

The first four of these headings are used in later sections as the basis for a review of the scope of Federal Government activities in selected areas, in terms of their relationships to investments in people and other economic considerations. First, however, attention is directed to some general considerations affecting appraisals of human resources programs. These may be described as (1) current emphasis on the use of a cost-benefit approach in the evaluation of services and applications of this approach to human resources programs; and (2) several issues of general public policy that could significantly affect the role of the Federal Government in human resource development.

STUDIES OF COSTS AND BENEFITS

Comparison of governmental programs in terms of expenditures is deceptively simple and can be misleading as a basis for public policy choices. This is not only because the figures, with their appearance of precision, gloss over numerous difficulties, discrepancies, and ambiguities that inevitably beset the compiler. That kind of shortcoming—a common attribute of analytical and accounting data—is serious enough. But the principal reason that expenditure comparisons are an inadequate basis for policy preferences is that they necessarily treat equal dollar expenditures as though they were equal contributions to the solutions of various problems when, in fact, the problems may be quite dissimilar in quality, resources marshaled for different purposes may be quite varied, and the effects of equal expenditures may differ in intensity as well as kind.

Some Federal outlays in human resources programs—most of them transfer payments—are essentially supportive. They are used by the individual recipients to buy food, clothing, shelter, and other minimum essentials. But such transfer payments as scholarships and fellowships may be used in part to buy education or specialized training which, among its other benefits, enhances the individuals' productivity and creativity. Federal outlays to purchase goods and services may, among other uses, pay the salaries of researchers, explorers, and demonstration agents who develop or disseminate new knowledge and instruct people in using it. Technical advice and assistance provided by Government personnel may be a stimulating force or serve as a coordinating influence for various economic groups. Planning, research, and demonstration grants, favorable interest rates, and credit guarantees have stimulative effects that ordinarily are large in proportion to the Government outlays directly involved. Government programs sometimes open new avenues for private investment or create new opportunities in neglected areas. An illustration is the TVA power program, which contributed to the development in its region of an extensive array of economic activities in which private capital was a vigorous force once the initial public thrust had been provided. The development of atomic energy opened new vistas. Government-sponsored medical research has had similar results. The rapid growth in volume of private personal insurance in recent decades has sometimes been credited in part to popular interest and understanding spurred by the old-age, survivors, and disability insurance program.

These illustrations suggest that an assessment and comparison of the economic impacts of expenditures for various Government pro-