

In sum, the overall fiscal program is designed to provide continued economic expansion at a sustainable level. With this program, we are estimating that the GNP will rise by 6½ percent in this calendar year—including a more moderate price increase than last year—around 2½ percent—and a real growth rate approaching 4 percent, which is a reasonable target rate of increase when the economy is already operating at high levels of employment.

Budget totals: Table 1 (below) shows the totals in the 1968 budget in terms of the three major Federal financial measures currently in use: the national income accounts, the consolidated cash budget, and the administrative budget.

TABLE 1.—*Budget totals, fiscal years 1966, 1967, 1968*

[In billions of dollars]

	1966 actual	1967 estimate	1968 estimate
National income accounts budget:			
Receipts.....	132.6	149.8	167.1
Expenditures.....	132.3	153.6	169.2
Surplus (+) or deficit (—).....	+ 3	—3.8	—2.1
Consolidated cash budget:			
Receipts.....	134.5	154.7	168.1
Expenditures.....	137.8	160.9	172.4
Deficit (—).....	—3.3	—6.2	—4.3
Administrative budget:			
Receipts.....	104.7	117.0	126.9
Expenditures.....	107.0	126.7	135.0
Deficit (—).....	—2.3	—9.7	—8.1

The committee will be particularly interested, I believe, in the emphasis given to the national income accounts budget in this year's budget message. As I noted earlier, it is the best overall measure of the Federal Government's activities for purposes of analyzing the flow of national income and output. When economists forecast the GNP, they have to translate the administrative and cash budgets into the national income accounts framework. Since its first Economic Report, the Council of Economic Advisers has published Government data on an NIA basis. Starting in 1962, the budget message of the President each year has published forward estimates of budget expenditures and receipts on an NIA basis, along with the more conventional administrative and consolidated cash budgets. This year the President took a further step and placed the central emphasis on the NIA budget in that part of his budget message dealing with overall fiscal policy.

As you know, the NIA budget differs from the administrative budget in several ways, the three most important of which are:

First: it *includes* the receipts and expenditures of the trust funds, since these, which now run well over \$40 billion, have a significant effect on the level of economic activity.

Second: it *excludes* payments and receipts from loan transactions since these represent exchanges of financial assets, rather than additions to or subtractions from the stream of income.

Third: it counts revenues when the tax liabilities are *accrued*, rather than when the taxes are actually *collected*, in line with the way in which private income statements are generally kept.