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SUMMARY
OF THE
PRESIDENT'S 1954 BUDGET

(PRESENTED JANUARY 9, 1953)

PREPARED BY
THE STAFF OF THE JOINT COMMITTEE ON
INTERNAL REVENUE TAXATION



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SUMMARY OF THE PRESIDENT'S 1954 BUDGET

Table I is a brief summary statement of actual or estimated receipts and expenditures of both the administrative and cash budgets for the fiscal years 1952, 1953, and 1954. The table also shows the gross debt outstanding at the end of 1952 and the estimated outstanding debt as of the close of 1953 and 1954.

The estimated budget expenditures of \$74.6 billion for the fiscal year 1953 are \$8.5 billion larger than actual expenditures for the year which ended June 30, 1952. The estimated budget receipts of \$68.7 billion for the fiscal year 1953 are \$6.6 billion above actual receipts in 1952. These estimated expenditures and receipts give a budget deficit of \$5.9 billion for the fiscal year 1953 as compared to \$4 billion in 1952, an increase of \$1.9 billion.

Budget expenditures for the fiscal year 1954 are estimated at \$78.6 billion, an increase of \$4 billion over the estimated expenditures for 1953. Since receipts for 1954 are expected to remain at the same level as in 1953, namely, \$68.7 billion, a budget deficit for 1954 of \$9.9 billion is anticipated. This represents a \$4 billion increase over the anticipated deficit for 1953. From a budget approximately in balance on a cash basis for the fiscal year 1952, it is anticipated that there will be a shift to a cash budget deficit of \$1.9 billion for the fiscal year 1953, and a cash budget deficit of \$6.6 billion for the fiscal year 1954. The difference between the cash and administrative budget figures is due principally to the fact that the excess of trust fund receipts over trust fund expenditures affects the cash account, but not the budget itself.

With respect to expenditure policy, the budget states:

* * * Every Government program—including those directly concerned with national security—has been reviewed in the light of the current outlook for international developments, in the light of the heavy tax burden, and in the light of the long-term needs of the Nation. * * * Proposals for military procurement, for example, reflect our policy of relying wherever possible, on a continuing flow of weapons and equipment from production lines, rather than on the accumulation of large inventories of reserve stocks. Increased funds have been included in this budget only for those programs where, in my judgment, a clear and definite need exists that cannot be longer deferred without impairing the public interest.

As a step in increasing efficiency in the executive branch of the Government, the President recommends that the Reorganization Act of 1949, which expires on April 1, 1953, be extended.

With respect to tax policy, the budget message states:

The continuing increase in expenditures for national security and the prospect of a substantial deficit in the fiscal year 1954 pose an immediate and serious problem in tax policy. While I do not wish to make any specific recommendations, I do wish to make it clear that in my judgment it would not be wise to plan for a large Budget deficit during a period when business activity, civilian employment, and national income are reaching unprecedented heights. The course of prudence and wisdom would be to continue to strive for a balanced Budget and a pay-as-we-go policy in our rearmament program. * * * I hope the Congress will also give serious consideration to improving the equity of the tax system. The injustices and the loss of revenue arising out of loopholes in the tax laws should be eliminated.

TABLE I.—*Summary data*
[Fiscal years. In billions of dollars]

	Actual 1952	Estimated	
		1953	1954
I. The budget totals:			
Receipts.....	62.1	68.7	68.7
Expenditures.....	66.1	74.6	78.6
Deficit (—).....	—4.0	—5.9	—9.9
II. The change in the debt:			
Debt at beginning of year.....	255.2	259.1	263.9
Change due to budget deficit (+).....	+4.0	+5.9	+9.9
Change in cash balance and allied items ..	—0.1	—1.1	(*)
Debt at end of year.....	259.1	263.9	273.8
III. The cash budget:			
Receipts.....	68.0	74.9	75.2
Payments.....	68.0	76.8	81.8
Surplus (+) or deficit (—).....	+0.1	—1.9	—6.6

*Less than \$50 million.

NOTE.—Detail does not necessarily add to totals because of rounding.

Table II shows actual budget receipts for the fiscal year 1952, and the estimates for 1953 and 1954. It is reported that these estimates assumed personal income levels of \$268 billion for the calendar year 1952, and \$275 billion for the calendar year 1953. The corporate profit levels used in making these estimates are reported to be \$41 billion for the calendar year 1952 and \$43 billion for the calendar year 1953. For the fourth quarter of 1952 the President's Council of Economic Advisers estimates that personal income was running at an annual rate of \$277 billion, and corporate profits at an annual rate of \$42 billion. The Council estimates that personal income and corporate profits for the calendar year 1952 were \$268.3 billion and \$40.8 billion, respectively.

The estimated receipts for 1953 are \$6.6 billion larger than actual receipts for 1952. Receipts for 1954 are expected to remain at about the 1953 level. The increase in 1953 receipts can be attributed in part to the rising level of economic activity and in part to tax increases provided by Congress. For the most part the tax increases are those provided by the Revenue Act of 1951, which raised individual income tax rates, corporate income tax rates, and certain excise tax rates.

The impact of an anticipated rise in income levels on fiscal year 1954 receipts is expected to almost offset revenue losses which otherwise would occur as the result of automatic decreases in individual, corporate, and excise taxes. Under present law: (1) the excess profits tax expires effective June 30, 1953; (2) an increase of approximately 11 percent made in individual income taxes by the Revenue Act of 1951 lapses effective December 31, 1953; (3) a five percentage point increase in the corporate income tax made by the Revenue Act of 1951 terminates effective April 1, 1954; and (4) certain excise tax increases also made by the Revenue Act of 1951 terminate as of April 1, 1954. The first two of these reductions could be expected to have important effects on collections in 1954. In the budget message it is stated that if these automatic terminations are allowed to take place as scheduled, the Government will lose about \$2 billion in revenue in the fiscal year 1954. It is also stated that these expirations, when fully effective, will result in an annual revenue loss of approximately \$8 billion.

TABLE II.—Summary of actual budget receipts for the fiscal year 1952 and estimated receipts for the fiscal years 1953 and 1954

[In millions of dollars]

	Actual, 1952	Estimated		Net change between—	
		1953	1954	1952 and 1953	1952 and 1954
Direct taxes on individuals:					
Individual income taxes-----	29, 880	33, 551	33, 394	+3, 671	+3, 514
Estate and gift taxes-----	833	895	940	+62	+107
Direct taxes on corporations-----	21, 467	23, 700	23, 300	+2, 233	+1, 833
Excise taxes-----	8, 893	9, 795	9, 869	+902	+976
Customs-----	550	590	590	+40	+40
Employment taxes-----	4, 573	4, 932	5, 249	+359	+676
Miscellaneous receipts-----	1, 803	1, 745	2, 180	-58	+377
Total receipts-----	67, 999	75, 208	75, 522	+7, 209	+7, 523
Deduct: Refund of receipts-----	2, 302	2, 511	2, 559	+209	+257
Appropriation to Federal Old Age and Survivors Trust Fund-----	3, 569	4, 000	4, 298	+431	+729
Budget receipts-----	62, 128	68, 697	68, 665	+6, 569	+6, 537

Table III shows expenditures classified by major function. It is expected that total expenditures will continue to increase in the fiscal year 1954, although the increase of 1954 expenditures over 1953 expenditures is expected to be only about half that of 1953 over 1952 expenditures.

The single function, military services, is responsible for the largest increase. Expenditures in this category in 1953 are expected to be \$4.6 billion above the 1952 level. However, the increase from 1953 to 1954 is estimated at only \$1.9 billion, and this slowing up in the increase of military expenditures is the prime factor accounting for the slowing up in the increase in total expenditures. Expenditures for international security and foreign relations, on the other hand, show an increase from 1952 to 1953 of \$767 million, while the increase in this category from 1953 to 1954 is estimated at \$1,826 million. Natural resources is the only other category in which there consistently appears to be major growth in the expenditure level during this period. In this category, expenditures in 1953 are \$422 million above those in 1952, while estimated expenditures for 1954 are \$727 million above those for 1953. The growth in this category is largely due to the expansion of the atomic energy program. The aggregate increase in expenditures for military services, international security and foreign relations, and natural resources between 1952 and 1953 is \$5.8 billion and between 1953 and 1954 is \$4.5 billion. Thus, the estimated expenditures for 1954 would be nearly \$500 million less than estimated expenditures for 1953 if it were not for the increases in these three programs.

Six of the categories in which 1953 estimates exceed those for 1952 show a reversal of this trend for 1954. These categories are: (1) Housing and community development (a lower volume of mortgage purchases and direct loans for veterans' housing, and net receipts instead of expenditures for public housing); (2) finance, commerce, and industry (a decline in the defense production program); (3) agriculture and agricultural resources (a decrease in expenditures for price support); (4) interest (special circumstances attributable to unusually heavy interest charges in 1953); (5) transportation and communication (smaller merchant marine expenditures); and (6) social security, welfare and health (a decrease in hospital construction expenditures).

Expenditures for veterans' services and benefits show a substantial decline from 1952 to 1953, and then increase slightly in 1954. The decrease which first occurred in veterans' expenditures was due primarily to smaller payments for readjustment benefits, such as education and training. Although the downward trend in these benefits is expected to continue in 1954, an increase in compensation and pensions more than offsets it and can be expected to result in still larger expenditures in future years. Expenditures for general government also are expected to be slightly smaller in 1953 than in 1952, and then again increase in 1954. The decrease in 1953 results from smaller expenditures for central property and records management and for the FBI. The increases occurring in 1954 represent larger civil-service retirement payments by the Federal Government and recommended increases in the expenditures for central property and records management.

TABLE III.—Summary of actual budget expenditures by major functions for the fiscal year 1952 and estimates for the fiscal years 1953 and 1954

[In millions of dollars]

	Actual, 1952	Estimated		Net change between—	
		1953	1954	1952 and 1953	1952 and 1954
Military services.....	39,727	44,380	46,296	+4,653	+6,569
Veterans services and benefits....	4,863	4,546	4,564	-317	-299
International security and foreign relations.....	5,268	6,035	7,861	+767	+2,593
Social security, welfare, and health.....	2,491	2,594	2,579	+103	+88
Housing and community development.....	735	757	509	+22	-226
Education and general research.....	171	272	288	+101	+117
Agriculture and agricultural resources.....	1,045	1,943	1,827	+898	+782
Natural resources.....	2,948	3,370	4,097	+422	+1,149
Transportation and communication.....	1,923	2,056	2,016	+133	+93
Finance, commerce, and industry.....	241	458	275	+217	+34
Labor.....	243	252	268	+9	+25
General government.....	1,411	1,385	1,547	-26	+136
Interest.....	5,934	6,520	6,420	+586	+486
Reserve for contingencies.....		25	40	+25	+40
Adjustment to daily Treasury statement.....	-855			+855	+855
Total.....	66,145	74,593	78,587	+8,448	+12,442

Table IV shows actual expenditures in the fiscal year 1952 and estimated expenditures for 1953 and 1954, classified by major agencies. The largest increase in expenditures from 1952 to 1954 is for the Department of Defense, with most of the increase being concentrated in the Department of the Air Force. A smaller increase is shown for the Department of the Navy and a decrease is shown for the Department of the Army. The increase in the Department of Defense expenditures over the 2-year period is expected to be about \$6.5 billion.

