knows if we used the discount ratio recommended to us by Otto Eckstein and the other experts, a discount ratio of around 7 or 10 percent in this very, very risky project, it would show a negative benefit-to-cost ratio.

How can you at a time when we have a so-called tight budget go ahead with a project which is going to cost such an enormous amount on such a flimsy—has such flimsy support on the merits?

Mr. Zwick. Mr. Proxmire, as I am sure you are aware, this is a project that has been under study for years. It was authorized several years ago—I am not sure whether it was 3 or 5 years by the Congress, subject to restudy. It was restudied. The Corps of Engineers, given the same ground rules they are using for other projects, reported a 1.5 benefit-to-cost ratio. You are now questioning whether that is an appropriate evaluation procedure for all projects.

Senator Proxmire. You come up with a new—as I understand it, the executive branch has agreed to the 4⅝.

Mr. Zwick. That is right, for projects that are being evaluated from here on out, but the ground rule was that for any projects which up to this date were approved and authorized by Congress, we would use the old procedure. So we are using a consistent procedure.

Senator Proxmire. This is in the 1970 budget. We haven't approved the initial expenditure. Once we do, it is likely to be done forever, as you know, so this is coming up now.

Mr. Zwick. There is money in the 1970 budget for initial planning and design work, that is correct.

Senator Proxmire. Why shouldn't we do it on the 4⅝ percent now in view of the fact it is not even going to be planned until 1970?

Mr. Zwick. You would change the procedure. What you are saying, if I understand you correctly, is that you would change the procedure that the executive branch is recommending for all projects. There is no special treatment for this project. You are saying we ought to go back and re-do all the ones we have.

Senator Proxmire. For 1970.

Mr. Zwick. That is up to Congress if you want to do it. We thought it would be most appropriate to have a consistent policy across projects, and so we arbitrarily said that projects approved before a certain date would use the old formula and new projects would be evaluated with the new formula.

Secretary Barr. Mr. Chairman, we will be delighted to come back this afternoon, but we do have our last Cabinet meeting.

Senator Proxmire. I understand. It won't be necessary for you to come back. I appreciate it. All you gentlemen have done a marvelous job. I know Mr. Barr has been praised by all, but certainly Mr. Okun and Mr. Zwick have done superb work. We are very grateful to you. You have been very helpful and persuasive.

Secretary Barr. That is the way we feel precisely about you and your committee, sir.

Senator Proxmire. Thank you very much. We will include as an appendix to this day's hearing a Treasury Department document called "Maintaining the Strength of the U.S. Dollar in a Strong Free World Economy."

(Whereupon, at 12:20 p.m., the Joint Economic Committee adjourned, subject to call of the chair.)