

(The report referred to appears on p. 25.)

Representative CURTIS. At this point, could I make a unanimous consent request? I thought inasmuch as we had a break, that for the same thing to include after the remarks here some material which I think we will probably be referred to, mainly two articles by Maurice Stans in regard to the Federal budget reform need and Federal expenditure goals and priorities which I think we will be referring to.

Chairman PROXMIRE. That material is rather brief and limited.

Representative CURTIS. I think it is relevant, Mr. Chairman.

Chairman PROXMIRE. Without objection, that will be done.

(The articles referred to follow:)

THE FEDERAL BUDGET NEEDS REFORM*

By Maurice H. Stans

It is clearly time to reform the budget of the United States. I am now speaking not of the figures in the budget, but of the way in which the budget is compiled and presented. Proof of the need for reform was supplied by the reactions of editors and commentators when the 1967 budget was sent to the Congress by the President last January.

The budget usually draws criticism from the press, but this year the criticism was unduly severe, and the integrity of the figures was seriously challenged.

Columnist Joseph Alsop referred to it as "jiggery-pokery." *Time* in an elaborate critique called it a "labyrinth [of] booby traps," and said it employed "every trick of legerdemain." The *Akron Beacon Journal* said that the budget "grossly—and we think deliberately—underestimated expenditures" and characterized proposed spending cuts as "phony." The *Wall Street Journal* said that the proposed deficit reduction hinged "heavily on gimmickry." The *Journal of Commerce* called it "sleight-of-hand." These are typical of press skepticism and distrust across the country.

It is both deplorable and destructive when the principal financial document in the nation is so cynically described. Unless the integrity of the budget is restored and accepted, the financial structure of the country can be permanently damaged. Confidence in the financial management of our government is the backing of our money at home and abroad.

And surely the taxpayer is entitled to a clear-cut, unconfused account of the way in which his money is to be spent!

It is not difficult to find the reasons why so much cynicism now exists. Some of it is based on a mere misunderstanding of details in a complex document. Some of it springs from the proliferation of overlapping programs throughout the government. Some of it stems from outmoded accounting treatments that originated years ago, usually to follow provisions in laws that are often inconsistent with each other on similar subjects. Some of it grows out of innovations introduced or practices expanded in the last year or so. Some of it comes from the obvious efforts in the 1967 budget to embrace conflicting forces of frugality and lavishness at the same time.

Here are some factors that add to budgetary confusion:

1. To begin with, there are *three budgets*, each of a different magnitude, each for a different purpose, and each producing a different result. The Administrative Budget for 1967 proposes revenues of \$111 billion and ends up \$1.8 billion in the red. The Cash Budget shows receipts of \$146 billion and a surplus of \$.5 billion. The National Income Accounts Budget shows income of \$142 billion and a deficit of \$.5 billion.

2. The budget is not a forecast (except as to revenues), but a Presidential program for government operation. Thus, it may contain proposals for spending or saving that the Congress will not approve, for political or other reasons, and in that sense the budget may not be realistic.

3. There are many inconsistencies of accounting in the budget, by which a type of item is treated one way in one instance and another way in a substantially similar case.

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