

CHAPTER 2

PURPOSES OF THE BUDGET OF THE UNITED STATES

The budget is the key instrument in national policymaking. It is through the budget that the Nation chooses what areas it wishes to leave to private choice and what services it wants to provide through government. When enacted, the budget expresses the decisions of the Nation's elected representatives as to which government services should be provided at the Federal rather than the State or local level; through what programs and instruments; and at what level of activity and cost. And the budget serves as the principal instrument of fiscal policy for ensuring the prosperity, stable growth, and high employment of the American economy.

Budget formulation is a highly political exercise in the American democratic system, and it should not be otherwise. It is therefore essential that the budget be understandable, at least in broad outline, to as many of the public and their elected representatives as possible. Wise fiscal policy and wise choices for individual Federal programs depend, in the final analysis, on public and congressional understanding of the budget. Public understanding of the budget, and closely related topics of specialized information on Government plans are, in the Commission's view, of sufficient importance that one whole chapter of this Report—Chapter 8—is devoted to these matters.

While the public cannot be expected to become familiar with all the details and intricacies of the budget, it must be able to participate intelligently in the big decisions that come to focus there: the overall size of government; the relative emphasis on different government programs and activities intended to benefit the Nation; the efficiency and effectiveness of major government programs in the light of their intended purposes; the need for tax increases or the opportunities for tax cuts; and fiscal policies designed to promote national prosperity.

To meet these major objectives of public policy, and to provide the most effective instrument for managing these vital national affairs, the Commission believes that the Federal budget can and should be presented within the framework of a unified budget system and that the Government accounts should provide support readily for the budget.

The Commission recommends—and this is its most significant recommendation—that a unified budget concept, such as described in this Report, with complementary rather than competing concepts, be adopted;