The Commission points out, however, that if the *high employment surplus* is to be used as a measure of budget impact in a period when demand is strong and prices rising more than normally, some allowance for the effect of rising prices on budget revenues should be made to avoid understating the stimulative impact of the budget.

The Commission understands that the high employment surplus calculation is only an approximate indicator of fiscal impact, and can be, at best, only part of the information taken into account in determining fiscal policy requirements for stable growth. In considering the total economic impact of the budget a separation of direct loans from other expenditures is important. It is also necessary to take into account many factors which cannot be fully reflected in any measure of budget surplus or deficit. One of these factors is changes in the amounts of Government guaranteed and insured loans outstanding. There is an increasing trend toward providing such incentives to private credit, instead of making direct loans, to further public programs. Another important factor is how much, in total, the Government plans to borrow and how this borrowing is to be accomplished. All in all, the analysis of the economic impact of the budget is not a simple matter and it should not be made to appear so by giving undue emphasis to a single number or set of numbers in the primary budget summary.

The Commission does not wish to try to specify in detail how the executive branch should go about analyzing the impact of the budget, how it should explain and justify its fiscal policy recommendation to the public, or the exact division of responsibility between the *Budget* and the *Economic Report of the President*. However, the Commission does believe strongly that the economic impact of the budget is so important that it should receive prominent attention in the budget document. One alternative is a relatively brief tabular statement in a section of the budget devoted to a discussion of the total economic impact of the President's proposals in as definite and commonly understood terms as possible. This discussion would, of course, be supported as necessary by more detailed treatment in the *Economic Report*.

### SIZE OF GOVERNMENT IN THE TOTAL ECONOMY

While less important than the two primary purposes of the budget, the Commission has also been influenced in its recommendations by the fact that the budget totals are commonly used to measure the relative size of government in the national economy. The budget totals should, therefore, lend themselves logically to this use. This is particularly relevant in connection with proposed rules for offsetting receipts against expenditures, which are discussed in Chapter 7. To state the Commission's recommendations in this regard only briefly at this point, the budget totals will be a more appropriate index of the relative size of government in the national economy if loan repayments and receipts which resemble business-type enterprise earnings, or returns on government property, are offset against the expenditures to which