allocation of the Nation's limited resources. I recommend a continuing study of the appropriate interest rate or rates to be used in evaluating public investments be made the responsibility of the Bureau of the Budget or the Council of Economic Advisers. Not only do they have the professional competency to make the study, but they are not directly involved in construction or investment programs.

CONCLUSION

Although the interest rate used to evaluate public investments is of critical importance, we should not overlook the fact that there is no substitute for the proper analysis of benefits and costs resulting from public investments. For example, at the current time there is a legal constraint in evaluating the benefits resulting from inland navigation projects. This constraint is contained in Section 7 of the Department of Transportation Act of 1966, which requires that navigation benefits be computed by comparing current rates of overland carriers with estimated barge rates on projects being studied. There is general concurrence among knowledgeable transportation economists that this procedure cannot result in the proper evaluation of benefits resulting from navigation projects. This can only be done by comparing the long-run marginal costs of all carriers.