The second largest increase in the period from 1952 to 1954 occurs in the funds appropriated to the President. Here the increase is about \$2.7 billion. The only other increase of more than a billion dollars is expected to occur in the case of expenditures for the Atomic Energy Commission. Increases of \$100 million to \$1 billion are anticipated in the case of expenditures for the Department of Agriculture, interest on the public debt, the Federal Security Agency, and the Civil Service Commission.

The largest decrease in the period from 1952 to 1954 is expected in the case of the Veterans' Administration. It is anticipated that this decrease will be slightly over \$400 million. Expenditure decreases of \$100 million or more are also planned in the case of the Housing and Home Finance Agency and the Reconstruction Finance Corporation.

TABLE IV.—Summary of actual expenditures by agency for the fiscal year 1952 and estimates for the fiscal years 1953 and 1954

[In millions of dollars]

	Actual, 1952	Estimated		Net change between—	
		1953	1954	1952 and 1953	1952 and 1954
Legislative branch-----	62	69	70	+7	+8
The Judiciary-----	27	28	28	+1	+1
Executive Office of the President	9	9	8	0	-1
Funds appropriated to the President	(4, 983)	(5, 865)	(7, 656)	(+ 882)	(+2, 673)
India emergency food aid---	169	21	---	-148	-169
Mutual security-----	4, 583	5, 483	5, 395	+900	+812
Other expenditures from current authorization	231	346	13	+115	-218
Proposed for later transmission	---	15	2, 248	+15	+2, 248
Independent offices-----	(8, 026)	(8, 253)	(8, 834)	(+227)	(+808)
Atomic Energy Commission	1, 670	2, 000	2, 700	+330	+1, 030
Civil Service Commission	332	345	450	+13	+118
Economic Stabilization Agency	91	71	2	-20	-89
Export-Import Bank of Washington	29	83	45	+54	+16
Federal Civil Defense Administration	33	81	70	+48	+37
Railroad Retirement Board	778	694	706	-84	-72
Reconstruction Finance Corporation	a 220	a 56	a 120	a -164	a -100
Tennessee Valley Authority	185	232	243	+47	+58
Veterans' Administration	4, 923	4, 584	4, 494	-339	-429
Other-----	205	220	243	+15	+38
Federal Security Agency	1, 671	1, 941	1, 904	+270	+233
General Services Administration	1, 070	1, 261	1, 126	+191	+56
Housing and Home Finance Agency	585	540	380	-45	-205
Department of Agriculture	1, 242	2, 143	2, 031	+901	+789
Department of Commerce	979	1, 097	1, 031	+118	+52
Department of Defense	(39, 677)	(44, 059)	(46, 140)	(+4, 382)	(+6, 463)
Office of the Secretary of Defense	392	415	590	+23	+198
Department of the Army	16, 416	16, 659	15, 940	+243	-476
Department of the Navy	10, 161	10, 900	12, 000	+739	+1, 839
Department of the Air Force	12, 708	15, 385	17, 510	+2, 677	+4, 802
Proposed for later transmission	---	700	100	+700	+100
Department of the Interior	585	616	659	+31	+74
Department of Justice	195	171	184	-24	-11
Department of Labor	253	292	321	+39	+68
Post Office Department (general fund)	740	666	669	-74	-71
Department of State	258	275	317	+17	+59
Treasury Department	(6, 627)	(7, 271)	(7, 178)	(+ 644)	(+551)
Interest on the public debt	5, 853	6, 450	6, 350	+597	+497
Other-----	774	821	828	+47	+54
District of Columbia (Federal contribution)	11	11	12	0	+1
Reserve for contingencies	---	25	40	+25	+40
Adjustment to daily Treasury statement basis	-855	---	---	+855	+855
Total budget expenditures	66. 145	74, 593	78, 587	+8, 448	+12, 442

a Deduct, excess of repayments and collections over expenditures.

NOTE: Detail will not necessarily add to totals because of rounding.

The category, military services, includes the military functions of the Department of Defense and certain supporting activities such as stockpiling of strategic and critical materials, the research programs of the National Advisory Committee for Aeronautics, and the Selective Service System. Expenditures for these programs in 1954 are expected to be \$1.9 billion above those in 1953, and \$6.6 billion above those in 1952.

New obligational authority for the military functions of the Department of Defense in the fiscal year 1951 totaled \$48.2 billion; in 1952, \$60.3 billion; in 1953, \$48.1 billion and the recommendation for 1954 is \$41.2 billion. The 1952 peak in new obligational authority is expected to result in a peak in expenditures in 1954 of \$45.4 billion for the military functions of the Department of Defense. The budget states " * * * expenditures for the military functions of the Department of Defense should begin to decline in the fiscal year 1955 and should continue to decline until they reach the level required to keep our armed forces in a state of readiness. On the basis of the present rough estimates, that level may be in the neighborhood of 35 to 40 billion dollars annually."

The Armed Forces are being expanded toward the following goals: 21 Army divisions, 3 Marine divisions, a Navy of 408 combatant ships with air support, and an Air Force of 143 wings.

The budget provides for an average military personnel strength of more than 3.6 million, 2.1 million above the level at the beginning of the Korean conflict, and slightly above the average for 1953. Expenditures for military personnel in 1954 are expected to decline by \$200 million since expenditures in 1953 include outlays for retroactive combat-duty pay and mustering-out pay. The budget message indicates objections to two amendments to the 1953 Department of Defense Appropriation Act, placing percentage limitations on officer grades and restricting the retirement of officers.

The 1954 estimate for operation and maintenance " * * * makes no specific allowance for additional costs that would result from the continuation of combat operations in Korea."

New obligational authority requested for major procurement and production shows a decrease of \$5.6 billion for 1954, but an increase in expenditures of \$900 million. About 58 percent of the 1954 new obligational authority requested is for aircraft, about 34 percent is for artillery, ammunition and other major items, and about 8 percent for shipbuilding. The procurement and production policy stated in the budget is " * * * a continuing flow of production along with the ability to expand that production rapidly if necessary, rather than on the accumulation of large reserves of weapons and equipment. * * * A noteworthy exception * * * is ammunition, for which additional funds may be required in the spring of 1953 unless it becomes clear that combat consumption will cease during the calendar year."

The budget provides for an increase in the strength of the civilian component of the Armed Forces receiving drill pay from 845,000 at the end of fiscal year 1953, to 978,000 at the end of the fiscal year 1954.

The industrial mobilization activities of the Department of Defense include (1) the maintenance of reserve industrial plants and tools, (2) engineering and management studies to improve manufacturing methods and to reduce quantities of the scarce critical materials now being used, and (3) mobilization planning. It is recommended that \$500 million be appropriated to purchase the plants, tools, and productive facilities needed to fill the gaps in the mobilization base.

By the end of 1954 stockpile inventory will be valued at \$5.5 billion in June 1952 prices. This represents nearly 75 percent of the total objective, which is \$7.4 billion.

TABLE V-A.—*Military services; budget expenditures for 1951-54*

[Fiscal years; millions of dollars]

Cost category, program or agency	Expenditures			
	Actual		Estimated	
	1951	1952	1953	1954
Department of Defense, military functions:				
Military personnel.....	7,000	11,000	11,400	11,200
Operation and maintenance.....	5,400	12,200	9,800	10,600
(Major procurement and production).....	(4,900)	(11,000)	(16,500)	(17,400)
Aircraft.....	2,400	5,400	7,400	8,700
Ships.....	400	600	900	1,000
Other.....	2,100	5,000	8,200	7,700
Military construction.....	400	1,800	2,300	2,700
Civilian components.....	500	600	700	800
Research and development.....	700	1,100	1,400	1,600
Industrial mobilization.....	200	200	100	100
Department-wide activities.....	600	1,000	1,000	1,000
Subtotal.....	19,700	38,900	43,200	45,400
Activities supporting military services:				
Stockpiling of strategic and critical materials.....	700	800	1,100	900
Other.....	100	(*)	100	(*)
Total.....	20,500	39,700	44,400	46,300

* Less than \$50 million.

Estimated expenditures for international security and foreign relations in the fiscal year 1954 are approximately \$2.6 billion above actual expenditures in 1952, and \$1.8 billion above estimated expenditures for 1953. Practically all of this increase represents proposed legislation under the Mutual Security Program.

As of November 1, 1952, more than \$3 billion worth of weapons and military equipment had been shipped to allies. Deliveries are rising, and in 1954 are expected to rise still further.

A year ago NATO goals for December 1952 were set at 50 divisions, 4,000 front-line operating aircraft, and 1,600 naval vessels. "These goals are now being reviewed by the North Atlantic Treaty Organization in Paris." During the fiscal year 1952, contracts for offshore procurement (purchasing abroad) totaled \$621 million. "In the current year, this amount is expected to nearly double. This budget assumes a further increase in the fiscal year 1954."

Outside of Europe the assistance being given includes: (1) In the Middle East, relief for Arab refugees through contributions to the United Nations, (2) point 4 assistance to most countries in the Near East, (3) economic aid to Israel and certain Arab states, (4) military assistance in Indochina, (5) military aid for Formosa, (6) military equipment to the Philippines, (7) economic assistance to India and other countries in Asia, and (8) loans through the Export-Import Bank, and point 4 aid to Latin-American countries for economic development.

The estimates of expenditures for the conduct of foreign affairs for the fiscal year 1954 are \$42 million above those for 1953. This increase is due (1) to the fact that the dollar equivalent of foreign currencies spent for the United States is included in the 1954 estimate for the first time, (2) "* * * the added workload of investigations and clearances required by the Immigration and Nationality Act of 1952," and (3) an anticipated increase in expenditures for construction of overseas radio facilities for the Voice of America.

TABLE V-B.—*International security and foreign relations; budget expenditures for 1952-54*

[Fiscal years; millions of dollars]

Program	Expenditures		
	Actual, 1952	Estimated	
		1953	1954
Military and economic assistance:			
Present programs-----	5, 026	5, 775	5, 559
Mutual security program (proposed legislation)-----			2, 000
Conduct of foreign affairs:			
Overseas information and education, including acquisition and construction of radio facilities-----	99	101	123
Participation in international organizations and other-----	143	159	179
Total-----	5, 268	6, 035	7, 861

Expenditures for finance, commerce, and industry are estimated at approximately \$180 million less for the fiscal year 1954 than for 1953. The estimated expenditures for 1954 approximate the 1952 level.

