

the surplus property disposals of the Federal Government, mainly the military, of course. What is that figure now? It runs about \$5 or \$6 billion a year. We only realize maybe——

Mr. GAINSBROUGH. Less than 20 percent?

Representative CURTIS (continuing). A few cents on the dollar. It is below 5 cents, isn't it?

This figure, incidentally, has been as high as \$8 billion a year. This is not to say this is waste. Some of it is and some of it shows the inefficiencies that exist in the system, but more of it is the fact that the military hardware really is expendable. It must be put on the books at practically a dollar.

Mr. GAINSBROUGH. But it is true even in the consumer sector to say nothing of the business sector how little value a good has on resale.

Representative CURTIS. Yes.

Mr. GAINSBROUGH. So that this finds its counterpart in the private sector, in the low value of secondhand furniture or——

Representative CURTIS. Yes; but with the accounting systems we have in the private sector—and I have often observed that the Federal income tax, the greatest benefit is to develop cost accounting in our society, and particularly to distinguish between that which is capital and that which is current. We have in the private sector a pretty sophisticated accounting system where we have not developed the counterparts.

Mr. GAINSBROUGH. I agree. But we are at work on that, and it is comforting to have the support of this Joint Economic Committee in the development of a national balance sheet.

You see, we rely so much upon national accounting as it relates to the operating statement. We have lacked the companion statement. That is the balance sheet.

Representative CURTIS. That is right.

Mr. GAINSBROUGH. No business worth its salt could run without the two financial control statements.

Representative CURTIS. That is right.

Mr. GAINSBROUGH. The balance sheet and the operating statement. You cannot really determine the significance of change in your operating statement unless you have a balance sheet. You could have an economy or a business going into liquidation, and still be showing a strong operating statement, unless you had the connecting link in the terms of the balance sheet. Our interpretation of the operating statement will be far better if we know what is happening so far as assets and liabilities were concerned over in the balance sheet side.

Representative CURTIS. Yes.

Mr. GAINSBROUGH. Referring to my statement, we do come to these estimates that I have been speaking of (see p. 152). Another way of looking at the growth of government is the wealth that has come into the possession of government, and here we are the beneficiaries of the preliminary estimates that John Kendrick has supplied. We have used his figures here of the tangible assets of the United States through the year 1966.

Senator JORDAN. This is both public and private.

Mr. GAINSBROUGH. Both public and private, and then the breakout.

Senator JORDAN. Yes.