

relevance of unemployment to increased potential productivity, methods of measuring a worker's productivity, the valuation of unpaid work, and the significance of transfer payments. Other papers in the report examine cost-benefit questions in terms of Latin American experience with health services, dental care problems, and vocational rehabilitation of the mentally disabled.

The statement from the Office of the Surgeon General is a comprehensive comment on community health programs of the Bureau of State Services. An introduction to the program statements on community health notes difficulties in measuring, in economic terms, the benefits the American people derive from their investment in health protection, as well as difficulties in estimating the costs of disease itself.

The introduction cites estimates for cancer and cardiovascular diseases reported by the President's Commission on Heart Disease, Cancer, and Stroke. The Commission estimated for these diseases that—

In 1962, the direct costs of prevention, treatment, rehabilitation, facilities, etc., amounted to \$4.3 billion and the costs of estimated losses in the gross national product traceable to death and disability caused by these diseases was \$38.8 billion. These estimates do not cover hidden costs—special diets, special housing facilities, additional household help, etc.—much less the pain and grief diseases and death cause.

The response covering immunization grants notes that the total economic costs of measles and measles-related complications cannot be calculated but suggests that a program to eradicate the disease would cost less than the sum of direct costs for medical treatment and the financial losses incurred by local school districts in the form of State aid based on average daily attendance in the schools. A similar approach is adopted in the report on tuberculosis project grants.

In the case of venereal disease project grants, an estimate of direct costs of hospitalization is supplemented in the agency response by reference to indirect benefits in terms of effects on workers' productivity. The discounted total present value of syphilis eradication in the United States, based on data for 1962, is on the order of \$3 billion, according to an estimate by an independent analyst. This includes medical care expenditures.³³

For the Hill-Burton program of grants to aid in financing construction of hospitals and other medical facilities, the Public Health Service response identifies "measurable benefits" in three categories:

- (a) Greatly increased availability and accessibility of general hospital facilities;
- (b) Employment for construction workers; and
- (c) Employment of staff in health facilities and other economic activities represented by direct operating costs.

In the case of facilities for the mentally retarded—both university-affiliated facilities and community facilities—the response indicates the potential field of operation but does not assess actual or expected results. The report states that "vast sums" are expended currently for care and treatment of the 3 percent of the U.S. population who are mentally retarded, and, in addition, the Nation is denied a large

³³ The \$3 billion estimate is from Herbert E. Klarman, "Syphilis Control Programs," in Robert Dorfman (editor), "Measuring Benefits of Government Investments" (Washington, the Brookings Institution, 1965), pp. 404, 405.