

I do feel that the Commission's recommended treatment here just makes a great deal of sense.

Now, I fully agree that explaining a changed definition of the debt is going to be difficult, because it is a subject that has a great deal of mythology connected with it and I am sure that there will be some very vocal critics who will say that this is some more of the "finagling" that is taking place to make things look better than they really are. And I think that this can only be done—and in this case it does require, of course, congressional action—if the Congress decides it wants to do it and then makes a special effort to explain this to the public and to defend it.

Chairman PROXMIRE. All right. I want to come back to this. My time is up.

Congressman Rumsfeld?

Representative RUMSFELD. Mr. Stein, you favor the Commission's report but have some question as to whether it will really accomplish what they hope it will accomplish in terms of public understanding. But you feel it is a very close question. It is a net plus. Is that about right?

Mr. STEIN. Well, I think it is a net plus. I think that if their recommendations are followed we are still going to have two numbers floating around. and when the budget message comes out, we are going to say, well, the deficit is \$5 billion, but it is really \$7 billion, or it looks like seven but it is really five.

I think if they are concerned about confusion, that is going to persist. I think the essential implication of the deficit is what is it the President or the Congress will be talking about when they talk about balancing something. Or if the President comes in and says, we have to have a tax increase, because otherwise the deficit will be \$x billion, that is the one—whichever of these definitions he uses, that will be the significant deficit. And I think I would have preferred for them not to have shown these two parts, but to have shown what they call their total budget, to show a total of expenditures plus lending and a total of receipts and a total deficit—not to have made the distinction between expenditures and lending.

Representative RUMSFELD. The Commission, of course, did not cover all subjects relating to this. They fairly narrowly construed their mandate and did, I think, a reasonably good job in that area.

Your point, however, Mr. Stein, is, of course, important, that decisions in these areas reflect policy positions, or policy questions.

Take, for example, this problem of interim reporting or forecasts for the coming periods. The Commission report touches on it.

One of the problems that I feel is important is that the value of the budget is rather seriously reduced when estimates of expenditures and receipts prove as inaccurate as they have in recent years.

Now, while they have not addressed themselves to that directly, do you feel that this budget will have any effect on the forecasts of reporting question? Or do you have any suggestion as to how forecasting can be improved?

Mr. STEIN. I think the causes of error in forecasts are not dealt with in the subject of the definition of the budget. I do not think there are any obvious solutions. These forecasts are being made by people whom I regard as highly competent and experienced, and then are just things that are hard to forecast, including the Federal budget.