

people who pay taxes are reacting and the great power they have in the Congress, properly so.

So that there is just going to be a great pressure on finding out what programs have a good payoff, what do not, and determining on the basis of the fairest, most objective kind of comparison rather than any political pressure which are the best programs, and then move ahead on them.

So I just hope you can put a lot of time and effort into this.

I think the Defense Department has been the real pioneer in this. I suppose anybody just thinking about it 10 years ago or 15 or 20 years ago, you simply cannot apply it to Defense. It is something where there is no fair comparison. You cannot really use the kinds of analyses that are appropriate for private enterprise in our Defense expenditures. Yet it has been applied, as you know, I think, with brilliant success; with great economic effect, and with an ability to increase our firepower, for example, with a relatively modest increase in cost. It can be done so effectively there; it seems to me it can be done even in your area, which I admit is puzzling, difficult, and which has, as you say, a great problem in estimating benefits. But I think you should do it in two ways: No. 1, you should extend it just as broadly as your imagination can, challenge these assumptions all along the line.

Then, No. 2, you should make your findings available to the Congress when these programs come up so that we have an opportunity to consider the alternatives, so that we do not just cut deeply in the Department without knowing precisely what the effect will be and without knowing what the alternatives are. This is the only way I think we can get effective efficiency and economy in our governmental operations.

Mr. LEVINE. I certainly agree, Mr. Chairman. Let me emphasize I was not saying we cannot do it; we are doing it. The specific rigorous methods are slow in coming. The cost-benefit method of thinking has, I think, been pervasive in a lot of our work, both internal and in our presentation to Congress. We have tried to present programs as alternatives, using qualitative statements where quantitative were not available.

We have also done, as I indicated, quantitative work and, in fact, this has been supplied for 2 years now to our legislative committees. I would not like to leave the impression that we are in the state the Department of Defense was in 20 years ago, but we are certainly not in the state the Department of Defense is in now.

Chairman PROXMIRE. HEW has done some good work in this area, too, as you know. They also have a problem not unlike that of the Department of Transportation in some of these other areas, where you are dealing with physical production which can be measured more objectively and precisely and compared in terms of benefits. They do not have as much of that, yet they have made some real progress.

Mr. Chartener has been a real force there in the past. I guess he is over in Commerce now, but he was in the Health, Education, and Welfare Department.

Mr. LEVINE. Yes, sir.

Chairman PROXMIRE. I would like to come back to Defense, and I very much appreciate, Mr. Enthoven, your emphasis on the fact that cost effectiveness is an aid to judgment and not a substitute for it.