Now, the question of whether a budget surplus or deficit is larger—you will see the variations in here. There has been a temptation, I presume, on the part of an administration, to either pick the administrative budget total or the cash, or——

Chairman PROXMIRE. They do it. The beginning of this year the President's emphasis was on the cash budget. That was the budget he emphasized again and again. Since we have had this terrific drive in the administration to get a tax increase, they have forgotten about the cash budget—NIA budget—all the emphasis is on the administrative budget. That is another reason I think your contribution is so helpful. You do not shift back and forth.

Mr. KENNEDY. We would like to bury these others completely. For the students who want a national income accounts picture, the budget we recommend would have a receipt-expenditure account total which would exclude the lending program for economic analysis purposes.

But that would not be the budget surplus or deficit. We have covered that quite clearly in a footnote—that whenever you speak of the Federal budget surplus or deficit, it is the total, including the lending programs, the trust funds, and the entire government.

Chairman PROXMIRE. Let me just say, in talking with members of the staff or committee, it is their view that this budget will do a better job than even the NIA budget in reflecting the effect of Government spending and taxing on the economy. This is very significant it seems to me. And I trust their judgment. I have not had a chance to study it as thoroughly as they have. But I think this is most important to this committee.

Mr. KENNEDY. We agree with that conclusion. And I think that the university economists will accept it.

Chairman PROXMIRE. I see you have Professor McCracken who is a fine economist. Were there other economists who discussed this?

Mr. KENNEDY. Yes. There was Paul McCracken, and Bob Turner, of Indiana, who formerly was at the Bureau of the Budget and I believe on the Council of Economic Advisers. And we had Carl Shoup, of Columbia University, and two or three others with economic background.

Chairman PROXMIRE. There was no difference on this opinion—that this would do a better job than NIA?

Mr. KENNEDY. No; it was unanimous. And I believe it was unanimous in the seminar in Brookings.

Could you comment on that, Mr. Lewis?

Mr. LEWIS. We did not put it to them in exactly those terms. But I think all the economists that I have spoken to and explained what we were doing, do agree. This has to do with the accrued expenditure recommendations. It is an improvement over deliveries and a basis for measuring economic impact.

Chairman PROXMIRE. As compared with the cash budget.

Mr. LEWIS. As compared to deliveries, which is the NIA basis. On the defense side, it means a prompter reflection of defense impact when the level of defense program is changing rapidly as it has been in the last couple of years. We would catch it much more quickly.

This budget would have shown in fiscal 1966, for example—from mid-1965 to mid-1966, which was a period of very rapid buildup in defense—it would have shown just on defense alone about $2 billion