

units of the Department of Defense.) Staff members in several Federal agencies advised the Joint Economic Committee subcommittee staff that their experience with the questionnaire helped them to understand the orientation and requirements of the PPBS procedure.

Difficulties of the kind which the committee encountered will gradually be overcome by the disciplines of the formal PPBS. This system carries its own internal sanctions, since the results will be used in making Presidential budgetary recommendations which are crucial to the departments and agencies. A transitional period may, however, be anticipated in which incomplete analyses and shallow comparisons of costs and benefits will be offered as justifications for many program proposals and budgetary estimates. Much work needs to be done in the clarification of objectives and concepts, the formulation of analytical techniques, the explanation of procedures to individuals called upon to produce the necessary studies, and the definition of criteria for the interpretation and evaluation of findings. This will require a continuous process of examination and instruction throughout the executive branch.

The task will be especially difficult in human resources programs. It is easiest to apply cost-benefit comparisons of alternatives to those public projects that most nearly resemble corporate investment in plant, facilities, and processes. No doubt this helps to explain the early application of this approach to water resources projects. It can be—and, indeed, it has been—argued that even in the physical resources programs, this approach often has omitted nonquantifiable and, especially, noneconomic values, so that policy decisions made in reliance upon the cost-benefit studies often have been too narrowly based.

The objective of PPBS is to broaden the basis of all public decision-making. The system provides explicitly for at least the identification and listing of costs and benefits that may be immeasurable and qualitative or secondary and incidental. The difficulties of making the analyses more nearly complete through a recognition of all such factors (and of inducing program advocates to identify extraneous social costs as well as benefits) are especially great in matters affecting education and training, health, urban renewal or development, family support, and income maintenance.²²

The questionnaire responses relating to the economic effects and implications of current Government activities in the field of human resources indicate that a great deal of analysis will be required to elicit data and judgments that will illuminate policy choices across the whole range of Government activities and national welfare.

Underlying the planning-programing-budgeting system is a presumption that the Government can determine policies most effectively if responsible decisionmakers are enabled to make rational choices among alternative courses of action with as full knowledge as possible of the implications of these alternatives. Rational choices, in this context, are those which assure the most effective allocation of scarce resources among alternative uses—including not only alternative governmental uses, but also the best division of resources between the

²² In a paper which became available while this report was in press, the difficulties of making analyses and a progress report on application of the system to some programs of the Department of Housing and Urban Development are presented by William B. Ross, Under Secretary for Policy Analysis and Program Evaluation, "A Proposed Methodology for Comparing Federally Assisted Housing Programs" (for the annual meeting of the American Economic Association, Dec. 28, 1960).