by wholly owned government corporations for retirement of capital stock and amounts refunded by the Government, principally for overpayment of taxes. The exclusion of these items from both the receipt and expenditure totals has no effect on the budget surplus or deficit.

Types of payments included. Because budget expenditures cover such a wide variety of government agencies, many different types of payments are contained. These include purchases of currently produced goods and services, transfer payments, interest payments, grants-in-aid to State and local government, subsidies, purchases of land and other existing assets, loans and other financial exchanges, and transfers of funds between government agencies.

The budget document does not contain a tabulation showing which expenditures fall in each of these categories; however, the supplementary material in the document has been expanded to present details on some of the categories, such as interest payments, grants-in-aid, and loans.[57]

Role of the conventional measure. The series on budget expenditures is generally used for purposes of political and administrative budgetary control. This series also forms the basis of other series on government spending which are more useful for economic analysis; it is the only one that is "built from the ground up," appropriation account by appropriation account. The other measures consist solely of additions to and subtractions from the total of budget expenditures. Note in this connection the description of the derivation of government expenditures for the national income accounts:

> The method, in general, is to start with the budgetary totals drawn from broad fiscal reports, then to make various additions to and deductions from these totals so as to achieve as residuals the desired purchase series.[58]

The reporting of budget expenditures is a method of keeping track of outlays of government-owned funds over time. Many students of public finance believe that this series, compared to the other available measures, gives a better device for aiding in the management of government use of resources, especially for the long view.[59] In studying the costs of government programs, it is not often material whether wages are paid in full or retirement deductions are made or whether interest on the public debt is paid to the public or to government trust funds.

Gerhard Colm, on the other hand, states that "Adding up these administrative accounts does not necessarily give any meaningful totals." [60] Colm may be correct from the viewpoint of economic analysis. However, the series on budget expenditures contains the transactions of the governmental programs which are amenable to control through the appropriations process and hence, it is of value for budgetary review purposes.

From a purely fiscal standpoint, it is the budget surplus or deficit, based on budget expenditures and its counterpart series, budget re-

---

[57] *1962 Budget, op. cit.*, Special Analysis D, pp. 997–1007.
[58] "1954 National Income Supplement," *op. cit.*, p. 146.
[59] C. Lowell Harriss, "Government Expenditure: Significant Issues of Definition," *Journal of Finance*, December 1954, p. 354.
[60] Gerhard Colm, "Fiscal Policy and the Federal Budget," (in Max F. Millikan, ed. *Income Stabilization for a Developing Democracy*, New Haven, Yale University Press, 1953) p. 209.