My remarks are not a plea to abandon or dilute economic analyses. Our record is clear and very good indeed on the application of economics to planning and design, including the use of discounting of benefits and costs. The Water Resources Council, and all of its members, intend to continue in this regard and to improve our analyses, taking into account all the help that is offered to us.

Last Friday, as I have said before, the Council published in the Federal Register a notice of its proposal for a new interest rate formula in connection with the formulation and evaluation of Federal and federally assisted water and related land resources projects. Copies of that proposal are available for you here today. Mr. Henry P. Caulfield, Jr., the Executive Director of the Council, will give the background and details of this proposal. As you may know, he is a professional economist by training and has a fine reputation as a scholar in the resources field as well. He also has a rich experience in Federal water and related land resources programs.

With these remarks I must close. I thank you for the courtesy and attention you have shown me and for the opportunity to discuss this most significant question with you.

Thank you.

Representative MOORHEAD (presiding). Mr. Secretary, we thank you and Secretary Udall.

Without objection, we will now call upon Mr. Henry Caulfield.

STATEMENT OF HENRY P. CAULFIELD, JR., EXECUTIVE DIRECTOR, WATER RESOURCES COUNCIL

Mr. CAULFIELD. Thank you, Mr. Chairman.

I will read my statement. I would like to say, first, that the notice that appeared in the Federal Register last week, and the proposed regulation, are attached to my statement.

Representative MOORHEAD. Without objection, they will be made part of the record. (See p. 15.)

Mr. CAULFIELD. Thank you, sir.

PROPOSED NEW DISCOUNT RATE FOR USE IN THE FORMULATION AND EVALUATION OF WATER AND RELATED LAND RESOURCE PLANS

I am very grateful for this opportunity to appear before the Joint Economic Committee to explain the Water Resources Council's proposed new formula for the determination of the discount rate in the context of principles, standards, and procedures that now guide the formulation and evaluation of Federal and federally assisted water and related land resource plans. Much has been said before the Joint Economic Committee during the past year about the need to use interest rates or discount rates in the evaluation of Federal programs generally, and about the discount rate formula now in use for many years in the evaluation of water resource development projects. In this connection, many references have been made to "Senate Document 97." Thus I believe it important that the record of these hearings include testimony by Federal officials concerned with water and related land resources matters, and specifically about Senate Document 97 and its provision for the use of discount rates.