

the budget "should continue to call attention" to such items, but I believe they should also be summarized and tallied so that the total abnormalities in any one budget are clearly evident.

(b) For more public knowledge of Government contingencies, it would be desirable if the budget document contained two additional tables: (1) a summary disclosure of all contingent liabilities of the Government on guarantees and insurance (the Commission deals only with those guarantees and insurance applicable to loans) and (2) a summary disclosure of the enacted future commitments of the Government to be met in succeeding years (veterans pensions and compensation, social security benefits, retirement benefits and similar obligations for past services, on an actuarial basis) and other contractual commitments (ship subsidies, housing subsidies, "soil bank" contracts, unfunded costs of completing public works, unobligated and obligated balances of previous appropriations, and so on). All these items constitute built-in factors for future budgets and knowledge of their size and impact from time to time, and of their growth, is important to evaluation of budgetary trends.

(c) I doubt that the results secured by recording tax revenues on the accrual basis will justify the effort involved in getting the figures or that accrual revenues will provide any better reading of budgetary significance than the actual cash receipts.

(d) The separation of loan account disbursements and repayments has one potential danger. I foresee the probability that advocates of greater Government spending will contend that the real Government deficit is the one before net lending expenditures are deducted rather than after, since the loans will eventually be repaid. This would be a fallacious conclusion, since the current net outlay for loans must be financed by the Government, but it will nevertheless have appeal to some. At the least, the Commission's conclusion that "whenever the term 'surplus or deficit' is used, it refers to the total budget" needs heavy emphasis. I would prefer not to see the loan transactions segregated in this manner in the budget summary.

(e) Most troublesome to me of all items in the report is the complete submersion of the trust fund accounts. The increases or decreases in trust reserves or liabilities will be included in the single figure of budget surplus or deficit. Two examples will explain this concern. First, whenever old age insurance taxes are raised there may be a period in which receipts substantially exceed outgo; such excess would reduce the budget deficit for that period. Alternatively, there may be a while when outgo from the old age insurance funds exceeds receipts, and in such case the excess would increase the budget deficit. This practice, I believe, destroys the last vestige of the early concept of this as an insurance program, backed by an accumulated fund, and accepts old age benefits as a current tax-and-pay operation. This conclusion is accentuated by the related proposal to eliminate from Government debt figures the amounts held by the trust funds. Second, it treats as normal Government revenues some types of trust fund receipts that are clearly additions to reserve liabilities. I refer to amounts received from banks and savings and loan institutions for deposit insurance, and amounts collected from Government employees or railroad employees for retirement benefits. I doubt that it is right to include such receipts as Government revenues and their annual net fund increases as reductions of the budget deficit.