

half of them, that don't use it, didn't use it in the budget; and without discounting techniques there is no objective basis on which you can evaluate investment programs and establish any kind of objective criteria.

Mr. STAATS. Plus the fact that there is continuing through most of the replies that we received from the agencies, an indication of recognition of the need for it.

Chairman PROXMIRE. So we know they are misallocating resources within the Government and misallocating resources that should be available in the private sector.

Mr. STAATS. If I may make a suggestion, Mr. Chairman, possibly this committee might consider referring this report to some of the agencies as well as to the interested committees of the Congress, with a view to possible later hearings after they have had a chance to review the report. Our report was completed, as you know, only in the last few days.

Chairman PROXMIRE. I think it is an excellent suggestion.

Mr. STAATS. While we have given the agencies the benefit of the replies we have had, they have not had access to our completed report.

Chairman PROXMIRE. I know it is awfully hard to give us, on the basis of this inquiry especially, but could you or Mr. Rathbun or Mr. Marvin, any of you gentlemen, give us an estimate of the percentage of Government investment programs that now use the discount technique, and the percentage that don't?

Mr. STAATS. I don't believe we made any—

Chairman PROXMIRE. You can't even make a rough approximation, whether there are half of them? We have to do this, of course, within the definition that Mr. Rathbun has suggested because there is an implicit discounting, but it would be helpful, I think, to know how much of this enormous amount we are investing, billions and billions of dollars a year, is based on a discounting technique that enables you to apply objective criteria and how much is not based on it as well as to know the very important discrepancies between the systems used.

Mr. STAATS. It might be useful and meaningful.

Chairman PROXMIRE. It would help if it were not only in terms of percentage, but in terms of dollars.

Mr. STAATS. Yes.

Mr. RATHBUN. I think it is clear at this time it is probably well above half.

Chairman PROXMIRE. Probably what?

Mr. RATHBUN. Well above half.

Chairman PROXMIRE. Well above half that use the discounting?

Mr. RATHBUN. Right, I say this because partly the Defense Department with its very, very large expenditures does use the discount rate, but I would agree with Mr. Staats that a detailed—

Chairman PROXMIRE. How about the consistency within the Defense Department?

Mr. RATHBUN. It is consistent. It is 10 percent.

Chairman PROXMIRE. Ten percent, is that right?

Mr. RATHBUN. I think the Defense Department has gone through to a very considerable extent what some of these agencies are going to go through. Three or four years ago in the Defense Department there was a great controversy about the propriety of discounting these differences of opinion were eliminated and then there was controversy