

controllable, such as interest on the public debt, public assistance, and veterans compensation and pensions. Another \$15.3 billion, or 11 percent is required to make payments on contracts or other obligations incurred in prior years. Thus, we find that only about 11 percent, or \$14.9 billion, of the budget may be considered "controllable." Or, if one wishes to exclude both the effect of the sale of assets on budget expenditures and the proposed pay increases, the relatively controllable portion equals \$19.2 billion, or 14.2 percent. Even in this category, the margin for decision is limited since it includes programs which must be carried forward and which normally have growing workloads as our country grows; for example, operation of the Nation's airways, maintenance and improvement of our national parks, collection of taxes, and law enforcement.

EXPENDITURE TRENDS

Given the restraints involved, within the area of discretion, the President's policy—as I said earlier—has been to expand selectively what might be termed "major social programs." Economies, savings, and reductions have been provided wherever possible to hold down the total level. The effect of this policy on the budget is shown in table 3.

TABLE 3.—*Civilian administrative budget expenditures, fiscal years 1966–68*

[In billions of dollars]

	1966 actual	1967 estimate	1968 estimate	Change, 1967 to 1968
Total civilian.....	\$49.3	\$56.5	\$59.5	+\$3.0
Major education programs.....	2.8	4.0	4.6	+.6
Major health programs.....	2.5	4.3	4.8	+.5
Other major social programs:				
Welfare, labor, and economic opportunity programs.....	5.1	6.1	6.5	+.4
Housing and community development, regional development, and pollution control.....	1.2	2.0	2.4	+.4
Interest.....	12.1	13.5	14.2	+.6
Proposed pay increases.....			1.0	+1.0
Sale of financial assets.....	-3.0	-3.9	-5.3	-1.4
All other civilian expenditures.....	28.4	30.5	31.3	+.8

You will note from this table that of the total estimated increase of \$3 billion for civilian expenditures in the administrative budget, \$1.9 billion is provided for major social programs—education, health, welfare, manpower training, the war on poverty, community development, and the like. Fixed interest charges will increase by \$0.6 billion. This leaves an increase of \$0.5 billion for all other expenditures—made up for \$1 billion for the proposed pay increases and \$0.8 billion for all other civilian programs, offset by \$1.4 billion in proceeds anticipated from the sale of participation certificates and direct loans acquired under Government credit programs.

The pattern of expenditure changes I have just described is a continuation of a shift begun a few years ago toward increasing emphasis on investment in human resources and on improvement of the physical environment in which most of our people live. Taking the major social programs in table 3—and for the sake of convenience, I will use figures *net* of asset sales—the expenditures for these programs will comprise 26.4 percent of civilian administrative budget expenditures in 1968 compared with 16.4 percent in 1964.