

BUDGET PROGRAM FOR FISCAL 1967-68

The economic outlook for 1967 depends in large measure on the course of recent, present, and future monetary and fiscal developments. Such developments in turn are influenced by the unfolding of economic events. A forecast of economic conditions and policy must take into account this simultaneity. Presumably the Council's forecast is based on this simultaneous interaction. This section discusses in some detail the budget program for the 18-month period ending June 30, 1968, and examines budget policy in light of expected economic and monetary conditions.

THE BUDGET PROGRAM: A FACTUAL SUMMARY

Budget plans for the next 18 months indicate a larger average deficit than in calendar 1966. This conclusion obtains for the national income accounts budget, considered to be the most complete and reliable measure of the Federal Government's activities and their economic impact.

The following summary of the fiscal program for the remainder of fiscal 1967 and fiscal 1968 is presented as general background and centers on the NIA budget. Fiscal year figures are given because the budget document is presented on that basis.

New obligatory authority. Obligatory authority on a cash budget basis, i.e., authority provided by Congress to obligate the Federal Government to pay out money, increases to an estimated \$194.2 billion in fiscal 1968 from \$190.4 billion in fiscal 1967. This fiscal measure is considered by some to be a key variable in any analysis of the Federal budget.⁹ The reason for this is that expenditures must be preceded by granting of obligatory authority by Congress.

The \$3.8 billion increase in obligatory authority planned for fiscal 1968 compares with an increase of \$27.3 billion in the previous fiscal year. Last year's January budget plan (i.e., for fiscal 1967) called for a \$3.5 billion increase in new obligatory authority. These plans went awry, partly because of supplemental appropriations requested in January 1967 for Vietnam, but also because of larger-than-expected appropriations for housing, community development, health, education, and welfare.

Expenditures. Federal NIA expenditures in fiscal 1968 are estimated to increase 10.2 percent over fiscal 1967, which in turn is expected to be 16.1 percent above fiscal 1966. Fiscal 1967 expenditures are estimated at \$153.6 billion, 7.6 percent above the figure projected a year ago for the fiscal 1967 period.

⁹ See the writings of Murray L. Weidenbaum, e.g., "The Timing of the Economic Impact of Government Spending," *National Tax Journal* (March 1959), pp. 79-85.