In other words, I am asking you not to defend the 3⅛ percent; I am asking you to defend the 4⅝ against a higher percentage which is applied by so many other agencies.

Mr. HOLUM. I think in Secretary Udall's statement—I do not know if you have had an opportunity to read it.

Chairman PROXMIRE. Yes; I read it.

Mr. HOLUM. I think the record is good. In this area, it has been the people, not just over the last 6 or 7 years, but over time, the people involved in water resource development and land conservation who have worked together to form good methods of accounting and to send these recommendations to Congress on a uniform basis.

They are moving together now to reconsider the methods of discounting and the rates to be applied. They have made a suggestion, offered it to the public for comment, and when they get the comments back, they may be——

Chairman PROXMIRE. I do not mean to be critical of you. I keep recalling a member of the House who kept putting into the Congressional Record in the appendix something about growing bananas on Pike's Peak. In other words, if you brought enough water to the most arid area in the Nation, you would obviously turn it into a paradise.

The question is, however, whether or not we ought to invest limited resources and tax the taxpayer on a basis that relies on a discounting differential which is unfair to most of our States and the overwhelming proportion of our taxpayers. We ought to go ahead with our water investments; but we ought to require them to make the kind of showing that we make for our investments in education and other areas.

Mr. HOLUM. Senator, if you are talking specifically about the reclamation program, and I would rather not because I am trying to fill in for Secretary Udall as chairman of the Water Resources Council, but I think the decisionmakers in the Congress do require, and I think it is part of the total project, that the States of the West, with the approval of the Congress, put aside the revenues from their public lands in what we call the reclamation fund. That produces close to $200 million a year.

That is in turn, under the direction of the Congress, reinvested in development of the West. These projects do meet the benefit-cost ratio and are submitted to the Congress on that basis.

Chairman PROXMIRE. I yield to Mr. Moorhead. I shall be right back.

Representative MOORHEAD. Mr. Chairman, I think you have identified the problem. We have probably inadequately analyzed and valued the benefits of the water projects. The Secretary mentioned this in his statement where he talked about the esthetic amenities, and recreaional opportunities. Recreation in the summertime is 80 percent water based. I think that we should take a hard look again at the benefit side of the equation.

Of course, it is hard to quantify these things, but this is where I think the thrust should be—greater accuracy on valuing the benefits plus greater accuracy on the discount rate. If we did properly value these benefits, we probably would end up with a program of the same water projects anyway.