The decline is primarily due to a tapering off of the program for the expansion of defense production. Much of the planned expansion has been completed and new commitments are expected to decline substantially. Under this program, producers of aluminum, copper, machine tools and other critical commodities have received long-term purchase commitments to guarantee markets for the output of their new facilities and the Government has purchased scarce materials for resale to private business. In addition, loan commitments and grants have been made for the exploration of mineral resources, subsidization of high cost production and the purchase of equipment to be leased to defense contractors. Transactions already approved total about \$6 billion and additional transactions totaling \$2 billion have been authorized. However, most of this assistance will not involve Government expenditures and the ultimate cost is expected to be less than \$800 million.

TABLE V-C.—*Finance, commerce, and industry; budget expenditures for 1952-54*

[Fiscal years; millions of dollars]

Program or agency	Net expenditures or net receipts (-)		
	Actual, 1952	Estimated	
		1953	1954
Promotion of defense production and economic stabilization:			
Expansion of defense production	128	320	200
Production and stabilization controls and other:			
Present programs	148	107	2
Proposed legislation		4	50
Business loans and guaranties (Reconstruction Finance Corporation)	-37	-4	-10
Promotion or regulation of trade and industry	26	26	28
Promotion or regulation of financial institutions	-24	5	5
Total	241	458	275

A slight decline is expected in expenditures for the fiscal year 1954 for transportation and communication.

The continuing merchant marine program consists largely of subsidies for ship construction and operation. Now, however, the Maritime Administration is building 35 high-speed cargo ships and it is recommended that in 1954 work begin on the construction of four passenger-cargo ships and a prototype high-speed tanker. Since the outbreak of war in Korea the National Shipping Authority also has operated Government-owned cargo ships. In 1952 a maximum of 538 such ships were in operation. By the end of fiscal year 1954 about 50 ships are expected to remain in operation.

New navigation facility projects with a total cost of \$42 million and an estimated cost of \$4 million in the fiscal year 1954 are recommended.

The highway grant-in-aid program has been retarded by the steel shortage but has expanded considerably in recent months. As a result, expenditures in 1954 are expected to be about \$120 million above those in 1952. There is little control over the expenditure level of this program through the budget, since the grants in any year are determined by legislative authorizations previously enacted and by the volume of State and local construction activity. The Highway Act of 1952 increased the annual authorization from \$500 million to \$575 million and will increase expenditures in the fiscal years 1955 and 1956.

Aid for aviation is provided principally through the Federal airways program, grants-in-aid for airport construction, and airline subsidies. Subsidies for airline operation are merged with the compensation for carrying mail and are included in postal expenditures. However, recent studies show that for the fiscal year 1954 the airline subsidies will amount to about \$71 million, or slightly more than half of the total airmail payments.

It is indicated that the largest part of the postal deficit results from " * * * the grossly inadequate postal rates being charged for magazines and other second-class mail, and for advertising circulars and other third-class mail."

TABLE V-D.—*Transportation and communication; budget expenditures for 1952-54*

[Fiscal years; millions of dollars]

Program or agency	Net expenditures or net receipts (-)		
	Actual, 1952	Estimated	
		1953	1954
Promotion of merchant marine:			
Maritime Administration	229	235	150
Inland Waterways Corporation	1		
Provision of navigation aids and facilities:			
Coast Guard	205	244	246
Corps of Engineers	106	110	113
Panama Canal Company	-19	2	3
Provision of highways:			
Bureau of Public Roads	447	573	590
Alaska roads and other	23	21	22
Promotion of aviation (Civil Aeronautics Administration)	170	167	178
Postal service (deficit)	740	666	669
Regulation of transportation	18	17	16
Other services to transportation	-4	15	21
Regulation of communication	7	6	8
Total	1,923	2,056	2,016

Expenditures for natural resources programs in the fiscal year 1954 are expected to increase by slightly over \$700 million. Almost all of this increase occurs in the atomic energy program which accounts for two-thirds of the expenditures for natural resources in 1954.

The rise in the 1954 atomic energy expenditures results largely from construction work authorized in the fiscal year 1951 and early in the fiscal year 1953. An increase has been recommended for operation funds to build up the reserve of atomic weapons, for the development and testing of improved weapons and for the development of atomic power for naval ships. The keel for the first nuclear-powered submarine was laid last summer. Research is also being carried on for peacetime uses of atomic energy in medical research, physics, chemistry and biology, and in atomic reactors for the production of electric power.

Estimated expenditures for 1954 of \$1.1 billion are shown for land and water resources. More than half of this amount will be for the 133 river basin development projects and units now under construction by the Bureau of Reclamation and Corps of Engineers. Funds are recommended in the 1954 budget to start construction on eight new projects and five additions to existing projects. The ultimate cost of these new projects and features is estimated at \$325 million, of which \$16 million is reflected in the fiscal year 1954 expenditures. It is recommended that United States join with Canada in building the St. Lawrence seaway, but funds are not included in the budget for this purpose, and in the absence of congressional action it will be built by other entities in the two countries.

TABLE V-E.—*Natural resources; budget expenditures for 1952-54*

[Fiscal years; millions of dollars]

Program or agency	Expenditures		
	Actual, 1952	Estimated	
		1953	1954
Atomic energy.....	1, 670	2, 000	2, 700
Land and water resources:			
Corps of Engineers: Flood control and multiple-purpose projects.....	487	499	495
Department of Interior:			
Bureau of Reclamation: Irrigation and multiple-purpose projects.....	249	226	229
Power transmission agencies.....	61	70	81
Indian land resources.....	30	40	42
Bureau of Land Management and other.....	10	15	16
Tennessee Valley Authority.....	185	232	243
Department of State and other.....	16	19	19
Forest resources.....	95	104	106
Mineral resources.....	56	65	59
Fish and wildlife resources.....	30	38	38
Recreational use of resources.....	33	34	39
General resource surveys and other.....	26	28	30
Total.....	2, 948	3, 370	4, 097

Net expenditures for agricultural programs in 1954 are expected to be \$116 million below the estimate for 1953. Most of the decrease is expected to occur in the price support program.

Expenditures for stabilization of farm prices and income are made under the agricultural price support program, the International Wheat Agreement, the appropriation for the removal of surplus agricultural commodities, the Sugar Act and the Federal crop insurance program. Whether the Commodity Credit Corporation, which carries on the price support program, will have net receipts or net expenditures in any particular year depends on factors affecting the supply and demand for commodities under price support. The decline in expenditures for 1954 is due to an expected decline in outlays for wheat offset in part by increased outlays for corn.

The loan programs of the Farmers Home Administration help new farmers and low-income farmers to develop and operate efficient family-sized farm units. This program is being kept at approximately the same level as in the fiscal year 1953.

In 1935 less than 11 percent of all farms had central station electric service; on June 30, 1952, less than 12 percent were without this service. The loan program recommended for rural electrification is reduced by \$30 million, but that for rural telephones is increased by a like amount.

The agricultural conservation program in 1954 is kept at about the same level as in 1953. Soil Conservation Service expenditures are increased slightly. Appropriations of \$22 million are recommended to accelerate flood prevention work. This includes 11 watersheds on which work was begun in 1947 and 7 new watersheds.

TABLE V-F.—Agriculture and agricultural resources; budget expenditures for 1952-54

[Fiscal years; millions of dollars]

Program or agency	Net expenditures or net receipts (-)		
	Actual, 1952	Estimated	
		1953	1954
Stabilization of farm prices and farm income:			
Price support, supply, and purchase programs (including International Wheat Agreement)	-70	801	729
Removal of surplus agricultural commodities	38	67	75
Sugar Act	60	65	65
Federal crop insurance	7	6	5
Agricultural production programs	10	10	8
Financing farm ownership and operation:			
Farm Credit Administration and agencies	92	70	49
Farmers Home Administration	167	173	175
Disaster loans	13	22	-5
Financing rural electrification and rural telephones	244	233	239
Agricultural land and water resources:			
Agricultural conservation program (Production and Marketing Administration)	274	275	254
Soil Conservation Service, flood prevention, and other	67	74	79
Research and other agricultural services	143	147	154
Total	1,045	1,943	1,827

Expenditures for the labor programs are expected to increase slightly in 1954. Eighty percent of the labor expenditures represents direct grants to the States for the administration of the employment service and unemployment compensation programs.

The Veterans Readjustment Assistance Act of 1952 provides for unemployment compensation payments to veterans who do not find work after release from the Armed Forces. These payments are administered through State employment security agencies and account for some of the increase in the grants to the States. Other factors accounting for increases in these grants are higher State salary rates and the expanded coverage under State laws. Also, it is now believed that the last budget somewhat understated the claim load.

Funds are included in the budget to enable the Department of Labor to start a program, in cooperation with the States, in developing more effective ways to improve the lot of migratory farm workers.

Data on the unemployment trust fund may be found in table IX on page 36.

TABLE V-G.—*Labor; budget expenditures for 1952-54*

[Fiscal years; millions of dollars]

Program or agency	Expenditures		
	Actual, 1952	Estimated	
		1953	1954
Placement and Unemployment Compensation Administration:			
Department of Labor.....	192	201	215
Railroad Retirement Board.....	10	11	11
Defense production activities: Department of Labor.....	2	2	(*)
Labor Standards and Training:			
Department of Labor.....	14	13	14
Mine safety (Department of the Interior and other).....	4	5	6
Labor relations.....	13	13	15
Labor information, statistics and general administration.....	8	7	7
Total.....	243	252	268

* Less than one-half million dollars.

Net expenditures for housing and community development in the fiscal year 1954 are expected to be approximately \$250 million below the level for the current fiscal year. The principal factors in the decline are a lower volume of mortgage purchases and direct loans for veterans housing, and substantial net receipts, instead of expenditures, for the public housing programs.

The Federal Government has helped finance nearly half of the 7 million homes built since World War II.

Federal assistance has been granted, or is planned, for about 200,000 new housing units in critical defense housing areas. Most of this construction is made through private builders, but the Federal Government is supplying 19,000 temporary units to meet short-term needs for housing near defense installations.

It is expected that in 1954 there will be mortgage insurance commitments to finance nearly 300,000 new private housing units and 200,000 existing houses. This will require increased mortgage insurance authorizations, but is not expected to increase budget expenditures. A smaller volume of veterans mortgage purchases by the Federal National Mortgage Association is expected in the fiscal year 1954.

