

practice, and that in other countries, where the semblance of a capital budget is maintained, the division of transactions between those which go 'above the line' in the regular budget and those which go 'below the line' in the capital budget has become so arbitrary as to make the result virtually meaningless."

Mr. KENNEDY. We did have considerable time devoted to this question. We found little or no support among the Commission people for a capital budget for the reasons stated in the report. Also, from an individual personal opinion, I see problems on the practicalities of trying to work out the detail of what is a capital investment, the detail of trying to amortize and the schedules that you might have, the loss problem involved, and the fact that this is not the same as a business that is producing something.

Representative CURTIS. Why isn't it?

Mr. KENNEDY. Well, take the Government buildings here. They are wonderful to look at. They are useful. They are needed. You have to have buildings in which to staff your people. But it is an expense. And they are not going to be sold. They are going to be expanded.

Representative CURTIS. I think good cost accounting is the very reason. How you can have cost accounting without that? In fact I have a bill in to have the Federal Government pay in lieu of local taxes for the real estate and the improvements that they have on them for good cost-accounting reasons. I think it would be extremely helpful. And that does not mean there cannot be esthetic values in them too. Business certainly doesn't just put up their office buildings with a disregard for good architecture and innovation. In fact I think some of the great architecture is performed in the private sector. I would put the private sector up against the public sector in the field of architecture any day of the week.

But let's get back to economics.

Business of course could not operate without a balance sheet. I do not think they can. And the Federal Government in effect has no balance sheet. And yet—I brought with me work that one of our committees has been doing over a period of years. This is their latest I think.

"Federal real and personal property inventory report as of June 30 1966," which does exactly this. It needs improvement of course. But they give our total inventory values on real estate 1966—it is a total of \$347 billion—and a breakdown of what it is; an attempt to give the market value in real estate and so on.

Now, so much of our budget, even the administrative budget, is lost because we do not have this kind of thing. Let me illustrate: From "the Budget of the United States Government—1968" in table 13 "Sources of Receipts," on page 65, under "Miscellaneous Receipts," we have \$519 million in 1968. The year before, \$1,073 million, the year before \$650 million—it is called "Seigniorage and bullion charges." What it is is the disposal of capital assets of the United States; namely, silver. Now, this is a capital asset that we have sold. And yet it shows up here only in that fashion. It does not show what our net position is. And this is true of our total inventory.

To give a plus item, though, that is often forgotten, in this table, on page 66, one of the biggest items in the "Miscellaneous" is \$2,175 billion for 1968—it was \$1,850 million in 1967—deposits of earnings of the Federal Reserve System.