Mr. BLATNIK. One more reservation, and I do not expect you to try to explain what they mean, we do not understand, either, what they meant by that, but the third reservation is: The Bureau of the Budget notes that the preponderance of project benefits would not accrue until the last half of the 50-year period of analysis.

I do not quite understand what that means. Does that mean they just do not build it for the first 20 years or 25 years, and then build a project; or because you build a project it is possible to encourage and establish traffic and increase it over a period of time, where, over 50 years, the average cost-benefits will have a favorable average.

What did they mean by that?

Colonel HALL. Sir, we examined the project benefits on a 50-year period of analysis, and it has a B–C ratio of approximately 1.6. On a 100-year period of analysis it has a B–C ratio of about 2.5.

Mr. BLATNIK. Repeat that again.

Colonel HALL. An analysis of the benefits of the project on a 50-year basis, gives us a B–C ratio of about 1.6. On the 100-year basis of analysis, it has a B–C ratio of about 2.5.

Mr. BLATNIK. 2.5 for what period of time? Last 20 years?

General NOBLE. Well, the improvement takes place, sir, in the second 50 years, from 1.6 to 2.5. It is an indication that the project, when it is built, is going to become increasingly more favorable.

Mr. BLATNIK. It would attract commerce, would it not?

General NOBLE. Yes, sir.

Colonel HALL. That is part of the potential to which they refer.

Mr. BLATNIK. Rather strange language.

Any questions?

Mr. HARSHA. Colonel, do you normally figure these on a 50-year analysis figure?

Colonel HALL. Yes, sir.

Mr. HARSHA. And does the normal project generally generate annual benefits, equal to annual costs immediately after construction?

General NOBLE. Normally it is a slow, gradual thing, sir. It has to build up. The process of attracting the industry and the build up of potential takes place after a number of years.

Mr. HARSHA. What is the average of a normal project? When does this begin to show a favorable benefit-cost ratio?

I notice they make the point that it is 15 to 20 years before this will. Now, what is your average project?

General NOBLE. I do not know that you might say there is an average one. It would depend on the degree of pressure in the immediate area. I would imagine some of these projects are long overdue. And once they go in, there is a tremendous push. And others, once they are constructed, would get going more slowly. We have never made a study of it, sir. We have not noticed anything unusual about this project. I have not, anyway.

Mr. HARSHA. I noticed yesterday a point was raised by the American Association of Railroads that you use three and an eighth percent interest in computing this. Is that correct?

Colonel HALL. That is correct.

General NOBLE. That is current policy.

Mr. HARSHA. And a more realistic interest rate reflected in the real cost by the Federal Government would change it considerably; would it not?