budget. For example, the receipts and expenditures of the Comptroller of the Currency could more logically be regarded as trust fund receipts and expenditures since they reflect clearly governmental functions. The Comptroller of the Currency receives assessments from national banks and uses those receipts specifically to examine and otherwise supervise the activities of those banks.

TRANSACTIONS TO BE INCLUDED IN THE BUDGET

With the outer limits of the Federal Government identified, questions remain about specific transactions to be included in the budget.

Payments to international lending organizations

The present administrative and consolidated cash budgets differ in their treatment of payments and subscriptions to various international *lending* organizations such as the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. The cash budget records only payments of cash to these organizations as expenditures, while the administrative budget also counts as expenditures the issuance of notes in lieu of checks (these notes are part of the public debt as presently defined). As with budget expenditures generally, neither budget includes the issuance of letters of credit, even irrevocable letters, as expenditures. In the case of subscriptions to international organizations, the exclusion of letters of credit from budget expenditures has given rise to certain anomalies on occasion, such as large negative expenditures in the administrative budget when letters of credit have been issued to replace noninterest-bearing notes held by these institutions.

After consideration of the nature of the transactions of the Government with these international organizations, it is the Commission's view that:

The issuance of debt instruments to the international lending organizations should be eliminated, and the United States' unpaid obligation to such organizations should be covered by open book balances, as in the case of other obligations, or by letters of credit; if these steps are taken, the budget will then record as an expenditure only the payments of cash to the organizations.

This treatment appears to best describe the economic character of transactions with international lending organizations and the best coincides with recommended treatment of like expenditures in the domestic economy. Moreover, it is consistent with the Commission's recommendation on the definition of Federal borrowing discussed in Chapter 6. In effect, the Commission regards the present outstanding notes and letters of credit as only an unpaid obligation or contingent liability, rather than as a payment which has already been made and which in turn has increased the Government's formal debt.