partment of Commerce because they have chosen to use a form of analysis that involves a much lower implicit rate.

Senator JORDAN. This is a good example and it does point out that developments of equal merit, if used under the application of a different type of discount rate or process of establishing a different kind of discount rate, might find themselves discriminated against or coming out one against the other unfavorably.

Mr. RATHBUN. Mr. Jordan, I would like also to say, and this is pointed out in the report that there are undoubtedly cases where the benefits can't be quantified, but even here it would seem helpful to use a reasonable discount rate and apply it to the costs and present to the decisionmaker the present value of the costs of these two programs and let him use his judgment in placing a value on these hard to quantify benefits.

Senator JORDAN. Would it be your recommendation then that all programs should have some kind of discount rate applied to them, even if they are intangible and hard to define?

Mr. STAATS. Yes; I think that would be our view.

The point I would like to emphasize, and which Mr. Rathbun has already made, is that we are not suggesting a hard and fast formula to be applied in every case.

Senator JORDAN. Yes.

Mr. STAATS. What we are suggesting is a need at least on the cost side to apply a common policy in developing one of the essential pieces of information that the Congress and the executive branch ought to have in arriving at their judgment. It is the kind of information that any prudent businessman would rely on for any new investments he is making whether he is talking about hardware, research and development, or welfare programs for his employees. We are saying as a minimum it ought to be the cost of money plus a factor for taxes foregone. There may be variations from that, depending upon the individual program, but at least it would give you a benchmark of policy which could be applied consistently throughout the executive branch.

Senator JORDAN. What you are saying is that as these agencies compete for the taxpayer's dollar for development we ought to use a common yardstick insofar as possible?

Mr. STAATS. That is right.

Senator JORDAN. In evaluating their merits?

Mr. STAATS. Otherwise we may be spending more than we are going to get back. We will be making an investment in a poor venture. That is the danger, and that is the reason private industry makes these kinds of analyses.

Senator JORDAN. Do you think the skill in evaluating programs is improving as more and more people become conscious of the need for establishing some kind of priority in spending?

Mr. STAATS. Yes; I think so. In my own experience going back in the budget field for a good many years it seems to me we are making progress in how to do this. It is never going to be perfect. There are always going to be disagreements among people who are for or against a given program. But the fact that we have now developed central staffs in the Bureau of the Budget and in the other agencies in the executive departments, who are making this a special concern