

twenty-year period. Whereas the growth of the debt in these two decades was 1.5 percent per annum, the annual increase in interest expenditures on it was 5.4 percent. For the 1960-68 period the rate of increase of the debt rose to 2.6 percent while the increase in interest expenditures jumped to 6.2 percent per annum.

The effect of government expenditures in excess of receipts is dramatically shown in looking at the magnitude of the interest on the federal debt which now ranks third in terms of total federal expenditures by function. Only national defense and health, labor, and welfare account for greater dollar expenditures.

Commerce and transportation.—Prior to 1960, expenditures in this budget classification were distributed over two other categories which also included items no longer encompassed in commerce and transportation. In 1948 outlays in the budget classifications Transportation and Communication and Finance, Commerce and Industry totaled \$1.0 billion. In the twenty-year period, expenditures increased over sevenfold, to \$7.0 billion in 1968—the combined figure for the administrative budget and trust fund. Expenditures reached a high of \$7.4 billion in 1965, edged downward to \$7.2 billion in 1967 and then fell slightly to an estimated \$7.0 billion for 1968. The rate of increase for the eight-year period 1960-68 was 2.2 percent per annum.

Programs in the commerce and transportation budget include: the collection and presentation of economic and demographic statistics; assistance to depressed areas for redevelopment; loans to small business; expenditures for air, water, and ground transportation; and postal services. Slightly more than one-half of the budget funds for this category are accounted for by the highway trust funds.

Veterans' benefits.—Payments to veterans of \$6.6 billion in 1948—the last of the high expenditure years in the early postwar period—edged up slightly to an estimated \$6.8 billion in 1968. After declining for four years beginning in 1950 they rose from \$4.3 billion in 1954 to \$6.8 billion in 1968—an annual rate of increase of 3.3 percent for this period. For the eight years 1960-68 the growth rate was 2.1 percent per annum. Expenditures of \$5.6 billion in 1966 increased to \$7.2 billion in 1967. They declined \$400 million in 1968 because of the sale of government-owned loan assets of the veterans' housing program. However, benefits for veterans can be expected to rise considerably as increasing numbers of younger veterans seek educational assistance and older veterans and survivors apply for health and income benefits already authorized by law.

Federal outlays in this category are for service-connected disabilities, life insurance, medical care, servicemen's dependents, and the veterans' rehabilitation and education and training programs.

Space research and technology.—From a modest expenditure of \$400 million in 1960, America's space program increased astronomically to a peak of \$5.9 billion in 1966. Prior to 1960, space expenditures were included in the defense budget. The annual growth rate for space spending in the eight-year period 1960-68 was 38 percent. Expenditures tapered off slightly after 1966—from \$5.9 billion that year to an estimated \$5.3 billion in 1968—as we passed beyond the peak expenditures for the manned lunar landing project and no new major programs were begun. Currently the space program is experiencing significant cutbacks by the Congress.

The space program is designed to achieve a manned lunar landing by 1970 and to develop and put into orbit manned space vehicles for scientific and engineering investigations. Although space spending is now primarily a nondefense classification, these outlays are undeniably related to national defense at least to some extent.

Agriculture and agricultural resources.—From an outlay of \$600 million in 1948, federal expenditures on agricultural programs (primarily commodity purchase and storage but also including the financing of rural electrification, telephones, and housing and conservation operations) increased to a combined \$4.8 billion in administrative budget and trust fund spending in 1968, a sevenfold rise which represents a 10.9 percent per annum increase. After reaching a peak of \$7 billion in 1963, agricultural expenditures declined at a rate of 12.2 percent per year to \$4.4 billion in 1967. The estimate for 1968 is \$4.8 billion. The decline in federal outlays has been due largely to the liquidation of surpluses to the Commodity Credit Corporation. It does not appear that a return to the peak of 1963 is likely in the next few years.

International affairs and finance.—Expenditures in this category were \$4.8 billion in 1948 and reached a postwar high of \$6.5 billion in 1949 reflecting America's extensive financial participation in the economic restoration of Western Europe. International affairs spending fluctuated downward after 1949 to a