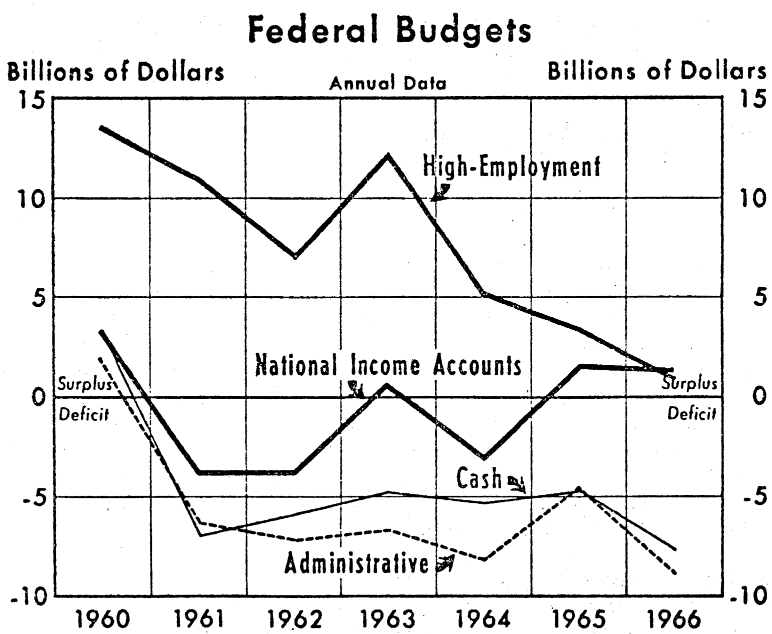

Sources: U.S. Department of Commerce, U.S. Treasury Department, Council of Economic Advisers, and Federal Reserve Bank of St. Louis
Latest data plotted: 1966 estimated by this bank

On an *administrative budget* basis, the deficit rose from $4.6 billion in calendar 1965 to an estimated $8.9 billion in 1966. (See table on p. 548.) This budget is the basic planning document of the Government but has serious shortcomings as a measure of impact on the economy (as noted below in the discussion of other budgets). Expenditures are estimated at $119 billion in 1966, up 17 percent from $101 billion in 1965. Spending for national defense, reflecting the acceleration of war in Vietnam, rose from about $53 billion in 1965 to an estimated $65 billion in 1966. Other outlays increased from $49 billion to roughly $54 billion, reflecting pay increases to Government employees and other price increases and new welfare programs. Net budget receipts increased from $97 billion in 1965 to an estimated $110 billion in 1966, or 14 percent, as incomes and profits rose, excise tax rates were increased, and tax collections were accelerated in a move toward a pay-as-you-go system.

The *consolidated cash budget* also indicated a greater net Government deficit in 1966 than in 1965, rising from $4.5 billion to an estimated $7.5 billion. The cash budget, which includes the activities of Government trust funds, provides a broader measure than the administrative budget of the cash flow between the Government and other sectors of the economy. Cash receipts of the Government rose from $123 billion in 1965 to an estimated $145 billion in 1966, 17 percent. Higher social security tax rates were a factor causing the greater rise in receipts on a cash basis than on an administrative basis. Cash payments to the public went up 19 percent, from $128 billion in 1965 to an estimated $152 billion in 1966. Medicare payments and more