

REPORT OF THE PRESIDENT'S COMMISSION ON BUDGET CONCEPTS

THURSDAY, NOVEMBER 2, 1967

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON ECONOMY IN GOVERNMENT
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room S-407, the Capitol, Hon. William Proxmire (chairman of the subcommittee) presiding.

Present: Senators Proxmire and Percy; and Representatives Rumsfeld and Griffiths.

Also present: John R. Stark, executive director; James W. Knowles, director of research; and Donald A. Webster, minority economist.

Chairman PROXMIRE. Today the subcommittee resumes its hearings on the report of the President's Commission on Budget Concepts. On Tuesday, the day before yesterday, the subcommittee heard a highly competent analysis of the Commission's recommendations from Mr. David Kennedy, Chairman of the President's Commission, and his able assistants, Robert Mayo and Wilfred Lewis, Jr. I think my associates on the subcommittee who took part in the hearing will agree that it was a most enlightening day.

Today we are privileged to have two distinguished witnesses. Unfortunately, one, Mr. Stans, is kept away because of weather. We will, of course, make Mr. Stans' statement a part of the record of today's proceedings.

Today's witnesses are eminently qualified to advise us on the budget. The papers of both are very competent and stimulating. They are Mr. William M. Capron, former Assistant Director of the Bureau of the Budget under President Johnson, and Mr. Herbert Stein, an outstanding economist who has always impressed the Joint Economic Committee, not only with the range of his knowledge of economics, but with his wisdom and judgment as well.

I am going to ask Mr. Capron to lead off, and then Mr. Stein.

STATEMENT OF WILLIAM M. CAPRON, STAFF MEMBER, THE BROOKINGS INSTITUTION, AND FORMER ASSISTANT DIRECTOR OF THE BUREAU OF THE BUDGET

Mr. CAPRON. Thank you very much, Mr. Chairman.

I should emphasize the disclaimer in my written remarks that I am speaking only for myself. This refers not only to the fact that I am not speaking for the Brookings Institution—which, incidentally, should be clear to anyone who listens to me and then listens to Mr.