governmental and private sectors of the economy. That allocation is deemed best—that combination of uses is judged most effective—which yields the largest economic and social returns for any given application of resources.[23] These abstractions are not easily applied in practice.

The program budgeting system, as adopted, calls for rigorous program analyses that should help decisionmakers choose among alternative methods for achieving defined program objectives. That is, given an objective—a stated output—the analyses should provide comparisons of the differing inputs associated with various means of achieving that objective. This should go far to correct a deficiency indicated in the questionnaire responses, which make it appear that Federal agencies heretofore have had great difficulty either in measuring objectively the effectiveness of most of their programs and services or in reporting the results of such measurements.

The responses suggest further that these programs present a diversity of objectives, alternatives, issues, and outputs, and that extensive appraisal and analysis will be required for their objective and complete evaluation. They also present a multitude of opportunities for effective and essential public services.

But difficulties have been encountered not only in assessing the effectiveness of their services. It appears that, with some exceptions, the agencies have not been able to estimate the magnitude of the opportunities within particular program areas. That is, they have not succeeded in formulating measurements of the scale and range of needs in their respective fields. This creates an inability to gage current efforts against ultimate requirements or potential achievements.

The broader goal of attaining allocative efficiency among all government programs, and between government and the private sector, presupposes an external common denominator, a calculus, other than simple monetary measurements, for equating marginal returns of benefits over costs in diverse programs that have diverse objectives. The problem here involves comparisons between different kinds of outputs—choices among alternative objectives or combinations of objectives that might be produced with equal inputs. Explicit criteria for this kind of choice apparently are not yet included in the formal budgetary techniques.

Yet the assessment of individual programs must rest, in part, on comparisons and relationships between programs and their objectives. For example, it is difficult to project and define the potential role of such income maintenance programs as social insurance without similar projections of the role of veterans' benefits, public assistance, public employees' and military retirement systems, and private pensions.

The principal and most difficult budgetary decisions made by the President and the Congress are those which require choices between varying goals and the meshing together of a variety of aims into a coherent program. A central problem of governmental programing and budgeting has been to make these choices rational and objective, on the basis of full information and analysis. But a serviceable calculus for evaluative comparisons between programs is yet to be devised.

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[23] Underlying concepts are discussed by Arthur Smithies in "Conceptual Framework for the Program Budget," in "Program Budgeting: Program Analysis and the Federal Budget," David Novick, editor; a Rand Corp.-sponsored research study issued in 1964 and published in an abridged edition by the Bureau of the Budget, 1965.