

employment budget surplus concept was developed a few years ago." Of course, the Committee for Economic Development explained this concept 20 years ago and has used it continuously since. Beardsley Ruml wrote about the idea even earlier and some antecedents can be found in the 1930's.

Defining what should be included in the budget is essentially a matter of giving yes or no answers to questions which can at best be answered only more or less. Such decisions are always open to disagreements which cannot be resolved. But someone must make the decisions if there is to be a budget, and I am not dissatisfied with the decisions the Commission has made. Fortunately from my standpoint, a great many of these decisions are not very important. Some of them only affect the distribution of transactions among time intervals too short for fiscal policy to distinguish. Others seem to be concerned with meaningless questions, like how big is the Federal Government.

The point with which I would like to close is one I have made earlier. The important questions about the definition of the budget cannot be answered without some prior decisions about the nature and goals of budget policy. Here as elsewhere the medium is the message. The budget document is not just an instrument to assist us in carrying out whatever budget policy we decide to carry out. The budget document influences what the budget policy will be—it predisposes policy in one direction or another. The major changes of budget concept in the past 35 years were not initiated by statisticians or accountants who discovered a way to present the facts more clearly and accurately. They were initiated by people who wanted to support particular budget policies. To give a current example, the President's rediscovery of the administrative budget this summer is surely related to the desire for a tax increase. So what we must ask about a proposed definition of the budget is not "Is it true?" but "What will it do?"

Chairman PROXMIRE. Thank you, gentlemen, both of you, for very stimulating papers.

I take it, in the first place, that both of you gentlemen do support this proposal. And although each of you have serious reservations, especially Mr. Stein, you feel that it would be in the interest of the public and the Congress if we adopt it.

Mr. CAPRON. Yes, sir.

Mr. STEIN. Yes, I agree.

Chairman PROXMIRE. Mr. Capron, discussing the economic impact of the budget, you raised some questions, it seemed to me, as to whether or not—at least raised it in my mind—as to whether or not this budget provides a better framework in any of its parts for an analysis of the impact of Government fiscal policy on the economy than the NIA budget.

I take it that you did not conclude in your paper, you did not opt clearly and specifically for the new budget proposal.

How do you feel about that?

Mr. CAPRON. I think in one particular the proposed budget, the expenditure or spending budget as I call it as a shorthand identification, is better than the NIA budget, and that is the strong recommendation of the Commission that the Government move to an accrual basis, because I think that this does represent a distinct improvement over the NIA budget—since in overall impact analysis