

not accounted for simply as reductions of expenditures which would otherwise be made.

It is quite probable that any budgetary restructuring to consolidate the administrative and cash accounts into a single working whole would have the effect of implementing this recommendation.

And such a consolidation may ultimately be forthcoming, if certain implications of the President's Budget Message are brought to logical conclusion. He frankly admits that "the traditional administrative budget is becoming an increasingly less complete² and less reliable measure of the government's activities..."

And he further says:

While the national income accounts budget is the most appropriate measure of the overall economic impact of the Federal budget, a discussion of individual Federal programs is best carried out in terms of the more conventional administrative budget *and* the various Federal trust funds. (emphasis added)

In that word "and" lies a substantial practical difficulty to presenting, understanding, or appraising the full story of federal finance.

With the present budget composition, expenditures of the trust funds must be added to those of the administrative budget in order to show the total dollars that the Treasury pays out. The budget document always computes these combinations for tables especially designed to show the *overall* federal spending for given functions. But this is only an informative section. There is a complete separation of the administrative and trust accounts in the basic tables of the budget. Here are summary figures showing the combined expenditure totals for 1968.

¹ [In billions]

Function	Administrative budget	Trust funds	Adjusted totals ¹
National defense.....	\$75.5	\$1.4	\$76.8
International affairs.....	² 4.8	.2	4.9
Space.....	5.3	(³)	5.3
Agriculture.....	3.2	1.2	4.1
Natural resources.....	3.5	.1	3.5
Commerce and transportation.....	3.1	3.7	6.9
Housing and community development.....	1.0	.9	1.8
Health, labor, welfare.....	11.3	37.1	46.6
Education.....	2.8	(⁴)	2.7
Veterans.....	6.1	.6	6.7
Interest.....	14.2	-----	⁵ 10.5
General government.....	2.8	(⁶)	2.7
Total.....	135.0	44.5	172.4

¹ Since the cash consolidated concept involves only payments to the public, intragovernmental funds are deducted, along with other adjustments.

² Includes \$1.9 billion for "Food for Freedom."

³ \$2 million.

⁴ Offset of \$31 million.

⁵ Reflects deductions of \$3 billion for interest paid to the trust funds and an excess of \$630 million in interest accrued over interest paid.

⁶ \$29 million.

Payments to the public, or the cash budget, thus combine the administrative and trust accounts. The ramifications of these two sets of figures have long been recognized by those knowledgeable in budgetary ways. But their concepts are often questioned by serious students and their totals have always been confusing to the public. And when the NIA budget figures² are also used, the three-budget complex presents a package truly formidable to understanding.

The President's proposal for an objective review of budgetary concepts is therefore most welcome—NAM supports this proposal and hopes that the bi-

² This development is largely the result of having transferred out of the regular budget to the trust funds large amounts of spending (highways for example) and of having gross loan operations accounted for in the public enterprise funds.

³ The national income accounts are *not* a budget, though they are often referred to as such. They are a series of economic interpretations of federal finance figures developed by the Department of Commerce.