

South Dakota State University
**Open PRAIRIE: Open Public Research Access Institutional
Repository and Information Exchange**

Economics Commentator

Economics


5-26-1977

Lock and Dam 26 So What?

Art Sogn

South Dakota State University

Follow this and additional works at: http://openprairie.sdstate.edu/econ_comm

 Part of the [Agricultural and Resource Economics Commons](#), and the [Regional Economics Commons](#)

Recommended Citation

Sogn, Art, "Lock and Dam 26 So What?" (1977). *Economics Commentator*. Paper 109.
http://openprairie.sdstate.edu/econ_comm/109

This Newsletter is brought to you for free and open access by the Economics at Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. It has been accepted for inclusion in Economics Commentator by an authorized administrator of Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. For more information, please contact michael.biondo@sdstate.edu.



Economics Newsletter

Editor:
Robert J. Antonides
Extension Economist

Economics Department

South Dakota State University

Brookings 57006

(605) 688-4141

No. 111

May 26, 1977

Lock And Dam 26

So What?

by Art Sogn

Extension Economist--Grain Marketing

When you mention Lock and Dam 26 to most South Dakotans the response is a "So What" or "Who Cares" attitude. This lock and dam has an impact on the agriculture economy of much of South Dakota so perhaps it is time we learned more about it. Lock and Dam 26 is located on the Mississippi River right below the mouth of the Illinois River at Alton, Illinois. This dam holds the water back upstream so as to make barge traffic possible up to Minneapolis-St. Paul. There is a lot of South Dakota grain that goes down the river and through the locks at Alton. There is a lot of fertilizer that comes up the river that is eventually used in South Dakota. So why the fuss? Well the old lock and dam are deteriorating. It is regularly mended to take care of emergencies but these will last only so long. It might not last long enough for new locks and dam to be built and at this point there is no agreement to build new structures.

There are 60 million tons of U.S. goods that move through the Alton Canal annually, approximately the same amount as goes through the Panama Canal. Thus, there is tremendous pressure on the Locks and Dam and the old structure has moved several inches, making it difficult to hold water to open and close locks.

Recent estimates of building a new 1,200 foot lock in the existing dam range from 85 to 220 million dollars, and just recently the U.S. Senate Environment and Public Works Committee approved a measure calling for \$421 million to rebuild the Lock and Dam 26. Whether these costs can be justified on

a cost-benefit ratio is the cause of continuing debates in Congress and all over the Nation.

The railroads are opposed to any expenditure by the Federal Government on Lock and Dam 26, unless there is a user's fee tied to the appropriation whereby all users (Barge lines) will pay based on use of the facility. The railroad companies fear any continuance of what they call unfair competition. In recent months there has been a 40-cent a bushel difference between barge and rail rates on wheat from Minneapolis-St. Paul to the Gulf at New Orleans. Currently, rail rates for wheat are about 60 cents and barge rates about 20 cents a bushel. Barge rates fluctuate rapidly with the demand and are not always that low in comparison with rail rates. Rail rates cannot change rapidly with demand because of Government regulations. Barges raise their rates during peak demand and lower them with decreased demand. There have been many instances since 1973 that the Minneapolis corn market, for example, has been at least 10 cents a bushel higher than competing markets only because of the barge rates to the gulf export markets. It should be noted the barges usually do not operate from December to the following April from Minneapolis-St. Paul because of ice on the river.

It is difficult to estimate precisely what Lock and Dam 26 has meant to South Dakota Agriculture. Without entering into the justification of an appropriation for Lock and Dam 26, or the soundness of its opponents' claims, an estimate of its value to South Dakota

for the years 1973,74, 75 and 76 can be made. If we apply the same export percentages to South Dakota crops as was true in the nation for these years, as shown in the table and assume a 10 cent a bushel savings by shipping by barge from Minneapolis-St. Paul to the Gulf, we would arrive at a figure of over 2 million dollars.

S.D. Production and Exports of Grain
1973-74-75-76 Combined

Thousand Bushels						
Wheat	Corn	Barley	Oats	Sorghum	Soybeans	Flax
19,260	252,522	57,327	322,420	26,800	30,221	14,274
Estimated Percent of Crop Exported						
50%	25%	14%	5%	27%	50%	10%
Bushels Exported						
109,630	63,131	8,026	16,121	7,236	15,010	1,427

220,581,000 total bushels all grains x 10 cents a bushel
estimated savings by barging grain to gulf =
\$2,205,810.00

These figures are only estimates, of course, and only represent grain shipped out. They do not include any estimate of savings for fertilizer, fuel and other materials shipped up the river.

A large St. Paul-based Regional Cooperative, estimates the river freight on wheat saved their members \$8 million on wheat and \$6 million on corn last year alone.

South Dakotans' cannot afford a "Who Cares" attitude about Lock and Dam 26 because the decisions made about the future of the dam can affect us in several ways.

It is important for S.D. producers to have the lowest possible cost of shipping their grain to the gulf if they are to compete in the gulf export business. However, if the advantage is too heavily weighted in favor of barges the eventual result could be inadequate rail transportation from December to April when the barges cannot operate. It is a difficult but important problem. South Dakotans' need to share their ideas with their Congressmen and others, of the importance of Lock and Dam 26 as well as the need for strengthening all modes of transporting their products.

Perhaps in this region our different forms of transportation can complement one another in a way to meet the competition from other regions and thereby make it possible to achieve competitive prices for our products at the port.

NOTE: This will be the last issue of the Economics Newsletter that you will receive unless you returned the request to remain on our mailing list. If you have a RR or Box number, please include that information. If you chose not to return the form, we appreciate having had you on the mailing list and hope that the Economics Department can serve you in some other way soon. --Robert J. Antonides, Editor

(3800 printed at an estimated cost of 1¢ each for educational purposes)

Educational programs and materials are offered to all people without regard to race, color, religion, sex or national origin.

Cooperative Extension Service
U. S. Department of Agriculture
South Dakota State University
Brookings, South Dakota 57007

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE \$300

Postage and Fees Paid
U. S. Department of
Agriculture
AGR 101



Third class mail
(Bulk Mail)