

ment orders for goods produced in the private sector and involve substantial buildup of production in the private sector prior to delivery of completed items to the Government. This latter feature will attract much of our attention in analyzing the economic impact of the various phases of the Federal spending process. However, neither the analysis nor its applications are limited to military spending and various sections deal with questions relating to nonmilitary programs.

In its attention to the need for new measurements of government spending this study is not intended to disparage the usefulness of the currently used measures but to add to the existing stock of valuable indicators which has been developed through the years. In some way, this study is written in the spirit of the following "call" issued by C. Lowell Harriss:

The call for greater clarity which this paper tries to make is by no means a call for either a single or a simple concept. Needs are so varied that no single concept of government spending can be best for all purposes.⁵

THE FEDERAL GOVERNMENT SPENDING PROCESS

Much of this study is devoted to analyzing the economic impact of the government spending process. This chapter describes the lengthy and intricate process through which Federal Government expenditures are made.

BASIC AUTHORIZING LEGISLATION

The first step in the process is the enactment of basic legislation authorizing a given agency, program, or activity. Some statute, such as the permanent authorization for the Council of Economic Advisers or the annual authorization for the mutual security program, must be on the books before an appropriation can be enacted to provide funds for the agency or program involved. This is the result of Congressional procedure rather than statutory requirement.⁶ Basic authorizing legislation of this nature does not ordinarily contain *financial* authorization enabling an agency to obligate government funds or to make expenditures. The request for funds is usually the next step in the spending process.

There are a number of exceptions. Some basic authorizing statutes do simultaneously grant Federal agencies financial authority of various types. The Federal-Aid Highway Act, for example, both authorizes the program of aid to the States and enables the Bureau of Public Roads to commit the Federal Government to make specific grants for highway construction.⁷ The annual appropriation request is merely to "liquidate" the obligations previously incurred.

Many government corporations and other business-type enterprises, particularly those operating lending programs, are authorized by basic legislation to spend the receipts from their operations without securing annual appropriations from the Congress.⁸

⁵ Harriss, *op. cit.*, p. 353.

⁶ The House rule provides that "no appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto, for any expenditure not previously authorized by law * * *." The Senate rule is generally similar. *Constitution, Jefferson's Manual, and Rules of the House of Representatives*, H. Doc. No. 766, 80th Cong., 2d sess., Washington, Government Printing Office, 1949, rule 21, clause 2; *Senate Manual Containing the Standing Rules, Orders, Laws and Resolutions Affecting the Business of the United States Senate*, S. Doc. No. 11, 81st Cong., 1st sess., Washington, Government Printing Office, 1949, rule XVI, clause 2.

⁷ Public Law 627, 84th Cong.

⁸ Budget and Accounting Act of 1921 (31 U.S.C. 11-16); Budget and Accounting Procedures Act of 1950 (Public Law 784, 81st Cong.).