

Budget: \$14.9 Billion Asked for Research in Fiscal 1964

In his budget for the new fiscal year the President has requested some \$2.7 billion more in funds for science than is being spent this year, and because research is for the most part wrapped up in the defense, space, and health programs which Congress views benignly, he is likely to get most of what he asks for. The President has also included proposals for a number of new federal programs of support for education, but prospects for these appear less favorable.

Well over \$2 billion of the increased funds asked for science would go into the national space effort. As expected, the National Aeronautics and Space Administration is scheduled to make another great leap forward, with actual spending on research and development in fiscal 1964 moving to \$4.2 billion from \$2.4 billion in fiscal 1963 and \$1.2 billion in 1962.

The Defense Department will continue as the biggest spender on research among federal agencies. Estimated expenditures will rise from \$7 billion in the current fiscal year to \$7.6 billion in the coming year. The total defense budget would rise from \$53 billion for fiscal '63 to \$55.4 billion next year, with about half the increase caused by a proposed military pay raise.

The '64 figures cited above are for actual spending proposed for the government's bookkeeping year that begins 1 July 1963 and ends 30 June 1964, and they do not tell the whole story. A better way to follow the administration's longer-term intentions is to consult another set of budget figures labeled "new obligational authority" (NOA); this, in budgetese, means the total value of contracts which can be let during a fiscal year even though payment may be made in a subsequent fiscal year.

In the case of NASA, for example, the NOA figure for the agency's total budget for fiscal 1964—and the figure employed in most press reports of the budget—is \$5.7 billion, as compared with \$4.2 billion for expenditures. About 75 percent of this NASA budget will be devoted in one way or another to the lunar landing project.

Spending on military applications in space in the coming fiscal year is set at just under \$1.7 billion (NOA), up about \$200 million from the current year. It appears that the Air Force will continue its major work on communica-

tions and navigation satellite systems and on development of the Dyna-Soar vehicle, which can operate in both space and the atmosphere, and will carry on with research and development work on very large solid-fuel boosters. No funds are visible in the budget for major work on any sort of weapon system in space.

Move for Civil Defense

Imbedded in the defense budget also are funds requested for civil defense. The President this year is asking a total of \$300 million (NOA). Of this, \$82.2 million would be used to carry on established federal-state programs, while \$217 million would be earmarked for shelter research and development and for a program of incentives to encourage the building of shelters in existing federal buildings and incorporation of shelters in facilities of nonprofit institutions.

Last year the President asked for a \$695 million program. The Congress appropriated \$75 million and provided no funds for a proposed \$460 million shelter incentive program.

The President this year apparently intends to make a vigorous effort in behalf of his proposals, aimed at increasing the supply of scientific and technical manpower. To implement recommendations published last month by the President's Science Advisory Committee, the Administration is asking a substantial boost in funds to support graduate students and graduate education programs in the physical sciences, engineering, and mathematics.

The President said the National Science Foundation "will play a significantly greater role" in this effort, and total funds for NSF are scheduled to climb from \$326 million for the current year to \$589 million for '64. Key expansion would come in fellowship programs, which would get \$154 million in '64, as compared with \$89 million in the current year, and the institutional development program for science, which would get \$171 million as against \$47 million for '63. NSF support for basic research would rise from \$107 million to \$145 million.

The National Defense Education Act also figures in the President's plans for expansion in scientific and technical education, but details of the \$1.5 billion Kennedy aid-to-education program, of which an amended NDEA is a part, were not available as this issue went to press.

Since most agencies put emphasis on

figures showing estimated expenditures within the fiscal year, these are employed in the following list of some other major research items in the 1964 budget:

Medical and health research would get more than \$1.1 billion for projects and \$131 million for construction of facilities. The National Institutes would be allotted about \$772 million of the research funds, and the total NIH budget, including funds for increased training grants and fellowships, would be approximately \$980 million, some \$110 million more than will be spent this year.

Meteorological research and development is budgeted at \$138.6 million, with NASA spending \$64 million of that for weather satellite research. Another \$238.8 million would go to operational programs in meteorology. Of these operations funds, the Air Force would get \$97.2 million and the Weather Bureau, \$92.4 million.

Emphasis for Oceanography

Oceanography gets more emphasis and more money, the latter still distributed over a score of programs in various agencies. Total funds for oceanography would go up from \$123.8 million in the current year to \$155.9 million for '64. The Defense Department's share would rise from \$55.3 to \$74.9.

The Atomic Energy Commission, which devotes about half of its annual budget to research and development, has asked for about \$1.2 billion for research and \$310 million for R & D facilities, up \$41 million for research and \$47 million for facilities over last year. The AEC would budget about \$247 million of the research funds for work on federal space programs.

One office which gets no funds for research but exercises a growing influence over government-sponsored research is the Office of Science and Technology, which is headed by Jerome Wiesner and was set up to furnish assistance and advice to the President in evaluating scientific programs and policies. Established last year with a small staff and a small budget, the OST this year is in line to get a few more people and quite a bit more money. An increase in the number of permanent positions from 29 to 34 has been requested. The budget would be boosted from \$765,000 to \$1,025,000, with most of the increase to be used to finance a broader range of evaluative studies.

