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Another Choice for the Mississippi River

By Mark Ritchie

It's an election year, so many of our senators and representatives are trying to deliver more pork to their constituents. A bi-partisan group of Midwest Senators, including Minnesota's Norm Coleman, seem determined to spend $2.3 billion in taxpayer funds – building several new locks and lengthening old ones on the Mississippi and Illinois Rivers. It appears not to matter that substantial evidence indicates that the project isn't needed, and that public investments in rural development could be much better spent.

Supporters of lock expansion tout the construction work the project will provide. They rhapsodize about how Midwest farmers need longer locks in order to meet their future transportation needs. They demand that federal funds be used to help our farmers compete against the emerging agricultural powerhouses in places like Brazil and the Ukraine.

There's no question that spending billions of taxpayer dollars can benefit a region. But the question for taxpayers is if this is a wise investment, and the answer is unequivocally no.

A recent study found that, at current traffic levels and economic values, the plan recommended by the Corps of Engineers and sponsored by Midwest Senators would return approximately five cents for every dollar of average annual cost. This is an investment that would never pass muster in any boardroom, but apparently is good enough in an election year.

The project has gone as far as it has because the Corps is using absurdly optimistic forecasts for Midwest grain exports. The vision of grain exports increasing is a dream. Reality is that barge traffic on the river has been flat for more than two decades and has declined in recent years. The international grain trade has changed dramatically with the influx of very low cost, third world producers, but U.S. policymakers are stuck in 1970s, still believing that exports will lead to agricultural prosperity.

Maybe the Senators should pay attention to how agribusiness leaders are investing in agriculture. Just this week it was reported that the Chicago Board of Trade, the market for U.S. agricultural commodities, is looking for the first time ever at an international commodity, Brazilian soybean futures. This follows recent announcements of major U.S. agribusiness investment in grain and oilseed processing in Ukraine, India, Uruguay and Brazil.

Perhaps most disturbing is Cargill's plan to import Brazilian ethanol by way of Central America in order to avoid tariffs. If one didn't know better, you might think that these companies are supporting longer locks in order to facilitate the import of international commodities back into the U.S. rather than the other way around.

There are much better ways of spending taxpayer money that will immediately improve barge traffic on the river. The crux of the matter is that we currently have no coordination of barge traffic. The system has enough capacity to handle the traffic, but backups ensue if several tows end up trying to use the same lock at the same time. These delays can be avoided by using an appointment system, tradable time slots, incentives for efficient lock usage or a host of other market tools. The National Academy of Sciences recommends that the Corps of Engineers consider global positioning systems, appointment systems and other transportation advances – technologies that have been embraced by nearly every other sector – before spending billions on longer locks.

From agriculture's perspective, public investment in the domestic market can do much more for farm income than longer locks. Several years ago, Midwest policymakers made a commitment to ethanol production. Despite the initial concerns over the economics of the industry, that investment has seeded an important source of renewable fuels that increases the price of corn from five to eight cents per bushel near ethanol plants. This pales in comparison to the benefits that a national commitment to renewable energies could provide.

Furthermore, new agricultural products are being developed in Minnesota all the time. A company in Fairbault is producing blankets from corn, while a Mankato-based company is producing desktops from an assortment of crop residues. Meanwhile, Minnesota restaurants and food retailers are responding to consumer demand for more locally grown fruits and vegetables.

Commodity export is not the future of Midwest agriculture. It provides minimal job opportunities and does not take advantage of the value-added potential and wealthy markets in the United States. Other countries with very low land and labor costs are competing for those export markets, which should be fine with us.

If our Midwest Senators feel that they have a couple of billion dollars to throw around, invest it in farm-based renewable energies. That's an investment that will make money for Minnesota farmers immediately and provide huge benefits to our rural economy and environment – and not betray the public trust with election-year pork.

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