this project are attributable to the transportation of wheat.

Now there may be other benefits for the bank stabilization.

Mr. HARSHA. I misunderstood you.

Mr. LONG. I think they are the two aspects to be considered.

Mr. HARSHA. If you take all the navigation aspects out of transportation savings, you still have the same ratio.

Mr. LONG. I do not know—my impression would be, Congressman Harsha, that the benefit-to-cost ratio without the navigation would be below parity.

Mr. HARSHA. I am not sure what this "damages prevented" means; but I will get to that when we get to the corps. You go ahead.