TABLE 3.—*Federal receipts and expenditures in the national income accounts*

[In billions of dollars]

BY NATIONAL INCOME ACCOUNT CLASSES

Description	1966 actual	1967 estimate	1968 estimate
RECEIPTS			
Personal tax and nontax receipts	57.9	65.5	76.8
Corporate profits tax accruals	30.7	32.3	35.3
Indirect business tax and nontax accruals	15.9	16.5	16.9
Contributions for social insurance	28.1	35.5	38.1
Total receipts, national income basis	132.6	149.8	167.1
EXPENDITURES			
Purchase of goods and services	71.7	83.6	91.9
Transfer payments	34.3	39.8	46.6
Grants-in-aid to State and local governments	12.9	14.8	17.6
Net interest paid	9.1	10.0	10.5
Subsidies less current surplus of Government enterprises	4.5	5.4	3.5
Total expenditures, national income basis	132.3	153.6	169.2
Surplus (+) or deficit (−), national income basis	+.3	−3.8	−2.1

EXPENDITURES BY FUNCTION

Function	1966 actual	1967 estimate	1968 estimate
EXPENDITURES			
National defense	56.5	68.3	74.1
International affairs and finance	2.8	3.1	3.2
Space research and technology	5.9	5.6	5.3
Agriculture and agricultural resources	3.7	3.7	3.7
Natural resources	2.4	2.7	3.0
Commerce and transportation	6.8	7.2	6.7
Housing and community development	.6	.8	1.2
Health, labor, and welfare	33.0	39.2	46.4
Education	2.2	3.3	4.0
Veterans benefits and services	6.2	6.3	6.7
Interest	9.8	10.7	10.9
General government	2.3	2.5	2.6
Civilian and military pay increases			1.0
Allowances for contingencies		.1	.4
Total expenditures, national income basis	132.3	153.6	169.2

NOTE.—For fuller explanation, see special analysis A (pp. 394–402).

When a nation's budget gets into such a condition, the first and foremost necessity facing the Congress is to subject every expenditure program to the most searching reexamination.

For, unless a determined effort is made by the Congress to check the proliferation of Federal spending, the foundations of our economy may be weakened. With public revenues increasing rapidly in these good times and the public debt still growing, there is a danger that scarce resources are being applied to projects of marginal or even doubtful value. Not only that, but the recent spurt in public spending is bound, sooner or later, to lead to higher taxes. This already happened last year and the President is now requesting additional tax increases.

I firmly believe that the main strength of our economy comes from the resourcefulness of private enterprise, and that we must guard against the weakening of incentives that occurs when an excessive portion of people's income is siphoned off in higher taxes. Only a short time ago this was also the belief of the Congress.