For 1954 it is recommended that 75,000 new units of public housing be started. Under this program the Federal Government lends the local authorities money for underwriting private loans, and pledges an annual contribution to help maintain rents at levels which tenants can afford. During 1954 local authorities expect to sell substantial amounts of long-term bonds to private investors, using the proceeds to repay short-term loans from the Federal Government. Moreover, Public Housing Administration plans to sell 16,000 war housing units. As a result receipts are expected to exceed expenditures under this program.

At present about 180 cities are actively planning slum clearance and urban redevelopment projects but operations have begun on only 23 projects in 14 cities. By the end of the fiscal year 1954 it is expected that 10 projects will be completed and about 110 others will be under way.

TABLE V-H.—Housing and community development; budget expenditures for 1952-54

[Fiscal years; millions of dollars]

Program or agency	Net expenditures or net receipts (-)		
	Actual, 1952	Estimated	
		1953	1954
Defense housing and community facilities:			
Present programs	12	77	29
Proposed legislation			50
Aids to private housing:			
Housing and Home Finance Agency:			
Federal National Mortgage Association	458	460	354
Federal Housing Administration	-29	-38	-63
Other	-15	-26	-23
Veterans' housing loans (Veterans' Administration)	70	80	-12
Farm housing (Department of Agriculture)	22	19	19
Reconstruction Finance Corporation	-6	-7	-7
Public Housing programs	136	18	-48
General housing aids:			
Housing and Home Finance Agency:			
College housing loans	1	22	40
Other	10	7	6
Urban development and redevelopment	6	17	33
Provision of community facilities	9	31	51
Civil Defense	33	84	74
Disaster loans and relief	28	13	6
Total	735	757	509

Expenditures for education and general research are expected to increase slightly in the fiscal year 1954. Increased expenditures for the National Science Foundation and the Census Bureau account for the increase.

About 65 percent of the education and general research expenditures in 1954 is expected to be for assistance for school construction and operation in defense-affected areas. Expenditures for school construction are expected to decline from \$140 million in 1953 to \$111 million in 1954. Under present law applications for school-construction funds must have been filed before last July. Nearly 1,000 school districts are being helped to build more than 1,200 schools under this program. Payments for school operating costs for defense-affected areas are expected to amount to \$76 million in 1954, a rise of about \$25 million. These expenditures cover more than a million children in 2,600 school districts. The law authorizing the payments expires on June 30, 1954.

With respect to the general aid for education programs the President states: "I hope the Congress will consider ways and means of helping the States to meet these needs."

The Census Bureau expenditures in 1954 are expected to rise because of the 5-year census of business, transportation, manufactures, and mineral industries. Preliminary work will also be started on the census of agriculture.

TABLE V-1.—*Education and general research; budget expenditures for 1952-54*

[Fiscal years; millions of dollars]

Program or agency	Expenditures		
	Actual, 1952	Estimated	
		1953	1954
Promotion of education:			
Office of Education:			
Assistance for school construction and operation in defense-affected areas.....	92	192	187
Vocational education.....	26	25	25
Grants for colleges of agriculture and the mechanic arts.....	5	5	5
Other.....	3	3	3
Educational aid to special groups.....	6	8	11
Library and museum services.....	11	11	13
General purpose research:			
National Science Foundation.....	1	4	8
Census Bureau.....	18	13	24
National Bureau of Standards.....	9	11	12
Total.....	171	272	288

Expenditures for social security, welfare, and health are expected to decrease slightly in 1954. The decline is due primarily to an anticipated drop in expenditures for hospital construction. The expenditures shown here do not include trust fund expenditures for such programs as that of the OASI. These are shown in table IX of this pamphlet.

More than half of the expenditures in this category are in the form of Federal grants to the States for public assistance. Grants are made for four categories of people in need: The aged, the blind, the permanently and totally disabled, and dependent children. The number of individuals in these categories is lower than in 1952, but per capita payments have been rising. The action taken by Congress last summer and actions taken by the several States raising benefits, account for the rise in costs. Most of the grants are for assistance to the needy aged. Twenty percent of the people over 65 depend on this program. The need for public assistance is expected to decline as more people acquire coverage under the OASI program. Eighty percent of employed persons are now covered by this program.

About half of the public health expenditures are for grants-in-aid to State governments and local communities for hospital construction, general health services, maternal and child health, and the control of major diseases. Other health expenditures are for the operation of Public Health Service hospitals, for payments to medical schools and universities for medical research and training, and for research conducted by the Federal Government. Public health expenditures are expected to be smaller in 1954 than in 1953 because of a \$32 million decrease in Federal payments for hospital construction grants and because construction outlays for health research facilities are expected to drop by \$11 million. The budget message indicates that several problems in the health field require congressional action. "We do not have enough doctors, dentists, and nurses, to serve the whole population. Many localities are without adequately staffed health offices. Measures are needed to bridge the financial gap between good medical care and the average family's ability to pay for it."

TABLE V-J.—*Social security, welfare and health; budget expenditures for 1952-54*

[Fiscal years; millions of dollars]

Program or agency	Expenditures		
	Actual, 1952	Estimated	
		1953	1954
Retirement and dependents' insurance (Railroad Retirement Board and other)-----	772	684	695
Public assistance-----	1, 179	1, 342	1, 342
Promotion of public health-----	328	339	309
Aid to special groups:			
Vocational rehabilitation (Federal Security Agency)-----	22	23	24
School lunch (Department of Agriculture)-----	84	84	83
Indian welfare and other-----	47	53	58
Accident compensation (Department of Labor)-----	36	37	37
Prisons and probation-----	23	30	28
Defense community facilities and services (Federal Security Agency)-----	(*)	2	3
Total -----	2, 491	2, 594	2, 570

* Less than one-half million dollars.

Expenditures for veterans' programs have declined 38 percent from the postwar high of \$7.4 billion. However, the total for 1954 continues at about the 1953 level and the outlook for future years is for increases rather than decreases. The rapid growth of the veteran population and the legislative extension and liberalization of veterans' benefits are the two principal factors to which the upward trend in the expenditures is attributed. In this connection the President states "I strongly support the policy of providing assistance to veterans, particularly those injured in the service, in assuming their normal places in society. In considering new veterans' legislation, however, recognition should be given to the extensive development in recent years of general-welfare programs, such as social security, which serve both veterans and nonveterans. There is overlapping at present between the two sets of programs which should be corrected."

It is estimated that 3,348,000 individuals and families will receive veterans' compensation and pension payments in 1954. With no new legislation and no allowance for further increases in a veterans' population, expenditures are expected to double in the next 30 to 40 years.

Under the Serviceman's Indemnity Act of 1951 the Government pays \$10,000 to the family of each serviceman dying on duty or within the 120 days thereafter. This replaces the system of national service life insurance. For policyholders who acquired such insurance before the indemnity law, the Government continues to make reimbursements for deaths traceable to war hazards. Expenditures for indemnities are expected to amount to \$15 million in 1954, a rise from \$6 million in 1952, and payments to the insurance funds are expected to decline from \$210 million to \$51 million.

By June 30, 1954, the Veterans' Administration is expected to have in operation 170 hospitals and 17 domiciliary homes. The final four hospitals in the current construction program are included in the recommendations in the budget.

The estimated 1954 readjustment-benefit expenditures provide for an annual enrollment in school, job, and farm-training courses of 715,000 veterans, of which 475,000 are veterans of the Korean conflict. Unemployment allowances of \$47 million are provided for an estimated weekly average of 55,200 veterans, and \$75 million is included to cover interest, gratuities, and losses under the veterans' loan-guaranty program. It is expected that 368,000 new loans, totaling \$3.1 billion, will be guaranteed during 1954.

TABLE V-K.—Veterans services and benefits; budget expenditures for 1952-54

[Fiscal years; millions of dollars]

Program or agency	Expenditures		
	Actual, 1952	Estimated	
		1953	1954
Compensation and pensions.....	2, 178	2, 444	2, 546
Insurance and servicemen's indemnities.....	216	102	66
Hospitals and medical care:			
Current expenses.....	661	660	691
Hospital construction.....	123	103	83
Readjustment benefits:			
Education and training.....	1, 325	854	809
Other (Veterans' Administration and Department of Labor).....	122	144	158
Other services and administration (Veterans' Administration and other).....	238	239	211
Total.....	4, 863	4, 546	4, 564

Estimated general Government expenditures for 1954 are \$162 million above those for 1953. The increase is chiefly due to higher Federal payments to the civil service retirement system and to increased expenditures for maintenance and repair of Government buildings.

Of appropriations of \$427 million to the civil service retirement and disability fund, \$368 million represent the Government's contribution as an employer for the fiscal year 1954, and \$59 million represents the cost for 1953 and 1954 of the temporary increase in benefits voted for persons receiving annuities in the civil service retirement system. No amounts are included to provide for payments on the Government's outstanding liability to the fund.

Financial management expenditures show an increase of \$21 million for 1954. Of this amount, \$8 million is for the collection of delinquent taxes. Most of the remainder can be attributed to the Bureau of the Public Debt. Its workload has sharply increased because of increased redemption of savings bonds, plus an increase in the current sales of new savings bonds.

Central property and record management expenditures for 1954 are \$41 million over those for 1953. This represents a restoration of the reduction in appropriations made last year for maintenance and operation of public buildings. Increases are also proposed to permit repairs to Government buildings, to finance the first of a 3-year program for modernizing major post-office facilities, to extend central procurement and to provide for wider use of surplus equipment and supplies.

Expenditures for the immigration and naturalization service in 1954 are expected to be \$6 million above those for 1953.

TABLE V-L.—General Government; budget expenditures for 1952-54

[Fiscal years; millions of dollars]

Program or agency	Expenditures		
	Actual, 1952	Estimated	
		1953	1954
Legislative and judicial functions.....	70	76	77
Executive direction and management.....	9	8	7
Federal financial management:			
Tax collection.....	270	273	281
Customs collection, debt management, and other.....	168	173	186
Other central services:			
Central property and records management...	191	164	205
Civil Service Commission.....	20	21	21
Other.....	24	22	23
Retirement for Federal civilian employees.....	313	324	430
Protective services and alien control:			
Federal Bureau of Investigation.....	91	70	76
Immigration and Naturalization Service.....	40	41	47
Other.....	33	21	21
Territories, possessions, and District of Columbia...	50	59	59
Other general Government:			
Payment of claims and relief acts (Treasury Department).....	76	76	65
Weather Bureau.....	26	27	27
Other.....	30	30	22
Total.....	1, 411	1, 385	1, 547

Although interest payments on the public debt are expected to be about \$100 million less in 1954 than in 1953, this does not indicate a reversal of the upward trend in interest payments. Interest payments are especially heavy in 1953 due to unusual circumstances. On a \$15 billion issue of certificates of indebtedness which was refunded in 1953, about 20 months' interest falls due during 1953.

