hold a lower volume of farm price-support loans or they may require a higher discount rate on these loans than had been anticipated by the previous administration. In either event, Federal outlays would be higher than estimated. Also in the agricultural field, we are faced with $168 million of increased outlays on advanced payments under the feed-grain crop-diversion program. We have had to incur this unexpected expenditure because in our judgment the failure of the previous administration to announce this reduction publicly and well in advance imposed an unjust burden on those farmers who had been participating in the program.

Furthermore, past commitments may result in higher outlays this year, especially in such areas as highway construction. And also, receipts from offshore oil leasing—which are offsets against outlays—appear to be falling short of the Interior Department budget estimates.

We expect, of course, that outlays for some activities will fall short of the budget estimates. Revised estimates of the effect of removing Federal intermediate credit banks and banks for cooperatives from the budget when the Federal capital investment in them was retired indicate that the resulting reduction in outlays will be a little greater than estimated in the budget. In addition, lower than anticipated unemployment is likely to result in lower outlays for unemployment insurance.

I am confident that the budget review currently underway will produce other reductions in 1969, but I cannot define those at this time. Fiscal year 1969 is now nearly two-thirds over; so our ability to make substantial reductions in 1969 outlays is very limited. Nonetheless, we will not fail for want of trying. We are not looking for deferrals or stretchouts which would have to be made up later. Our goal is to build a sound base for future redirections of Federal programs.

Receipts. We are all quite aware that revenue estimates hold pitfalls for us, too. The modest budget surplus would be either doubled or wiped out if the receipts estimate were off by as little as 1½ percent. Our margin of error is thin indeed.

In any event, we already know of one specific reason to expect lower fiscal 1969 receipts than are shown in the budget. If—as appears likely—the tax surcharge is not extended by early April, receipts from corporation income taxes will be less than estimated, because quarterly payments that would be due on April 15 would not reflect the early extension of the surcharge that was assumed in the budget. Moreover, an additional deferral of receipts will occur if the extension does not occur in time to affect the following quarterly due date on June 15. Extension of the surcharge after June 15 will postpone $500 million of receipts from fiscal 1969 into 1970.

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In our prospective economic environment, a policy of continued fiscal restraint is certainly appropriate for the next fiscal year. The forces that threaten our economic health are still moving too consistently toward inflation. They are moving with too much momentum to be left unrestrained. We will be alert to changes in economic conditions that make changes in fiscal policy appropriate. In the absence