

1. How many budgets should there be?

One. The Administrative Budget and so-called Trust Funds should be combined into one set of consolidated figures approximately equivalent to the present Cash Budget. The final net results of the receipts and disbursements should then be broken into two figures: (a) an amount representing accumulations in reserve cash funds to be disbursed later to specific beneficiaries of those funds and (b) the balance, which then represents the deficit (or surplus) for the year.

2. Is the budget primarily an accounting document or an economic document?

The budget is essentially a fiscal accounting document of the money flow of the government, reflecting the President's program for the year. It has interpretive values to economists, lenders, businessmen, labor and others, but these are secondary. The "national income accounts" are not a budget at all; they should be demoted to a place with other analyses now subsidiary to the budget itself, and not allowed to confuse the results.

3. How should disbursements of earmarked taxes and revenues that by law are shared directly with states or political subdivisions be shown in the budget?

They should be grouped and deducted from the totals of receipts; they should not be included in expenditures because that overstates the cost of government.

4. How should government enterprises be shown?

An authorized business-type enterprise of the government should be shown in the budget at its net cash income or net cost to operate, as the Post Office is now shown. Activities such as the Washington airports, the government power agencies and similar enterprises should be shown at what they cost or earn for the taxpayers, net, instead of appearing on both sides of the budget. The Congress can and should still retain control over the level of such activities through the appropriations process.

5. How should the sales of participation certificates in government assets be shown?

As part of government debt, because such transactions do not represent transfers of title to the assets involved. They are borrowings, not sales, and should not be used as deductions to understate the cost of government or to reduce artificially the budget deficit.

6. Should revolving funds be used for government loan programs?

Why not? The net outgo in any year, after deducting collections, is the cost of the program to the government for that year. The Congress can keep control over such funds by authorizing the level of loans it wishes made in each year.

7. How should subsidies be dealt with?

Subsidies voted by the Congress for the benefit of any one segment of the public at the expense of all others should be clearly identified in the budget and priced out. This should be done not only with respect to services or funds provided directly without cost but also with those provided on a "bargain" basis less than cost. Interest rates on government loans at less than the cost of money to the government are subsidies that should be disclosed.

8. How should abnormalities and nonrecurring items be shown?

By applying the same standards of disclosure as are required by the Securities and Exchange Commission in business financial statements. Such items should be clearly identified as unusual by appropriate footnotes or other designations, and should be aggregated in summary figures, so that the regular costs and revenues are clearly apparent.

9. Should the government's "profit" on replacing quarters and other coins at face value, greatly above cost, be considered revenue?

No. There is no profit on the issuance of paper money, either. Such coinage is a liability of the government.

10. What about the government's pension liabilities?

The inconsistencies between various actuarial methods of reserving for retirement benefits, and the failure in some cases to provide any reserve, should be resolved in favor of a uniform formula for computing, funding and reporting such liabilities. The budget document should clearly disclose any actuarial deficiencies in such funds.

11. How can the public know where the level of the budget is headed?

There should be a five-year projection of costs for each agency in a form identical to the current budget. These projections should be presented as part of the budget document, for individual agencies and in the aggregate.

12. How can the taxpayer be further protected against extravagant government?