Mr. SCHULTZE. Because such a large proportion of these loans end up as purchases of the commodity, the transaction is treated as purchases when the loan is issued rather than when it is defaulted.

Representative CURTIS. Now the other thing, and this is again just to develop the question, we will put in 2-percent paper and 3-percent paper and so forth. These are "hybrid" kinds of things I would say, because they aren't really marketable securities. Therefore, there is really a charge against the Treasury in the event that we seek to—well, in the long run——

Mr. SCHULTZE. That goes in.

Representative CURTIS. Do you put it in? I thought you didn't.

Mr. SCHULTZE. Let me make sure of that. The interest subsidy gets in because it is in the interest figure, but the loan or repayment is excluded.

Representative CURTIS. Well, this is the area that I need to become educated in myself, to relate what is in and what isn't. And it would revolve around, would it not, what we consider an investment? I guess the test we are applying is against the market on what is an investment?

Mr. SCHULTZE. No, sir. Well, what we are really doing is developing a consistent set of accounts for business, consumer, and Government, and adding them up in terms of expenditures and receipts to get total national income and receipts.

Now in doing that, we put in the spending of the Federal Government, but not its lending. Any expenditures that come from lending go into the sector which does the actual purchasing. So it is not a matter of whether it is an investment or not, so much as whether it is a financial transaction.

Representative CURTIS. Let me use the word "lending."

Mr. SCHULTZE. Right.

Representative CURTIS. Then we come to a definition of what is a real loan.

Mr. SCHULTZE. Yes.

Representative CURTIS. I regard these development loan fund loans as stretching the term "loan," but this is the area I would like to discuss, because then probably the thing revolves around the term what is "lending."

Mr. SCHULTZE. I agree.

Representative CURTIS. Is it really "lending" or "giving"?

Mr. SCHULTZE. You are quite correct, Mr. Curtis. I think what we really need are two things. First of all, we need the recognition that really no one budget concept serves for all purposes.

Representative CURTIS. I am highly in accord with the NIA budget, and think it is great. My only criticism at the beginning was that the crucial problems that face the Congress this year and faced it last year on fiscal policies had to do with the deficits in the administrative budget. And I just don't want the public's attention or the Congress distracted from the deficits in the administrative budget. I was afraid the rhetoric of the administration, in their new-found enthusiasm for the national income account budget, was doing that. I share the enthusiasm for the NIA budget.

Mr. SCHULTZE. Aside from taking exception to the word "rhetoric" I guess I will stay quiet.