Interest expenditures have increased over the last 2 years due to higher interest rates paid on securities issued or refunded, the increasing amount of special issues held by the Government agencies and trust funds, which have interest rates above the average, and due to the recent increases in the size of the interest-bearing debt.

TABLE V-M.—*Interest; budget expenditures for 1952-54*

[Fiscal years; millions of dollars]

Item	Expenditures		
	Actual, 1952	Estimated	
		1953	1954
Interest on the public debt.....	5, 853	6, 450	6, 350
Interest on refunds of receipts.....	76	65	65
Interest on trust deposits.....	5	5	5
Total.....	5, 934	6, 520	6, 420

Table VI is a classification of budget expenditures showing major national security programs and expenditures not subject to budgetary control. This table does not appear in the budget, but was taken from a release of the Bureau of the Budget made available at the same time as the Budget document.

The major national security category includes the items classified in the budget as military services and international security and foreign relations, plus atomic energy and some programs initiated or expanded during the present emergency.

The second category, major fixed and continuing charges includes items not subject to annual budgetary control, such as permanent authorizations, public assistance grants, interest on the public debt, and payment of claims against the Government. It also includes so-called open-end programs in which the expenditure levels are largely governed by the exercise by individuals of privileges granted by basic law, although the size of the expenditures may be influenced somewhat by administrative action. This category includes the veterans programs which depend largely on the number of veterans availing themselves of hospitalization, readjustment benefits, pensions, insurance, etc. It also includes the mortgage purchase program of the Federal National Mortgage Association, which, to some extent, is subject to administrative influence by restrictions on credit for home building.

The residual total represents expenditures which, for the most part, are nonmilitary in character, and subject to budgetary control. However, the table does not attempt to make a precise segregation of defense and nondefense expenditures, since the residual total includes expenditures for defense housing, aid for schools in defense areas, projects for expansion of electric power generation required by the defense effort, and the port security program of the Coast Guard. Also, as pointed out above, some administrative control can be exerted over certain of the items in the second category of the table.

TABLE VI.—A classification of estimated budget expenditures showing major national security programs and expenditures not subject to annual budgetary control

[Fiscal years; in millions of dollars]

Program or agency	1953	1954
Budget totals.....	74, 593	78, 587
Deduct major national security programs:		
Military services.....	44, 380	46, 296
International security.....	6, 035	7, 861
Development of atomic energy.....	2, 000	2, 700
Defense production and economic stabilization.....	436	253
Civil defense.....	84	74
Promotion of the merchant marine.....	235	150
Total, major national security programs.....	53, 170	57, 334
Remainder.....	21, 423	21, 253
Deduct major fixed and continuing charges:		
Veterans' services and benefits.....	4, 546	4, 564
Interest.....	6, 520	6, 420
Transfer of payroll taxes to railroad retirement account.....	651	660
Permanent authorization.....	188	169
Postal deficit.....	666	669
Reconstruction Finance Corporation.....	—56	—120
Federal National Mortgage Association.....	459	354
Commodity Credit Corporation.....	808	729
Public assistance grants.....	1, 341	1, 340
Public roads.....	576	595
Payment of claims and reserve for contingencies.....	103	105
Total, major fixed and continuing charges.....	15, 802	15, 485
Equals budget totals, excluding major national security, fixed, and continuing charges.....	5, 621	5, 768

Table VII shows, by agency, the type of authorization which it is expected will be used for the expenditures made in the fiscal years 1953 and 1954. These expenditures may be made from new obligational authority, from appropriations to liquidate contract authorizations provided in prior years, expenditure authorizations of prior years, or may represent net expenditures of revolving and management funds. The table also shows the total new obligational authority requested for 1953 and 1954, and the portion of this authority which it is expected will remain available for expenditures in subsequent years.

The new obligational authority referred to is the sum of all financial authorizations less appropriations to liquidate contract authorizations in prior years. By "new" obligational authority is meant authority which becomes newly available for commitments in any given year.

This table indicates that new obligational authority accounts for only 52 percent of the expenditures in the fiscal year 1954, and only 54 percent of the expenditures in the fiscal year 1953. For both years practically all of the balance of the expenditures is expected to be made from authorizations initially provided in prior years. This lag of expenditures behind authorizations is particularly noticeable in the case of a few categories, such as the funds appropriated to the President (largely foreign aid) and the military functions of the Department of Defense. For 1954 only 27 percent of the expenditures from funds appropriated to the President are expected to be made from new obligational authority. In the same year only 44 percent of the expenditures for the military functions of the Department of Defense are expected to be made from new obligational authority.

The table also indicates that for 1953 and 1954, 50 percent and 44 percent, respectively, of the new obligational authority requested is expected to be available for future years.

TABLE VII.—Relation of new obligatory authority to budget expenditures by agency, for 1953 and 1954

[In millions of dollars]

	Total new obligatory authority	Portion of new obligatory authority expended in future years	Expenditures in current year—				Total budget expenditures
			From new obligatory authority	From appropriations to liquidate prior contract authorizations	From balance of prior expenditure authorizations	Net expenditures (receipts (-)) of revolving and management funds	
For the fiscal year 1953							
Legislative branch.....	75	14	61	1	7	69	
The Judiciary.....	28	1	27	—	1	28	
Executive Office of the President.....	8	—	8	—	1	9	
Funds appropriated to the President.....	6,469	4,954	1,515	—	4,254	5,865	
Independent offices.....	10,146	3,782	6,364	117	1,935	8,254	
Federal Security Agency.....	1,939	286	1,653	61	227	1,941	
General Services Administration.....	322	72	1,250	70	946	1,261	
Housing and Home Finance Agency.....	1,382	1,263	119	8	550	1,540	
Department of Agriculture.....	1,563	687	876	—	1,258	2,143	
Department of Commerce.....	1,918	679	239	678	198	1,097	
Department of Defense:							
Military functions.....	48,107	28,073	20,034	2,304	20,664	43,400	
Civil functions.....	596	298	298	—	359	659	
Department of Interior.....	592	200	392	9	211	616	
Department of Justice.....	172	18	154	(*)	19	171	
Department of Labor.....	296	11	285	—	8	292	
Post Office Department (general fund).....	666	—	666	—	(1)	666	
Department of State.....	241	49	192	—	83	275	
Treasury Department.....	7,201	86	2,715	—	150	2,771	
District of Columbia (Federal contribution).....	11	—	11	—	—	11	
Reserve for contingencies.....	30	5	25	—	—	25	
Total for fiscal year 1953.....	80,762	40,480	40,282	3,248	30,871	74,593	

See footnotes at end of table, p. 31.

TABLE VII.—Relation of new *obligational authority to budget expenditures by agency, for 1953 and 1954*—Continued

[In millions of dollars]

	Total new obligational authority	Portion of new obligational authority to be expended in future years	Expenditures in current year—				Total budget expenditures
			From new obligational authority	From appropriations to liquidate prior contract authorizations	From balance of prior expenditure authorizations	Net expenditures (receipts (-)) of revolving and management funds	
For the fiscal year 1954							
Legislative branch.....	85	21	64	3	3	70	
The Judiciary.....	29	2	27	—	1	28	
Executive Office of the President.....	8	—	8	—	1	8	
Funds appropriated to the President.....	7, 651	5, 604	2, 047	—	5, 604	7, 656	
Independent offices.....	8, 345	1, 763	6, 582	25	2, 403	8, 833	
Federal Security Agency.....	1, 773	160	1, 613	25	266	1, 904	
General Services Administration.....	395	115	1 280	40	800	1 1, 126	
Housing and Home Finance Agency.....	506	401	105	20	392	1 1, 380	
Department of Agriculture.....	1, 659	780	879	—	1, 169	2, 031	
Department of Commerce.....	1, 078	811	267	665	106	1, 031	
Department of Defense:							
Military functions.....	41, 319	21, 423	19, 896	132	25, 302	45, 500	
Civil functions.....	688	298	390	—	266	640	
Department of the Interior.....	664	217	447	2	215	659	
Department of Justice.....	187	20	167	—	19	184	
Department of Labor.....	332	19	313	—	9	321	
Post Office Department (general fund).....	669	—	669	—	—	669	
Department of State.....	332	86	246	—	70	317	
Treasury Department.....	7, 101	80	2 7, 021	—	155	2 7, 178	

District of Columbia (Federal contribution)	12	0	12						
Reserve for contingencies	50	10	40						
Total for fiscal year 1954	72, 883	31, 810	41, 073	911	36, 780	-178			78, 587

* Less than \$500,000.

¹ Net after deduction of refund of receipts of \$11 million in 1953 and \$9 million in 1954.

² Net after deduction of refund of receipts of \$2,500 million in 1953 and \$2,550 million in 1954.

NOTE.—Totals do not necessarily add because of rounding.

Table VIII shows the actual or estimated net receipts or net expenditures of the revolving and management funds of the Government for the fiscal years 1952, 1953, and 1954. It also shows the gross receipts and expenditures of these funds for these same years. Revolving funds are defined in the Budget as—

* * * those which finance a continuing cycle of operations with receipts derived therefrom earmarked for continuing use. Revolving funds may be for external operations (including the funds of most Government-owned corporations) or for intragovernmental purposes.

Management funds are defined as—

* * * those which are created to expedite accounting for and administration of operations financed from two or more appropriations of an agency.

Aggregating the revolving and management funds, it is estimated that they will result in net budget expenditures in the fiscal years 1953 and 1954 of \$2,546 million and \$1,401 million, respectively. In 1952, these funds accounted for \$939 million in net budget expenditures.

In 1954 it is estimated that the Commodity Credit Corporation will be responsible for the largest revolving and management funds net expenditures. Sizable net expenditures, however, are also expected in the case of the Federal National Mortgage Association, the Tennessee Valley Authority, and the Department of the Navy. The largest net receipts are expected in the case of the Reconstruction Finance Corporation.

TABLE VIII.—*Revolving and management funds; funds provided by operations, funds applied to operations, funds applied to operations, and net effect on budget expenditures—Continued*

[Fiscal year 1952 actual data, estimates for fiscal years 1953 and 1954, in millions of dollars]

Agency	Funds provided by operations				Funds applied to operations				Net effect on budget expenditures			
	1952	1953	1954	1952	1953	1954	1952	1953	1954	1952	1953	1954
Department of the Interior.....	32	39	39	48	51	53	16	12	15	16	12	15
Department of Justice.....	29	24	23	23	22	21	17	12	12	17	12	12
Department of Labor.....	4	4	3	2	3	2	12	11	11	12	11	11
Department of State.....	(*)	69	64	(*)	75	66	1259	(2*)	2	1259	(2*)	2
Treasury Department.....	76	69	64	63	75	66	114	6	2	114	6	2
Total.....	11,981	14,480	18,162	12,980	17,026	19,564	989	2,545	1,401	989	2,545	1,401

* Less than \$500,000.

