

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON 25, D. C.

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December 13, 1946

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Budget estimate of expenditures

We are aware that within the next few days you have to make decisions which will determine the size of your budget recommendation for the next fiscal year. As this budget total will have a very important impact on the economy as a whole, we consider it appropriate for us to express our views to you.

We believe that the economic outlook for the next fiscal year is such that a budget surplus is urgently called for. If the Government fails to plan for a budget surplus under prosperous conditions it may fail to command support for a wise policy of deficits under adverse business conditions. Economic considerations lead us to the conclusion that it would be most desirable to show a budget surplus of at least \$3 to \$5 billion for the next fiscal year.

This view will be expressed also in the draft material we are preparing for your Economic Report, but we thought that you might wish to have our views on this issue even before we submit the material to you.

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Edwin G. Nourse, Chairman