

be unwarranted and self-defeating under present economic conditions . . . could depress economic activity . . ."

Thus, there is no "new-economics" purpose for the tax increase, but simply the "old-economics" purpose of reducing a potentially massive deficit—one reached more through long-term snowballing of non-defense spending than by heavy military requirements or a retreat of revenue. The 1968 non-defense spending is doubled over 1960; is 56% above 1963; and nearly 25% over last year.

These being the facts, control of the deficit level and the economic stimulant sought by the President could be accomplished equally well through a 1968 budget in which overall spending, particularly on the domestic programs, was held to a level low enough to avoid any need of revenue through increased taxes.

The three-budget complex

For years federal finances have been reported and accounted for by several different sets of figures. Depending on who is talking, and to what purpose, one of the three "budgets" is cited. Here are the three sets of totals:

[In billions of dollars]

1968 estimate	NIA	Administrative	Cash basis
Expenditures.....	169.2	135.0	172.4
Receipts.....	167.1	126.9	165.1
Deficit.....	2.1	8.1	4.3

The President, as Chief Executive, the heads of his department and agencies, and others concerned with management costs of the branches of national government, speak in terms of *the administrative budget*.

Accountants and others interested in full accounting of government funds will refer to government finance figures reported on *the consolidated cash basis*, the record of receipts from and payments to the public, or the so-called "cash budgets".

Economists and analysts evaluating the impact of federal fiscal policy on the nation's economy deal with government finance figures reported in the *national income accounts*—sometimes called the NIA budget.

All three sets of figures are regularly presented in the budget document. Since they have different purposes and significance, reference to one or the other is used when it is most appropriate for the point or argument being made.

For example, currently the President wants to explain that the federal deficit is not so high as to be unduly stimulative to the economy, or so low as to be a restrictive, he refers to the \$2.1 billion deficit for 1968 in the "NIA Budget" rather than the \$8.1 billion deficit in the administrative budget, or the \$4.3 billion deficit in the cash budget.

One major area where these accounts differ in composition involves federal loans, their repayments and proceeds from their sale—*excluded* from NIA accounts.

These accounts intend to show the volume of income and production in the economy, and they therefore use *the same measures* of receipts and expenditures as business does. Because business does not count loans or the proceeds of loan-sales as income or expenditures, the national income accounts do not include these either.

Most loans and proceeds of sales *are*, however, included in the so-called "cash budget". Excluded would be only loans or sales between governmental funds such as selling participation certificates to the trust funds.

In the administrative budget, the effect of loans, repayment and proceed is somewhat complicated. Most loan activities are carried on in "public enterprise accounts", the gross operations of which are *outside* the administrative budget. Only their deficits or surpluses affect the administrative budget—in which those net figures become respectively expenditures or offsets to expenditures. Also in the administrative budget would be an *initial* loan made by the government, which then becomes an asset whose sale brings proceeds credited as receipts to the public enterprise accounts not to the administrative budget.

To assure that budget expenditures more fully reflect program costs, NAM has recommended that they be *included* as non-tax receipts in that budget, and