Moreover, these programs account for almost 54 percent of the total increase in civilian expenditures between these two years. This percentage becomes 75 percent if we exclude the increases in outlays for interest on the debt and for the space program.

The increased emphasis on expenditures for such purposes as education, health, and manpower training represents just as much an investment in the Nation's future productivity as investments in machines and equipment—even though the normal rules of business accounting do not treat them as such. In my testimony before the committee last year I stressed the recent studies by economic analysts which emphasize the economic payoffs from such "intangible" investments. I feel very strongly that a proper evaluation of Federal activity must recognize the hardheaded commonsense of investing in the education, health, and skills of the Nation's present and future work force.

While increases have been provided for major social programs, the expansion is selective. Many of the appropriation requests included in the 1968 budget in these areas are well below the amounts authorized in substantive legislation. Moreover, proposals for starting new Federal construction projects in 1968 are being held well below the average of prior years.

For example, 9 new water resources projects are proposed for the Corps of Engineers, compared with the 58 new projects appropriated in 1967 and 4 for the Bureau of Reclamation, compared to 6 in the current fiscal year. The 1968 budget also provides for 8 starts by the General Services Administration on the construction of public buildings, compared with 33 starts appropriated in 1967.

BUDGET PRESENTATION

As is customary, I will conclude my remarks by mentioning briefly what I consider to be major improvements this year in the presentation of budgetary information.

As I have already pointed out, the 1968 budget message in discussing fiscal policy placed special emphasis on the national income accounts budget. To my mind, this new presentation represents a welcome step forward, since some of our more traditional budget concepts do not adequately portray the Federal Government's activities. But the national income accounts budget by no means solves all the problems of budget treatment and presentation. For example, while it is the best measure of Federal activities as they affect the current flow of income production in the economy—it does not yet have the backup detail needed for analyzing individual Federal programs, although we are moving in this direction. For example, this year for the first time we published a table in the budget showing a breakout of national income accounts expenditures by major program categories both for prior and forward years.

Over the years, spanning administrations of both parties, questions have been raised about the overall budget presentation and about the treatment of particular types of Government financial transactions, by this committee and others as well.

With these questions in mind, the President in his budget message has called for a thorough and objective review of budgetary concepts by a bipartisan group of experts in this field. This group will be asked