

By requiring that the proponents of each proposed new program state in the budget its costs for the next five or ten years ahead. The law now requires that projected costs be given in advance by the proposers of a new program but the Congress is not insisting upon it.

13. How can the public be helped in understanding the financial condition of the federal government?

By the publication of a balance sheet (statement of assets and liabilities) of the government at least once a year, possibly as part of the annual budget. Every large business in the country is required to publish its condition in this form; why shouldn't the government? If such a financial statement is accompanied by five-year projections of both revenues and expenditures under going programs, the public and the Congress will have a far better basis upon which to evaluate the feasibility of adding new programs.

14. What about the debts of the government?

The national debt is now measured only by the government's direct borrowings (bills, certificates, notes and bonds). In addition, it owes massive amounts for unfunded obligations, a large part of these for past services. Obligations for social security benefits, retired pay of the civilian and military employees of the government, commitments for veterans compensation and benefits, and similar accruals, should be computed on an actuarial basis and included in the balance sheet.

The government has enormous contingent liabilities as well; as in the case of a business statement, these should be estimated and footnoted. Included would be deposit guarantees of banks and other savings institutions, guarantees of housing loans and export loans, the unfunded costs to complete construction in progress, long-term commitments for housing subsidies, ship subsidies and similar items, and funds appropriated in the past but not yet spent.

Altogether, the total of all these direct and contingent items, including the interest bearing national debt, ranges somewhere between \$1,000 billion and \$1,500 billion. These are amounts that cannot be blithely ignored in fiscal planning.

15. Are government accounting procedures adequate for all fiscal and budgetary planning.

No. The government's Financial Management Improvement Program has been lagging for some time. Although the law has required for about 15 years that all departments of the government must bring their accounting procedures to the point where the Comptroller General is able to give them his approval, only one-third of the accounting systems have met the requirements and not one Cabinet Department of the government has fully qualified.

While the proposed Commission for Budget Reform is dealing with these and many other important questions, it should also look into the procedures for permanent appropriations that renew automatically year after year; the technique of "partial funding" of large construction projects; the use of backdoor funds, by which money is made available to government agencies without being appropriated; and other weaknesses in budgetary procedures in the Executive Branch and in the Congress. It should also consider anew the recommendations of the last Hoover Commission for expenditure limitations; although the Congress adopted this principle by enacting it into law, it has ever since been ignored by the Congress and resisted by most of the executive agencies.

CONCLUSION

The budget of the United States is a document of vital significance to everyone in the nation. It affects every citizen's well being, his environment, and his taxes. It is used by economists to project the direction of the economy and to evaluate the soundness of national fiscal and monetary policy. It is studied by foreign nations who judge from it our strength of character and our power to meet international monetary and military situations.

For all these reasons, the federal budget must be impeccably sound in its accounting principles and presentations, and beyond reproach in its integrity. Its standards should be no lower than those which professional accountants apply in their practices or which the SEC requires American business to observe in financial reports.