

Stein, since we do not agree on all points—but also that I am not speaking for the present leadership of the Bureau of the Budget.

It is a distinct pleasure and honor to appear before this Subcommittee on Economy in Government of the Joint Economic Committee to discuss the report of the President's Commission on Budget Concepts. I am confident that this report will take its place as one of the landmark events in the development and improvement in the use of budgeting as a key device in the formulation and management of Federal Government programs.

In the remarks that follow I will raise some questions with regard to certain features of the Commission report, and therefore wish at the outset to record my admiration for the job done by this Commission and my fundamental endorsement of almost all of their key recommendations. I hope this committee will keep in mind my basic agreement with the Commission in the remarks which follow.

I have heard no dissent from the view that congressional and public understanding would be greatly facilitated if only we could find a single set of accounts—and totals—which we can all agree to call the budget. The Commission has responded to this desire by proposing a single “unified budget” and urged that henceforth we all reserve the term “the budget” to refer only to the set of summary accounts recommended by the Commission. Unfortunately, however, as the Commission quite properly recognized, “the budget” serves several significant but distinct purposes and these diverse purposes cannot be served by a single accounting total. For example, as an economist I am most interested in the analysis of the economic impact of the Federal Government's program. I and others with this interest will focus our primary attention, though not, I must emphasize, our sole attention, on one of the “budgets” included in the “unified budget” proposed by the Commission: the “Receipt-expenditure account (excluding net lending).” I suspect that if an economist was told that he would be given only *one* number indicating the President's proposed program, he would choose the “expenditure account surplus or deficit”—as defined by the Commission—since no other single number is more relevant to assessing the fiscal impact of Federal activity. It is not surprising that this is so, since the “subbudget” from which the number is derived is conceptually very close to the NIA budget—the national income accounts budget—which economists in and out of Government have in recent years relied on heavily in fiscal policy analysis. It should be pointed out that serious analysis of Federal activity vis-a-vis the economy requires one to consider in addition Federal lending programs, Federal financial operations, and the sectoral impact of all programs. From this point of view, “the budget” is not a very useful tool. Rather, one must analyze in depth many numbers in and out of the budget having to do with Federal activities.

The basic conceptual similarity between the Commission's “expenditure receipts” subbudget and the NIA budget rests on two key points: the Commission “spending budget,” like the NIA budget, *includes* trust fund activities and *excludes* Government lending activity. From the standpoint of assessing the overall economic impact of Federal activity, this inclusion and exclusion makes sense. With regard to trust fund outlays and receipts, they are indistinguishable from important activities which operate through the regular appropriation-