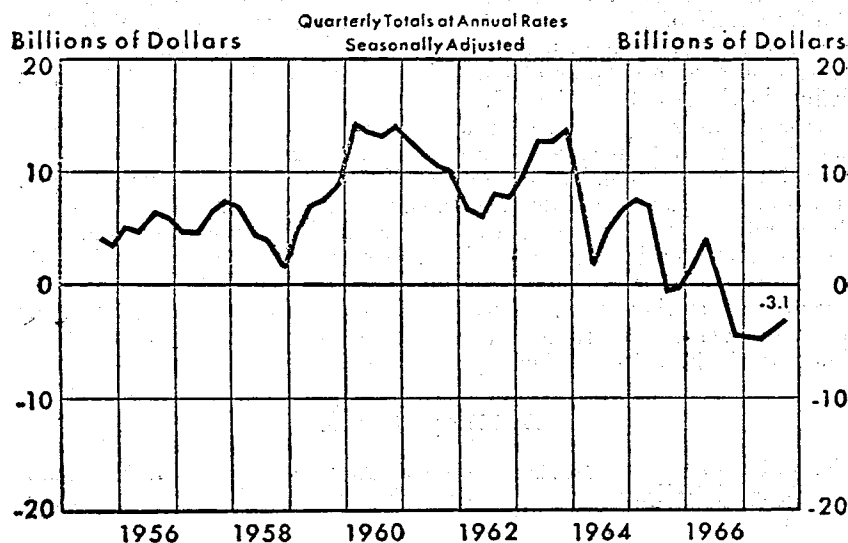


For the year 1966 the NIA budget ran a small \$0.2 billion surplus, and since the economy was at full employment the high-employment budget showed the same result.⁸ On this high-employment basis, this small budget surplus in 1966 indicated the most stimulative budget in more than a decade. The high-employment budget ran about an \$8 billion average surplus from 1961 to 1965.

The stimulative budget situation in 1966 was accompanied by very restrictive monetary actions after April. The money stock showed little change from then to late fall. With loan demand fueled by rapid growth in total demand for goods and services, interest rates rose rapidly until September.

High-Employment Budget

(+) Surplus; (-) Deficit



Sources: U.S. Department of Commerce, Council of Economic Advisers, and the Federal Reserve Bank of St. Louis

Latest data plotted: 1967 estimated for half years by Federal Reserve Bank of St. Louis from Fiscal 1968 Budget

⁸ For further discussion of the high-employment budget, see the appendix.