is better reflected by the expenditure account, but this would not be the figure that they would want to have the Congress rely on as the deficit or surplus.

Mr. STEIN. I do not know whether they can ride both of these horses at once. That is how we get into this problem, by trying to ride too many horses. And I think if they insist on saying, well, it is really this expenditure account that is important in terms of economic impact, and if you think: Do we have to balance the budget as an expenditure account; do we have to raise taxes because of something that is going on in the expenditures account, this other total is going to disappear. Nobody will pay any attention to it. Why should Congress pay attention to it if they are told that no matter what you do on the total it is the expenditure accounts that matter.

Chairman PROXMIRE. You have a lot more faith in the rationality of man than I have. Why should people pay attention to the administrative deficit and surplus? They do because the President decides he wants to use it.

Mr. STEIN. Well, sure.

Chairman PROXMIRE. The same thing will be true here.

Mr. STEIN. The budget will be, in the end, whatever the President says it is and uses consistently as the budget. What I think is that this formulation is set up in a way which invites the President to focus his attention on the expenditure accounts because that is what they will tell him he should make his fiscal decisions on and that that will become the budget.

Mr. CAPRON. Could I enter a note here?

Chairman PROXMIRE. Yes.

Mr. CAPRON. In my own statement to the committee I said that I, as an economist, concerning fiscal policy impact would probably pay primary attention to the expenditure account, but let me be clear what that means and does not mean.

Suppose we take your example of a college housing program. And suppose a part of the President's program recommended a large expansion of this program.

I would certainly want to reflect this recommendation in my analysis, but I would pick it up on the basis of my estimate as to when college housing was actually going to be constructed. Because it is the construction outlays by the universities and colleges that count—and this is another way of making the point that Mr. Stein was making; namely, that the timing impact of most expenditure programs and lending programs is somewhat different.

Obviously the economic impact of the lending program has to be built into your analysis if you are to have a forecast that makes any sense. So I would pick this up in the construction account of the national accounts.

If I thought there was going to be a very rapid expansion in construction as a result of the college housing program, I would certainly want to reflect that.

Chairman PROXMIRE. College housing is a dramatic example of this point.

Mr. CAPRON. Yes, sir.

Chairman PROXMIRE. And I think we can show it by the two options we have before the Housing Subcommittee of the Banking and Currency Committee this year.