1 Excess of repayments and collections over expenditures.

2 Repayment out of prior authorizations—State account of advances.

NOTE.—Detail will not necessarily add to totals due to rounding.

Table IX shows the operations of the major trust funds. For the fiscal year 1954 these funds account for about 94 percent of the total trust fund receipts reported in the budget document and nearly 100 percent of the net accumulations in such funds. Money held in trust by the Government is not available for ordinary Government expenditures. Therefore, the transactions of the trust funds are not included in the totals of budget receipts and expenditures. Trust funds may be spent only for the specific purposes of the trust. Accumulations of the trust funds are largely invested in special issues of Government bonds. At the end of 1952 the trust funds held \$40.1 billion in Government securities and it is anticipated that by the end of 1954 their holdings will increase to \$46.7 billion. Actual or estimated receipts, expenditures, and accumulations of all trust funds for the fiscal years 1952, 1953, and 1954 are as follows:

[In billions of dollars]

Fiscal year	Receipts	Expenditures	Accumulations
1952-----	8.8	5.3	3.5
1953 (estimated)-----	9.1	5.7	3.4
1954 (estimated)-----	9.5	6.3	3.2

The balance in the OASI trust fund continues to increase during the period 1952 through 1954. The size of the annual net accumulation each year, however, is expected to decrease slightly. The tax rates applicable in the case of the OASI program increase effective January 1, 1954, from 1½ to 2 percent on both employers and employees.

Receipts of the unemployment trust fund in the fiscal year 1954 are expected to be slightly higher than in 1953. Benefit payments also are expected to be slightly higher; because more unemployed workers will be eligible for benefit payments under the expanded coverage of State laws, even though it is assumed that the level of unemployment will remain low.

Receipts of the railroad retirement account are expected to be higher in 1954 than in 1953 but still below the level of 1952. Expenditures from this account are expected to continue increasing and, as a result, it is anticipated that net accumulations in 1953 and 1954 will be smaller than in 1952.

Receipts of the Federal employees' retirement funds are expected to be higher in 1954 than in 1953 or 1952 largely because the transfers from the budget accounts include a special payment of \$59 million to cover the cost for 1953 and 1954 of the temporary increase in benefits for persons already receiving annuities from the Civil Service Retirement System. Payments continue to increase.

Under the national service life insurance and United States Government life insurance trust funds, \$50 billion of insurance continues in force in about 7 million policies issued before the Servicemen's Indemnity Act of 1951. In the three fiscal years 1952 through 1954, expenditures from these funds are expected to exceed receipts by a decreasing margin as special dividend payments decline.

TABLE IX.—Operations of major trust funds

[Fiscal years; in millions of dollars]

	Actual 1952	Estimated	
		1953	1954
Federal old-age and survivors trust fund:			
Receipts:			
Appropriation from general receipts.....	3,569	4,000	4,298
Interest and other.....	363	435	482
Payments of benefits and administrative expenses.....	2,067	2,650	3,169
Net accumulation during year.....	1,865	1,785	1,611
Balance in fund at close of year.....	16,590	18,375	19,986
Unemployment trust fund:			
Receipts:			
Deposits by States and railroad unemployment taxes.....	1,459	1,351	1,387
Interest.....	184	202	209
Payments: Withdrawals by States and railroads for benefits.....	1,057	926	977
Net accumulation during year.....	586	627	619
Balance in fund at close of year.....	8,654	9,281	9,900
Railroad retirement account:			
Receipts:			
Transfers from budget accounts.....	768	684	695
Interest.....	79	90	98
Payment of benefits, salaries, and expenses.....	391	466	482
Net accumulation during year.....	456	308	311
Balance in fund at close of year.....	2,901	3,209	3,520
Federal employees' retirement funds:			
Receipts:			
Employee contribution.....	418	434	400
Transfer from budget accounts and other.....	310	321	430
Interest.....	189	215	250
Payments of annuities, refunds, and expenses.....	300	367	384
Net accumulation during year.....	617	603	696
Balance in fund at close of year.....	5,054	5,657	6,353
Veterans' life insurance funds:			
Receipts:			
Transfers from general and special accounts.....	203	85	47
Interest on investments.....	201	201	200
Premiums and other.....	473	431	419
Payments:			
Dividends to policyholders.....	556	276	185
Benefits and other.....	532	511	525
Net withdrawal (—) during year.....	—211	—70	—44
Balance at close of year.....	6,561	6,491	6,447

Table X shows the actual or estimated receipts from, and payments to, the public—frequently referred to as the cash budget—for the fiscal years 1952, 1953, and 1954. This budget indicates the flow of money between the public and the Federal Government and is useful in showing the inflationary or deflationary impact of the budget.

The cash budget differs from the administrative budget in that it includes the transactions of trust and deposit funds and excludes intra-governmental transactions (such as interest on capital investment paid by wholly owned Government corporations to the Treasury), noncash items (such as interest accrued on savings bonds which will not be paid in cash until the bonds are redeemed) and receipts of the Government in the exercise of its monetary authority (mainly, seigniorage on silver). The adjustments made in arriving at the cash budget for 1952 are summarized in the Budget document as follows:

[Fiscal year 1952; in millions of dollars]

Transaction	Federal funds	Trust funds	Clearing account for out-standing checks, etc.	Total
Receipts:				
Total (see table II and discussion of table IX)-----	62, 128	8, 807	-----	70, 935
Less:				
Intragovernmental trans- actions-----	137	2, 710	-----	2, 847
Noncash transactions-----	1	-----	-----	1
Receipts from exercise of monetary authority-----	65	-----	-----	65
Equals: Receipts from public-----	61, 925	6, 097	-----	68, 022
Expenditures:				
Total (see table III and discussion of table IX)-----	66, 145	5, 317	401	71, 863
Less:				
Intragovernmental trans- actions-----	2, 845	2	-----	2, 847
Noncash transactions-----	682	366	-----	1, 048
Equals: Payments to public-----	62, 618	4, 949	401	67, 968

Table X also shows the net repayments or borrowings from the public. Changes in the Treasury cash balance must be taken into account here, since decreases in this balance reduce public borrowing requirements and *vice versa*.

The cash budget shows a surplus for 1952 of \$54 million instead of the deficit shown in the administrative budget of \$4.0 billion. The cash deficit for 1953 of \$1.9 billion is \$4.0 billion below the administrative deficit, and the cash deficit of \$6.6 billion for the fiscal 1954 is \$3.3 billion below the administrative deficit. In 1953 the cash budget deficit of \$1.9 billion is reduced to \$0.9 billion as far as borrowing from the public is concerned, since the Treasury cash balance is expected to be drawn down by nearly \$1 billion. It is only the \$900 million which can be expected to have an inflationary effect.

TABLE X.—Cash budget; receipts from and payments to the public for the fiscal years 1952-54 (excluding major intragovernmental and noncash transactions)

[In millions of dollars]

Description	1952 actual	1953 estimate	1954 estimate
RECEIPTS FROM THE PUBLIC			
Direct taxes on individuals.....	30, 713	34, 446	34, 334
Direct taxes on corporations.....	21, 467	23, 700	23, 300
Excise taxes and customs.....	9, 443	10, 385	10, 459
Employment taxes.....	4, 573	4, 932	5, 249
Deposits by States, unemployment insurance.....	1, 439	1, 330	1, 366
Veterans' life insurance premiums.....	473	431	419
Other budget and trust fund receipts.....	2, 217	2, 178	2, 582
Refunds of budget receipts.....	-2, 303	-2, 511	-2, 559
Total, receipts from the public.....	68, 022	74, 891	75, 150
PAYMENTS TO THE PUBLIC			
Military services.....	39, 795	44, 421	46, 326
Veterans' services and benefits.....	5, 756	5, 260	5, 236
International security and foreign relations.....	5, 679	6, 399	8, 214
Social security, welfare, and health.....	4, 450	5, 367	5, 892
Housing and community development.....	320	623	436
Education and general research.....	172	273	289
Agriculture and agricultural resources.....	1, 133	1, 952	1, 867
Natural resources.....	2, 957	3, 385	4, 110
Transportation and communication.....	1, 926	2, 052	2, 010
Finance, commerce, and industry.....	180	392	205
Labor.....	1, 295	1, 172	1, 239
General government.....	1, 291	1, 325	1, 349
Interest.....	4, 136	4, 874	5, 050
Deposit funds ¹ (net).....	-341	-229	-75
Reserve for contingencies.....		25	40
Deduction from Federal employees' salaries for retirement funds.....	415	-430	-396
Clearing account for outstanding checks and telegraphic reports.....	+401	-24	+4
Adjustment to daily Treasury statement basis.....	-767		
Total, payments to the public.....	67, 968	76, 836	81, 797
Excess of receipts from the public.....	54		
Excess of payments to the public.....		1, 945	6, 647
BORROWING AND REPAYMENT OF BORROWING FROM THE PUBLIC			
Excess of payments to or receipts from (-) the public.....	-54	1, 945	6, 647
Receipts from exercise of monetary authority (-) ²	65	-55	-73
Increase or decrease (-) in Treasury cash balance.....	-388	-969	
Borrowing from the public (net).....		921	6, 574
Repayment of borrowing from the public (net).....	507		

¹ Excludes deposit funds of mixed-ownership Government corporations and European Payments Union.

² Consists mainly of seigniorage on silver.

NOTE.—Detail does not necessarily add to totals because of rounding.

Table XI shows the actual outstanding loans, guaranties, and insurance for major Federal credit programs, classified by agency or program, as of the end of fiscal year 1952 and estimates as of the close of 1953 and 1954. The programs included here are expected to account for 99 percent of net expenditures for loans for the fiscal year 1954. The data are shown separately for direct loans and investments and guaranties and insurance.

The impact of Federal credit programs on the budget is relatively small when compared with the large amount of credit extended or guaranteed. This is due to the fact that insurance and guaranties of private loans, which constitute the bulk of the credit programs, normally involve little or no budget expenditures except when defaults require the guaranteeing or insuring agencies to take over the private loan. Moreover, even in the case of loans, collections on old loans in most cases directly offset disbursements on new loans, with the result that net expenditures (sometimes net receipts) are much less than gross expenditures.

Loans and investments outstanding at the end of the fiscal year 1954 are estimated at \$17.4 billion. Somewhat less than half of this represents loans to foreign governments, including the outstanding loan of \$3.6 billion to the United Kingdom, loans of \$2.6 billion by the Export-Import Bank, and \$1.6 billion by the Mutual Security Agency. The amount of loans outstanding is expected to increase substantially in 1953 and 1954, with increases in every major credit program except the loan to the United Kingdom. More than one-third of the increase from 1952 to 1954 is expected in the Federal National Mortgage Association program.

