

cut spending. Members of the Appropriations Committee—and I am a member—were very much aware of this, concerned as to where we could cut properly. It was obvious that an across-the-board cut of 2 percent or 5 percent or 10 percent was most unsatisfactory. If we had had a much greater knowledge of the comparisons such as we could get from using the discount ratio in developing benefit-cost studies, I think we would have been in a far better position to approve those programs that had a higher yield and, perhaps, to postpone some of those programs that had a lower yield. Not that that would have been the only consideration, but it would have been a very helpful one. It would have been an objective criteria that everybody could recognize as objective and we could have proceeded with much greater order and there would have been a more productive Government investment tool.

Mr. STAATS. I agree, Mr. Chairman.

I wonder if it would be helpful to ask Mr. Rathbun to comment a little further.

Chairman PROXMIRE. Yes, I wish Mr. Rathbun would comment.

Mr. STAATS. In that connection, I believe it is of particular interest that appendix I of this report brings out perhaps even more sharply than my testimony, the variations and the differences in the practices followed by the different agencies.

Chairman PROXMIRE. I was struck by page 10, too, of the survey, and I want to ask about this in a few minutes, showing the agencies that did not use any discounting technique for the 1969 budget and five of which, as you say, don't plan to use discounting in the future.

Mr. STAATS. That is correct.

Chairman PROXMIRE. Mr. Rathbun, do you want to comment?

Mr. RATHBUN. Yes, Mr. Chairman.

I will make several observations.

First, it seems to me that there is a clear and present danger that the mixture of practices which we have today may give us poorer results than we would have in the absence of discounting. It is possible, of course, for agencies to evaluate undiscounted costs and benefits. They could simply sum the total costs and benefits, and it is not clear to me that the present mixture of practices will give us a better result than we would get under conditions in which no one discounted.

Chairman PROXMIRE. May I interrupt at that point and say however, within the broad category, for instance on the reclamation programs, isn't it of some benefit to the Congress and budget and to all of us to have $3\frac{1}{8}$ percent apply, although I think it is a much too low rate, nevertheless it is better to have that than nothing. If we didn't have anything here it would seem to me you would have almost a pure—well, not completely, but a very large political effort on the part of powerful Members of the House and powerful Members of the Senate, those situated as chairmen of the appropriate subcommittees, the Appropriations Committees would be in a very strong position to push projects that had, even with a $3\frac{1}{8}$ -percent discount, a negative cost ratio. Whereas if you had a program that had a 4 to 1, 5 to 1, or 6 to 1 benefit-cost ratio it is a pretty good argument for it even if you don't have any political push behind it, whereas if its benefit-cost ratio is unity it is a little easier to oppose it.