

Today, we have three witnesses who are knowledgeable on the question pertaining to interest rate and discounting policies, especially as they apply to the benefit-cost analysis in the water resources agencies.

We welcome Mr. Kenneth Holum, Assistant Secretary of the Interior, who will present the statement of Secretary Udall as Chairman of the Water Resources Council. We regret that Secretary Udall was unable to free his calendar so as to discuss these matters with us this morning.

Accompanying Assistant Secretary Holum is Henry Caulfield, Jr., Executive Director of the Water Resources Council, who will discuss some of the conceptual issues of interest rate policy and the rationale of supporting the Council's proposed revision of the interest rate regulation.

Following their testimony, Mr. Fred Hoffman, Assistant Director of the Bureau of the Budget, will describe for us the Bureau's position on the interest rate question and advise us of the efforts of the Bureau in assisting the agencies to adopt appropriate discounting procedures.

Tomorrow we will hear the testimony of two prominent economists, and on Thursday, representatives of three Federal agencies will discuss with us interest rate and discounting procedures.

Before hearing the formal statements of today's witnesses, I would like to commend the Water Resources Council and the executive offices of the President for the proposed new interest rate regulations. Without question, this is in the President's words, "a more appropriate interest rate to be applied in formulating and evaluating water projects."

As all of you recognize, the Joint Economic Committee has followed this matter closely and is convinced that the interest rate used in discounting benefits and costs must be raised from the three and a quarter percent rate currently in use if the Nation is to allocate its resources properly.

I think this morning we will hear the statement of all three witnesses before subjecting any of them to questions.

Senator, do you want to make any statement?

Senator JORDAN. No.

Representative MOORHEAD. Then we will hear from Assistant Secretary Holum first.

Mr. Secretary?

**STATEMENT OF SECRETARY OF THE INTERIOR STEWART L. UDALL,
CHAIRMAN OF THE WATER RESOURCES COUNCIL, AS PRESENTED
BY KENNETH HOLUM, ASSISTANT SECRETARY**

Mr. HOLUM. Secretary Udall regrets very much that because of his busy schedule during this closing week of the Congress, he is not able to be with you personally. I am happy to have the opportunity to come before you this morning to present his statement—and it is his statement, because I am not a member of the Water Resources Council, although I serve as his representative on the Council of Representatives of the Water Resources Council. It has not been a very big job because he attends all the meetings of the Water Resources Council personally, but I do represent him on that Council of Representatives.