In all, the President is asking about

\$14.9 billion for research as compared with \$12.3 billion for fiscal 1963. Funds for science thus represent about 15 percent of the record \$98.8-billion administrative budget, which includes only federally owned funds. The projected deficit for '64 is \$11.9 billion.

In most years a president's budget is like a letter to Santa Claus from a rich boy who is confident of getting most of what he asks for, but this time there are signs that Congress feels that the budget is so big and so unbalanced that it should not be allowed to pass through the authorization and appropriation process without strenuous efforts being made to find fat and cut it out.

The size of the deficit is the most discomfiting aspect of the budget for most legislators, even administration supporters, since in congressional economics a balanced budget is to be revered and striven for.

This budgetary orthodoxy is firmly rooted in the belief that constituents deplore federal red ink. Under these circumstances it may be particularly difficult for a congressman or senator to reconcile himself to voting for deficit financing on a grand scale while at the same time contemplating a tax cut proposed by the President which will contribute some \$2.5 billion to the deficit.

A New Model Budget

The President's problem is this: he must persuade Congress not only to acquiesce in a bigger budget with a bigger deficit but also to accept a different kind of budget. The budget for the third year of the Kennedy Administration is the first budget to depart, in overall design, from the general model of the Eisenhower years. In his State of the Union speech and budget and economic messages, Mr. Kennedy has been talking to Congress, and over its head to the public, with the obvious intent of rallying support for his "investment" budget and tax cut.

His theme was clearly stated in his special message on tax reduction and reform last week, when he said, "As I have repeatedly emphasized, our choice today is not between a tax cut and a balanced budget. Our choice is between chronic deficits resulting from chronic slack . . . and transitional deficits temporarily enlarged by tax revisions designed to promote full employment and thus make possible an ultimately balanced budget."

The administration is gambling on growth. Gone, though not forgotten, is

the concept of the balanced budget as the touchstone of fiscal responsibility. The President's economic advisers have been arguing that the country is caught in a cycle of recessions and weak recoveries which have resulted in a slow rate of economic growth, idle productive capacity, and high unemployment. What is needed to break the pattern, they say, is a strong stimulus to consumer spending and business investment.

The new budget, its designers say, will provide that stimulus through its main features of a deficit, maintenance of public expenditure at a high level, and encouragement of increased spending in the private sector by means of a tax cut for both individuals and corporations.

Deficit financing has become accepted budgetary practice in time of recession, but the new-model budget is aimed at attacking stagnation, not recession. In times of mild recovery and equilibrium such as these, the standard practice in the past has been to balance the budget or at least to cut the deficit.

It is significant that the President is seeking to free himself somewhat from the convention that public policy is made on a year-to-year basis to conform with the year-to-year appropriating powers of Congress. Mr. Kennedy would time tax cuts over a 3-year period, and he is predicting deficit budgets over the same period.

Criticism Anticipated

Even before the details of the President's fiscal proposals were known, there was audible evidence that Congress was wounded and might be dangerous. Kennedy, who knows his Congress, anticipated trouble by taking an economy line himself. He insisted that he "felt obliged to limit severely my 1964 expenditure proposals," and had asked for increased spending only for defense and space and to cover a rise in interest charges on the debt. On total expenditures for other programs he said he was holding the line, and that any increases would be offset by reductions in expenditures in other programs in this category.

Economizers in Congress have protested that the President's austerities have not prevented his proposing substantial increases in funds for such civilian programs as education, area redevelopment, rural electrification, and housing and community development programs. The President's fiscal critics complain also that, while the '63 budget

was balanced on paper, it in fact produced an estimated \$8.8 billion deficit. The critics go on to predict that this year's budgeted deficit of \$11.9 billion will be even bigger 18 months from now when the books are closed on fiscal '64, if only because counterbalancing cuts in spending designed to hold the deficit down are based on such uncertain premises as that cotton mills will decide to buy a lot of government-owned cotton next year and that banks will take over a lot of government-held loans.

Because of the deficit, the tax cut, which Kennedy puts at the top of the list of things he hopes Congress will give him, is a sensitive subject. Chances for a reduction of taxes this year are helped considerably by agreement—left, right, and center—that a tax cut is in order, though opinions differ sharply on how the benefits should be distributed.

The President has also presented a plan for an extensive revision of the tax code, which is likely to be more difficult to achieve than a tax reduction, since changes will in almost every case offend special-interest groups which were strong enough to have self-serving provisions written into the law in the first place.

Compromise is always a condition of passing tax legislation in Congress, and the main arena for the contest on tax reform will be the House Ways and Means Committee, which last year, under its influential chairman Wilbur Mills of Arkansas, handled the President's then top-priority measure, the trade bill.

Both Mills and President Kennedy say that a tax cut and tax revision should be tied together, and the President is probably stronger in Congress now than at any time since he took office. Nevertheless, there is a feeling in Washington that one major tax measure is all that Congress can manage this year, and that the tax cut comes first.

At this stage, sentiment in Congress seems to run strongly for a tax cut accompanied by cuts in the budget to pare down the deficit. In its economizing mood, Congress will probably subject funds for science, particularly for space, to closer scrutiny than ever before, but the cutting edge of the economy knife is likely to be saved for such vulnerable old targets as foreign aid and such new ones as proposed education measures.—JOHN WALSH