higher a figure than the cash budget, whereas the NIA was below the cash budget.

Chairman PROXMIRE. My time is up. I am going to yield. I do want to point out, however, these figures I have reminded me right away that since the 1966 budget was in deficit $8.4 billion according to your figures, it would have been an early warning for cutting spending or increasing taxes then; 1967 would have been another reinforcing warning.

Mr. LEWIS. Could I make one more observation. It is a personal view that I would not want to be attributed to the Commission in any respect.

You asked how you might help in understanding. I think one thing that could be done is to emphasize not levels of surplus or deficit, but changes, and perhaps even better changes in the full employment version of the surplus of deficit as a far better indication of what the budget is doing to the economy. I think actually if one does that for the present fiscal year, fiscal 1968, on a quarterly basis, and particularly if you make some adjustment for this accrual business on defense, you come up with a somewhat different picture of what the budget is doing to the economy during this fiscal year.

As I see it, the budget deficit reached a peak in the second quarter of calendar 1967, and—without a tax increase—is exerting a steadily more restraining influence. Whether it is enough or not, I would want to——

CHAIRMAN PROXMIRE. Very interesting. Confirms my dogmatic prejudice.

Mr. LEWIS. Whether that is enough I am going to beg off answering. But that is the direction of the effect of the budget right now.

Chairman PROXMIRE. Congressman Curtis?

Representative CURTIS. The second recommendation that I wanted to discuss a bit I am happy to say has been discussed by my colleagues—namely, No. 13, "The Commission strongly recommends against a capital budget," et cetera.

I am very disappointed in that recommendation, I might say—to show my prejudices right off. But I am curious to know whether there were any other arguments advanced against a capital budget other than the ones that you gave, namely, that it would be misused to encourage investments as against current purchases of goods and services—expenditures for bricks and mortar, instead of education. If that is the reason, that is a political reason. That is not an economic or an accounting reason. It may be a legitimate political reason, but it reminds me somewhat of the argument used by the AFL–CIO against having jobs-available statistics. They said people would misinterpret them. I would hate to think that this Commission was not recommending a capital budget because they felt that Congress or whoever in the society would misinterpret in the sense that they would not understand that investment in education, and training, is indeed a capital investment, too. But were there any other reasons advanced?

Mr. KENNEDY. We gave very careful consideration to this matter. Will there be a staff paper in this later publication?

Mr. MAYO. There isn't a great deal further that will be forthcoming on this particular angle of it. I might mention, however, that on page 34 of the Commission's report it is noted "* * * that a number of foreign countries which previously used capital budgets have abandoned the