Guaranties and insurance in force are expected to increase to \$32.4 billion by the end of the fiscal year 1954. Mortgage insurance by the Federal Housing Administration and guaranties by the Veterans' Administration account for roughly 90 percent of this total. The amounts shown represent the estimated contingent liability of the Federal Government and exclude the unguaranteed portions of loans.

Direct loans have more than tripled since the end of 1945, with the \$15 billion outstanding on June 30, 1952, representing 5 percent of the private debt of about \$290 billion as of that date. Federal guaranties and insurance have increased fivefold since 1945, and cover about 10 percent of total private debt. Federal agencies currently insure or guarantee about 40 percent of all outstanding home-mortgage loans.

TABLE XI.—*Outstanding loans, guaranties and insurance for major Federal credit programs classified by agency or program*

[End of fiscal years; in millions of dollars]

Agency or program	1952 actual		1953 estimate		1954 estimate	
	Direct loans and investments	Guaranties and insurance	Direct loans and investments	Guaranties and insurance	Direct loans and investments	Guaranties and insurance
Expansion of defense production.....	115	691	262	840	438	759
Mutual Security Agency.....	1,498		1,568		1,602	
Veterans' Administration.....	132	7,450	217	8,478	210	9,488
Export-import Bank.....	2,396		2,524		2,615	
Reconstruction Finance Corporation.....	665	48	720	33	720	25
Housing and Home Finance Agency:						
Federal National Mortgage Association.....	2,068		2,566		2,962	
Slum clearance and urban redevelopment.....	8		17	50	31	124
College housing.....	1		23		63	
Federal Housing Administration.....	113	14,961	144	17,131	174	19,483
Public Housing Administration.....	605	1,123	640	1,642	628	2,320
Department of Agriculture:						
Rural Electrification Administration.....	1,831		2,002		2,168	
Farmers' Home Administration.....	551	47	582	56	608	63
Commodity Credit Corporation.....	331	58	607	186	559	166
Federal intermediate credit banks.....	904		975		1,033	
Treasury Department: Loan to United Kingdom.....	3,706		3,661		3,614	
Total, by type of assistance.....	14,924	24,384	16,508	28,416	17,425	32,428
Grand total.....	39,308		44,924		49,853	

Table XII shows the estimated total cost of the 1954 civil public works program. This cost is divided among expenditures for continuing work and expenditures for new projects, features and commitments recommended for 1954. The table shows the total estimated cost of each program and the portion of the total expended prior to June 30, 1953, during the fiscal year 1954 and the amount required for later fiscal years. The continuing work accounts for nearly 96 percent of the total cost of the programs listed. In the budget presented last year the continuing work accounted for only approximately 91 percent of the total cost of the programs then listed for 1953.

Of a total cost of \$27.9 billion, approximately \$3.9 billion represents 1954 expenditures and \$11 billion, the additional expenditure which will be required for completion of the projects in subsequent years. The civil public works program presented in last year's budget provided for a carry-over to subsequent years of \$9.9 billion.

TABLE XII.—Estimated total cost of the 1954 civil public works program ¹

[Millions of dollars]

Program	Total estimated cost	Expenditures		
		To June 30, 1953	Fiscal year 1954	Required to complete in later years
Continuing work:				
Direct Federal construction:				
Veterans' hospitals.....	875.9	744.5	69.4	62.0
Bureau of Reclamation.....	3,609.9	2,039.8	183.0	1,387.1
Corps of Engineers.....	7,624.0	4,026.3	494.4	3,103.3
Atomic Energy Commission.....	5,967.6	2,604.1	1,603.8	1,759.7
Tennessee Valley Authority.....	1,161.7	574.0	271.7	316.0
Other.....	2,335.2	1,066.1	326.5	942.6
Total, direct Federal construction.....	21,574.3	11,054.8	2,948.8	7,570.7
Loans:				
United States Housing Act program (net) ²	1,500.0	639.7	-11.3	871.6
Other (net).....	288.9	100.3	39.6	149.0
Total, loans.....	1,788.9	740.0	28.3	1,020.6
Grants:				
Federal-aid highways.....	2,485.2	498.7	527.3	1,459.2
Federal-aid schools.....	340.8	217.1	110.3	13.4
Other.....	538.7	408.3	92.2	38.2
Total, grants.....	3,364.7	1,124.1	729.8	1,510.8
Total, continuing work.....	26,727.9	12,918.9	3,706.9	10,102.1
New projects, features and commitments in 1954:				
Direct Federal construction:				
Veterans' hospitals.....	99.2	4.4	10.5	84.3
Bureau of Reclamation.....	10.5	.4	1.0	9.1
Corps of Engineers:				
Navigation projects.....	42.0		3.5	38.5
Flood control projects.....	65.1	1.1	3.2	60.8
Ice Harbor project.....	104.2	1.0	2.4	100.8
Atomic Energy Commission.....	227.6		53.5	174.1
Tennessee Valley Authority.....	219.7	.1	29.5	190.1
Bonneville Power Administration.....	37.0		8.0	29.0
Office of Territories.....	23.5		7.2	16.3
Southeastern Power Administration.....	29.5		3.7	25.8
Access roads.....	20.0		10.0	10.0
Air navigation facilities.....	13.0		3.6	9.4
Defense housing (proposed).....	100.0		50.0	50.0
Other.....	41.0	.1	11.1	29.8
Total, new direct Federal construction.....	1,032.3	7.1	197.2	828.0
Grants:				
Federal-aid hospitals (public).....	37.0		3.7	33.3
Alaska public works.....	7.5		3.5	4.0
Other.....	39.3		6.1	33.2
Total, new grants.....	83.8		13.3	70.5
Loans:				
Alaska public works.....	7.5		3.5	4.0
Total, new projects, features and commitments in 1954.....	1,123.6	7.1	214.0	992.5
Total, civil public works.....	27,851.5	12,926.0	3,920.9	11,004.6

¹ Nonconstruction costs excluded; proposed legislation included.² Includes only borrowing authority.

Table XIII shows, by agency, the reserve of civil public works projects which have been authorized, either by general or specific legislation, or planned for undertaking after the close of the fiscal year 1954.

The expenditures required for fiscal years after 1954 for projects expected to be under way in that year, shown in table XII, plus expenditures for the reserve of authorized projects and programs shown in this table amount to \$27.6 billion. This total is approximately the same as the total cost of civil public works projects on which the budget recommends that work be done in the fiscal year 1954.

TABLE XIII.—*Reserve of authorized civil public works projects and programs for undertaking after the fiscal year 1954*

[Billions of dollars]

Agency	Total cost
Projects authorized by specific legislation:	
Corps of Engineers.....	8.0
Bureau of Reclamation.....	3.3
Public Buildings Service.....	.4
Other agencies.....	.5
Projects or programs considered to be authorized by general legislation:	
Tennessee Valley Authority.....	1.1
Atomic Energy Commission.....	.6
Forest Service.....	1.5
Other agencies.....	1.2
Total.....	16.6

Table XIV shows the actual grants-in-aid to, revenues shared with, and loans and advances made to State and local governments in the fiscal year 1952 and estimates for the fiscal years 1953 and 1954. In 1952 this aid represented 3.9 percent of the total budget expenditures, and in 1953 and 1954 the relationship is expected to remain about the same. The dollar amount of such aid is expected to be slightly larger in 1954 than in 1953, and approximately \$350 million larger in 1954 than the actual amount given to the States and local communities in 1952.

Public-assistance grants to the States represent by far the largest of the grants-in-aid. In 1952 they accounted for 49.2 percent of the total grants-in-aid and in 1953 and 1954 they are expected to account for 47.4 percent and 46.8 percent, respectively.

Grants-in-aid for highways are the second largest program. In 1952 such grants represented 17.3 percent of total grants-in-aid and in 1953 and 1954 they are expected to account for 17.8 and 18.6 percent, respectively, of the total grants-in-aid.

Other important grants-in-aid programs are for unemployment compensation and employment-service administration, school construction and operation in defense-affected areas, hospital construction, and the national school-lunch program.

The largest increases in 1954 and 1953 grants-in-aid over those of prior years is in the public-assistance program. Important increases also occur in the case of school construction and operation in defense-affected areas, and in the highway-aid program.

The shared revenues include such items as grazing receipts, proceeds from the sales of public lands and materials, payments from oil and gas royalties, and payments in lieu of taxes. The loans and advances made are almost exclusively in connection with housing programs.

TABLE XIV.—Expenditures for Federal aid to State and local governments; actual for the fiscal year 1952 and estimated for the fiscal years 1953-54

[Millions of dollars]

	Actual, 1952	Estimated		Net change between	
		1953	1954	1952 and 1953	1952 and 1954
A. Grants-in-aid:					
Veterans' services and benefits-----	6.7	9.7	11.6	+3.0	+4.9
Public assistance-----	1,177.7	1,341.0	1,340.0	+163.3	+162.3
Vocational rehabilitation-----	21.5	22.2	23.0	+7	+1.5
Hospital construction-----	124.1	119.5	87.8	-4.6	-36.3
Maternal and child welfare-----	31.0	32.7	33.2	+1.7	+2.2
National school lunch program-----	83.6	83.7	83.4	+1	-.2
Other, social security, welfare and health-----	37.5	38.1	39.2	+6	+1.7
Low-rent housing program-----	12.5	26.9	39.7	+14.4	+27.2
Slum clearance and urban redevelopment-----		8.0	20.0	+8.0	+20.0
Civil defense-----	.5	23.7	21.9	+23.2	+21.4
Other, housing and community development-----	20.8	29.9	24.7	+9.1	+3.9
School construction and operation in defense-affected areas-----	91.3	190.6	187.0	+99.3	+95.7
Vocational education-----	25.8	25.4	25.3	-.4	-.5
Other, education and general research-----	5.1	5.2	5.2	+1	+1
Removal of surplus agricultural commodities-----	33.2	50.0	55.0	+16.8	+21.8
Cooperative agricultural extension work-----	31.7	31.9	31.9	+2	+2
Other, agriculture and agricultural resources-----	19.0	14.4	14.7	-4.6	-4.3
Natural resources-----	19.8	25.1	24.6	+5.3	+4.8
Highways-----	415.0	504.4	531.6	+89.4	+116.6
Federal-aid airport program-----	32.8	33.0	32.0	+2	-.8
State marine schools-----	.2	.2	.2		
Unemployment compensation and employment service administration-----	186.5	193.8	207.8	+7.3	+21.3
Grants to Territories-----	5.4	7.4	10.8	+2.0	+5.4
District of Columbia, Federal contribution-----	11.4	11.0	12.0	-.4	+1.6
Total, grants-in-aid-----	2,393.0	2,827.7	2,862.7	+434.7	+469.7
B. Shared revenues-----	38.1	48.4	49.0	+10.3	+10.9
C. Net loans and repayable advances-----	172.7	69.1	47.6	-103.6	-125.1
Total grants-in-aid, shared revenue, and net loans and repayable advances-----	2,603.7	2,945.2	2,959.3	+341.5	+355.6

NOTE.—Detail does not necessarily add to totals because of rounding.

