

in one study were subtracted from costs and in the other study were added to benefits. You get different ratios that way. When subtracted from costs, you might get a negative ratio. There are all sorts of methodological inconsistencies.

Chairman PROXMIRE. What you are saying is you want a competent agency to make the study?

Mr. LEVINE. Yes, sir.

Chairman PROXMIRE. However, as Dr. Otto Eckstein said yesterday, he thought it was also important that you have an agency to put this into effect like the Bureau of the Budget, that would have authority and power, could make its position effective.

Mr. LEVINE. I would not presume to choose the agency. In the manpower training study I mentioned before, we are achieving that by having joint sponsorship of the two agencies.

Chairman PROXMIRE. I am talking about something different from that. What we are interested in from a congressional standpoint is having this done in a comprehensive way. I understand perfectly your feeling that human resources are a special and different kind of case than physical resources. That is a strong case.

It may well be that we would have to work on some kind of differentiation. Nevertheless, I would persist that you ought to have one agency or one group that would make this study. Then, whether or not we would decide or the Budget Bureau, the President or the Congress would decide to cover human resources in this way is another decision.

Mr. LEVINE. I was not arguing against that at all, Mr. Chairman. I was just backing it up by saying in my narrower field, I see a need for at least a study covering that field.

Chairman PROXMIRE. Let me ask, presuming that the study was able to measure effectively the opportunity cost of capital, would you gentlemen think that the publication on an on-going basis of this basic risk-free rate as a guide to all Federal agencies would be a helpful move for sound decisionmaking?

Mr. ENTHOVEN. I think it would be helpful, Mr. Chairman. I have introduced the discount rate as a factor to be considered in particular decisions and gotten the reaction that I was pulling a rabbit out of a hat as an argument in a particular case. Then I have had to explain and defend the whole theory of interest rates. An authoritative Government-wide position on interest rates would make it possible for practitioners in particular areas to refer to it. Then they would not have to argue the whole issue of discount rates and their relevance in each particular case. I do think, of course, that it will always be necessary to consider the specifics in each case, including the risks and the other special factors involved.

Mr. MACKAY. Mr. Chairman, I would like to say that the degree of acceptance of concepts like discounting appear to me to vary widely within any large organization. As you pointed out, within our own organization, the Department will have some differences of opinion. Apparently the Department of Defense has some. I would think in considering a study like this, one of the alternatives might be finding some way to have it done in effect for the Congress more directly than within the executive branch itself, because ultimately, even a more serious problem than broad-scale acceptance within the executive