

(The material referred to follows:)

REVIEW AND OUTLOOK *—IT'S TIME FOR AN HONEST ACCOUNTING

"At the moment, the most essential requirement of economic policy is a clear and scrupulously honest Federal budget."

So said Columbia University economist Arthur F. Burns, in responding recently to a series of New York Times questions on the economic outlook. The fact that such a requisite should even have to be stated is, in itself, an indictment of the Government's bookkeeping.

Last month's Federal budget reached some sort of a new high in unreality but, for one reason or another, the Government's books have been juggled for years, by Republican and Democratic Administrations alike. The unhappy result is that it has become increasingly difficult, if not impossible, for anyone to know precisely where the Government stands financially at any given time.

Yet the Federal establishment has become so dominant in the economy that every policy-maker, in Government or out, needs a clear view of Washington's books—most especially at a time when mistakes could tumble the nation into a recession or worse.

Over the next few months, Congress must make key decisions on taxes and spending; the Federal Reserve System must, or at least it should, manage the nation's money in ways calculated to enhance economic stability. Businessmen must decide on a host of spending projects, all of them geared in some degree to the direction and size of Federal outlays. In the circumstances, Washington's cloudy accounting is not merely unsound but dangerous.

Even past political "justifications" for juggling have largely lost their significance. For some time officials felt the voters would not swallow spending of more than \$100 billion a year, and every available device was used to keep the administrative budget below that level. Now that the supposed barrier has been broken, and then some, isn't it time to throw out some of the gimmicks?

One way to start would be to jettison the idea that the Government when it sells the public an interest in loans it has previously made to individuals or corporations, is reducing the cost of its operations. What it actually is doing, of course, is borrowing money.

Less simple, but no less necessary, are some more basic budgetary revisions. As Maurice Stans, former Budget Director, suggested in a recent issue of U.S. News and World Report, Washington should settle on a single form of budgeting, instead of stressing the budget that happens to suit its purposes at a particular time.

For years, the Government put the major emphasis on the administrative budget, since it showed a lower spending total. Currently, though, Administration officials are inclined to point to their other budgeting formulas which happen to reflect lower deficits.

Mr. Stans' preference is for something close to the present cash budget, which includes everything in the administrative budget plus the Social Security, highway and other trust funds. He notes that these funds often are trusts in name only, because practically all the money they receive is paid out either in the same or in the following year.

In addition, the former Budget Director urges a thorough overhaul of Federal accounting practices, to make sure that a certain type of transaction will not be treated in varying ways in different sections of the books. At present, for instance, repayment of a Government loan may be handled in one place as a receipt and in another as a credit against expenditures.

With the Government's operations combined in a single budget, and with the document cleansed of obfuscations and inconsistencies, everyone would at least have a clearer basis for decision-making. It's really inexcusable that something so sensible has been so studiously avoided.

An honest accounting would by no means assure elimination of wasteful, excessive spending. But no one is likely to tame the Federal colossus if it's allowed to go on forever hiding behind fiscal clouds.

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