

An increase in the number of public housing units available for low-income families, and continued support for housing for moderate-income families and elderly individuals.

Expenditures for economically depressed areas and regions assisted by the Department of Commerce will almost double in 1968.

To combat water pollution, the budget includes \$203 million in 1968 for grants to communities to build waste treatment plants.

Research, development, and programs for water pollution control will be expanded significantly, and funds are provided for comprehensive attacks on the problems of pollution in entire river basins.

National defense.—Total expenditures for national defense are estimated at \$75.5 billion in 1968, of which \$21.9 billion will be used to support necessary operations in southeast Asia. This estimate provides for our future requirements as we now foresee events there, including a possible extension of hostilities beyond the end of the fiscal year. It also provides for the requirements of maintaining our superiority in strategic forces, for increases in the capabilities of our conventional forces, and for advances in our military research and development programs.

Other Federal programs.—Apart from fixed interest charges, proposed employee pay increases, and the planned sales of financial assets, the increase for all other civilian expenditures has been held to \$0.8 billion in 1968. This figure represents the net effect of various increases and decreases, two of which are particularly worthy of note.

First, expenditures of the National Aeronautics and Space Administration in 1968 are estimated to decline by \$300 million. We are planning new ventures in space, including an effective follow-on to the manned lunar landing and further unmanned space investigations. However, we are able to reduce overall expenditures because the major systems required for the manned lunar landing are progressing beyond the most costly phases of development. The recent tragic events in the Apollo program are now under intensive review, as you know, so it is too early to assess any possible impact on the manned lunar schedule or budget.

Second, net outlays for postal services will decline with enactment of the postal rate increase being proposed in the budget. This increase is required under the policy set forth in the Postal Policy Act of 1958 to provide improved postal services, to cover proposed pay increases for postal workers and largely offset the remaining postal deficit.

Chairman PROXMIRE. Mr. Schultze, first I want to commend you for the many good things in your statement and the work you have done. Your use of the "national income accounts" budget is a great improvement. This committee, I think, is particularly interested in the impact of the budget on the economy.

It is clear that the national income accounts budget is a much more comprehensive and accurate reflection of the effect of Federal spending and taxes on the economy than the administrative budget for the reasons you have indicated. At the same time, it takes courage for the President to do this, because it is a much bigger budget and it calls attention to the immense impact the Federal Government has on the economy more than the administrative budget does, but I think it is a good thing to do.