

low of \$1.8 billion in 1960 before turning up and rising at an annual rate of 11.5 percent to an estimated \$4.3 billion in 1968. In this connection, it should be noted that our military commitment in Vietnam triggers increases in the so-called nonmilitary area. For example, one-half billion dollars of the 1968 estimate represents increased "nonmilitary" expenditures in Vietnam.

The international affairs budget includes economic, financial, informational, and educational activities under such programs as: the Agency for International Development, Peace Corps, Export-Import Bank, Food for Freedom, and the United States Information Agency. While rising budget outlays in recent years have resulted from the enlarging scope of activities performed by these agencies, AID authorizations and expenditures have been sliding noticeably.

Natural resources.—Federal outlays grew from \$1.1 billion in 1948 to an estimated \$3.5 billion in 1968, an increase of 5.9 percent per annum for the twenty-year period. Beginning in 1960 the rate of increase to date has been 9.1 percent per year. Natural resources spending grew \$400 million between 1966 and 1968.

Included among a broad range of federal programs in this area are expenditures for multiple-purpose land and water resource projects (e.g., providing electric power, water supply, and recreational benefits and serving flood control or irrigation purposes), pollution control, development of national seashores and recreation areas, and research into mineral production and utilization.

General government.—Federal expenditures in the general government classification increased from \$1.5 billion in 1948 to an estimated \$2.9 billion in 1968—an annual growth rate of 3.3 percent. Since 1960 the rate of growth has been 4.7 percent per year. General government expenditures rose from \$2.5 billion in 1966 to \$2.9 billion in 1968.

Outlays for general governmental activities cover mainly federal legislative and judicial functions, general administrative and fiscal activities, and programs for law enforcement and criminal justice.

Education.—From an outlay of about \$100 million in 1948, federal expenditures in education escalated to an estimated \$2.8 billion in fiscal 1968. While the annual rate of increase for this twenty-year period was 17.6 percent, the growth per year between 1960 and 1968 slowed down slightly, to a gain of 13.7 percent per year. Federal outlays for education increased from \$1.5 billion in 1965 to \$2.8 billion in 1966 and to \$3.3 billion in 1967 before dropping back to an estimated \$2.8 billion in 1968.

Federal outlays in education, embracing a broad spectrum of programs designed to improve and expand the quality of all types and all levels of education, have been heaviest in assistance to education of the disadvantaged and in federally impacted areas as well as in general aid for elementary and secondary schools and higher education institutions, and loans for college housing.

Housing and community development.—Federal administrative budget expenditures for housing and community development increased enormously from about \$100 million in 1948 to an estimated \$2.7 billion including trust funds in 1968. The annual growth rate for this twenty-year period was 17.4 percent and for the eight-year span, 1960–68, was 23 percent per annum. Combined expenditures of the administrative budget and the trust funds increased from \$3.5 billion in 1966 to \$3.9 billion in 1967 and then dropped to an estimated \$2.7 billion in 1968.

Ranging from land supplements and mortgage insurance to grants and loans for the preservation of open spaces and for beautification, these outlays also include allocations for urban mass transportation, water and sewer systems construction, and research on the problems of central cities.

Defense Expenditures

In 1948 a trend began toward higher government outlays in national defense which accelerated rapidly after the outbreak of hostilities in Korea in 1950. In the two decades beginning in 1948 defense expenditures increased from \$10.9 billion to an estimated \$80.9 billion in fiscal 1968—an annual rate of 10.2 percent. For the 1960–68 period the increase in national defense outlays from \$45.9 billion to \$80.9 billion represented a yearly growth of 7.3 percent.

Increases in defense spending during the past two years have resulted from the rising costs of the war in Vietnam. In 1966, for example, \$5.8 billion or 9.9 percent of the total defense spending was accounted for by Vietnam. The following year the cost of the war escalated to \$19.4 billion, 27.2 percent of the total defense expenditure that year. In January 1968 when the federal budget was released, the estimate of the cost of the war in Vietnam for the fiscal year was