Table XV compares, in summary fashion, the estimates of budget receipts and expenditures for the fiscal year 1953, which were submitted in January 1952, August 1952, and January 1953.

In each successive estimate of expenditures the estimate for 1953 has been substantially reduced, with the current estimate being \$10.9 billion below the estimate submitted a year ago, and \$4.4 billion below the estimate of this last August. The estimates of receipts also have been decreased successively in each new estimate of receipts, although the major reduction in the estimated receipts occurred between January 1952 and August 1952. Total budget receipts are now estimated at a level of \$2.3 billion below the estimate of a year ago. Because the reductions in estimated expenditures have been considerably larger than the reductions in estimated receipts, the deficit now anticipated for the fiscal year 1953 is \$5.9 billion instead of the \$14.4 billion forecast a year ago.

Most of the decrease in estimated expenditures can be accounted for by the two programs, military services and international security and foreign relations. The current 1953 estimate for military services is \$6.8 billion below the estimate made a year ago, while that for international security is \$4.8 billion below that of a year ago.

The overstatement of receipts for fiscal year 1953 in the estimate of January 1952 can be attributed to an overstatement of collections from direct taxes on corporations. Direct taxes on corporations now are expected to bring in \$4.1 billion less than was anticipated a year ago. In part this overstatement would appear to be due to too high an assumed level of corporate profits for the calendar year 1952. A year ago corporate profits of \$46 billion were assumed for the calendar year 1952. The present tentative corporate profit figure for the calendar year 1952 is \$41 billion. However, the Commerce Department, which prepares the series of data on corporate profits, revised corporate profits down by roughly \$2 billion on an annual basis since the Treasury estimate of a year ago. This undoubtedly accounts for part of this difference.

TABLE XV.—Various estimates of budget receipts, expenditures, and deficit, fiscal year 1953

[In millions of dollars]

Source or function	Estimate of January 1952	Estimate of August 1952	Estimate of January 1953	Changes in estimates from January 1952 to January 1953
A. Budget receipts:				
Direct taxes on individuals.....	33, 005	33, 542	34, 446	+1, 441
Direct taxes on corporations.....	27, 800	24, 800	23, 700	-4, 100
Excise taxes.....	9, 744	9, 624	9, 795	+51
Customs.....	575	550	590	+15
Net employment taxes ¹	970	970	932	-38
Miscellaneous receipts.....	1, 613	1, 750	1, 745	+132
Deduct: Refund of receipts.....	2, 709	2, 500	2, 511	-198
Total budget receipts.....	70, 998	68, 736	68, 697	-2, 301
B. Expenditures:				
Military services.....	51, 163	} 55, 244	{ 44, 380	-6, 783
International security and foreign relations.....	10, 844			
Finance, commerce, and industry.....	833	375	6, 035	-4, 809
Transportation and communication.....	1, 643	1, 863	458	-375
Natural resources.....	3, 237	3, 644	2, 056	+413
Agriculture and agricultural resources.....	1, 478	1, 804	3, 370	+133
Labor.....	246	248	1, 943	+465
Housing and community development.....	678	657	252	+6
Education and general research.....	624	263	757	+79
Social security, welfare, and health.....	2, 662	2, 667	272	-352
Veterans' services and benefits.....	4, 197	4, 479	2, 594	-68
General government.....	1, 484	1, 253	4, 546	+349
Interest.....	6, 255	6, 431	1, 385	-99
Reserve for contingencies.....	100	100	6, 520	+265
Total budget expenditures.....	85, 444	79, 028	74, 593	-10, 851
C. Budget deficit.....	14, 446	10, 292	5, 896	-8, 550

¹ Total employment taxes minus appropriation to old-age and survivors insurance trust fund.

TABLE XVI.—*Summary of budget expenditures in selected categories; actual expenditures for the fiscal years 1939-52, and estimated expenditures for the fiscal years 1953-54*

[In millions of dollars]

Fiscal year	Military services	Veterans' services and benefits	International security and foreign relations	Interest	All other	Total
1939-----	1,077	560	20	950	6,359	8,966
1940-----	1,500	552	51	1,056	6,024	9,183
1941-----	6,388	566	142	1,123	5,168	13,387
1942-----	26,859	559	634	1,272	4,863	34,187
1943-----	70,267	606	167	1,825	6,757	79,622
1944-----	83,766	745	245	2,623	7,936	95,315
1945-----	84,570	2,096	677	3,662	7,698	98,703
1946-----	45,134	4,416	1,463	4,816	4,874	60,703
1947-----	14,316	7,381	6,541	5,012	6,039	39,289
1948-----	10,963	6,654	4,781	5,248	6,145	33,791
1949-----	11,915	6,726	6,459	5,445	9,512	40,057
1950-----	12,281	6,647	4,805	5,817	10,606	40,156
1951-----	20,462	5,342	4,727	5,714	8,388	44,633
1952-----	39,727	4,863	5,268	5,934	10,353	66,145
1953 estimated-----	44,380	4,546	6,035	6,520	13,112	74,593
1954 estimated-----	46,296	4,564	7,861	6,420	12,546	78,587

TABLE XVII.—Summary of budget receipts by major sources; actual receipts for fiscal years 1939-52 and estimated receipts for fiscal years 1953-54

[In millions of dollars]

Fiscal year	Direct taxes on individuals	Direct taxes on corporations	Excise taxes	Customs	Employment taxes	Miscellaneous receipts	Total receipts	Deduct		Net budget receipts
								Refund of receipts	Appropriation to OASI trust fund	
1939	1,393	1,277	1,751	319	741	188	5,668	61	503	5,103
1940	1,338	1,272	1,860	349	838	237	5,893	79	550	5,265
1941	1,823	2,211	2,402	392	932	235	7,996	80	688	7,227
1942	3,649	5,022	3,137	389	1,194	286	13,677	85	896	12,696
1943	6,872	9,996	3,778	324	1,508	924	23,402	70	1,131	22,202
1944	20,290	15,256	4,400	431	1,751	3,313	45,441	257	1,292	43,802
1945	19,789	16,399	5,934	355	1,793	3,480	47,750	1,310	1,310	44,762
1946	19,008	12,906	6,696	435	1,714	3,479	44,238	2,973	1,288	40,027
1947	20,408	9,676	7,270	494	2,039	4,621	44,508	3,006	1,459	40,043
1948	21,896	10,174	7,402	422	2,396	3,809	46,099	2,272	1,616	42,211
1949	18,725	11,554	7,551	384	2,487	2,072	42,774	2,838	1,690	38,246
1950	18,115	10,854	7,597	423	2,892	1,430	41,311	2,160	2,106	37,045
1951	24,095	14,388	8,693	624	3,940	1,629	53,369	2,107	3,120	48,143
1952	30,713	21,467	8,893	550	4,573	1,803	67,999	2,302	3,569	62,128
1953 estimated	34,446	23,700	9,795	590	4,932	1,745	75,208	2,511	4,000	68,697
1954 estimated	34,334	23,300	9,869	590	5,249	2,180	75,522	2,559	4,298	68,665

Table XVIII shows the debt of the Federal Government at the end of the fiscal years 1939 through 1952 and the estimates contained in the budget document for fiscal years 1953 and 1954. Several kinds of debt figures are shown.

The gross debt and guaranteed obligations shown in the first column indicate the total amount of Government securities outstanding. This series is significant as an approximate measure of interest requirements for servicing the debt.

The third column shows the "net debt" of the Federal Government, which is the gross debt and guaranteed obligations minus the balance in the general fund held in the form of Government bank deposits. This concept is not used by either the Treasury Department or Bureau of the Budget. As used here it does not make any allowance for capital assets of the Government.

The last column of the table shows the "net debt and guaranteed obligations held by the public." This is obtained by subtracting from the net debt, investments in United States securities by Government trust funds and wholly owned Government corporations. This series is useful in showing the inflationary impact of the debt.

The budget anticipates that the gross debt will reach about \$274 billion by the end of fiscal year 1954. This exceeds the gross debt at the end of 1946, which is the highest end of year gross debt recorded. The net debt held by the public, however, was relatively stable from 1948 through 1953. The budget figures imply a \$7 billion jump in net debt held by the public between the fiscal years 1953 and 1954.

TABLE XVIII.—*The debt of the Federal Government; actual for fiscal years 1939-52, and estimates for fiscal years 1953-54*

[In billions of dollars]

Fiscal year	Gross debt and guaranteed obligations, end of year ¹	General fund balance	Net debt and guaranteed obligations ²	United States securities held by Government agencies and accounts ³	Net debt and guaranteed obligations held by the public ⁴
1939-----	45.9	2.8	43.0	4.4	38.7
1940-----	48.5	1.9	46.6	5.5	41.2
1941-----	55.3	2.6	52.7	6.8	45.9
1942-----	77.0	3.0	74.0	8.8	65.2
1943-----	140.8	9.5	131.3	12.1	119.2
1944-----	202.6	20.2	182.5	16.3	166.2
1945-----	259.1	24.7	234.4	21.3	213.1
1946-----	269.9	14.2	255.7	25.0	230.7
1947-----	258.4	3.3	255.1	28.2	226.9
1948-----	252.4	4.9	247.4	31.3	216.2
1949-----	252.8	3.5	249.3	33.6	215.8
1950-----	257.4	5.5	251.9	33.2	218.7
1951-----	255.2	7.4	247.9	36.6	211.3
1952-----	259.1	7.0	252.1	40.1	212.0
1953 (estimated)-----	263.9	6.0	257.9	43.5	214.4
1954 (estimated)-----	273.8	6.0	267.8	46.7	221.1

¹ In 1941 there were over \$6 billions of guaranteed obligations of wholly owned Government corporations. These were replaced over the ensuing several years by Treasury obligations, until now only a negligible amount of these are outstanding. Comparability over several years requires adding the two concepts.

² Column (1) less column (2).

³ Series developed from data in annual reports of the Secretary of the Treasury. The Government security holdings of several partly owned Government corporations were excluded to make the series correspond to the coverage of the budget estimates of net additional investments of Government agencies in United States securities, in special analysis H of the budget document.

⁴ Public here is defined to cover all but Federal agencies included in column (4).

