

suggested particularly that the objectives of budget reform should be—

- (1) the simplification of the budget document and figures to the maximum extent feasible;
- (2) consistency in treatment of similar items;
- (3) completeness; to reflect fully the Government activities and financial condition; and
- (4) establishment of a statement of budget principles, standards and criteria for application to new and changing conditions.

The ultimate purpose of these objectives would be to produce a document which would not only be more understandable to the public, but which also would be more useful to the Congress.

With all that as background, I am pleased to tell this committee that, with only a few minor reservations, I endorse enthusiastically the Commission's report and its conclusions. It is an admirable answer to the need. It makes proposals that, if given effect, would clear up most of the confusion surrounding government finances. It offers general policies and guidelines that can influence for good the treatment of new budgetary developments that may arise in the future.

Specifically, I endorse these conclusions and proposals:

- (1) The concept of a single unified budget in place of the three present budgets;
- (2) The conclusion that sales of participating certificates are a means of financing the budget and should not be treated as a reduction of expenditures;
- (3) The conclusion that seignorage on new coins does not provide income to the budget but should be treated as a means of financing;
- (4) The proposal for ultimate use of the accrual principle in measuring budget expenditures;
- (5) The condemnation of any type of separate capital budget;
- (6) The suggestion that subsidies in loan programs be separately identified;
- (7) The proposal that the means of financing a budget deficit be indicated in the budget summary, and that it be accompanied by an inclusive statement of government and agency debt;
- (8) The proposal that receipts of government business-type enterprises and government loan programs be netted against the expenditures to which they relate; and
- (9) The various proposals (ch. 8) for improvement in public information about the budget, especially the disclosure of long-range budget projections.

These fundamental improvements, and others outlined in the report, are logical and sound, and are consistent with accounting and budgeting practices of American business.

Having thus expressed wholehearted approval of the report and its recommendations, I feel nevertheless that I should also state a few concerns about the results which would derive from their adoption. In no sense are these questions a subtraction from the highly commendable forward-looking character of the report.

(a) Somewhat more emphasis ought to be given to special disclosure of nonrecurring or abnormal items in the budget, and to the effects of changes in timing of transactions or changes in accounting procedure that affect comparisons. The Commission acknowledges that