

taken. It is only if genuine surpluses occur after such provision that taxes can safely be cut to leave in the hands of the people that income which is unnecessary for the execution of Government activities.

### ESTIMATES OF RECEIPTS AND EXPENDITURES

#### *Estimates of previous years*

Reductions in taxation since the war have been based on estimates of future receipts and expenditures of the Government, the estimated tax receipts and certain of the estimated miscellaneous receipts having been prepared by the Treasury. During the past five fiscal years two downward revisions of taxation have been made—in the revenue acts of 1924 and 1926—and another change is now in prospect. In making such tax revisions the estimates of Government income and outgo for coming years are important in determining how far taxation can be reduced. In this connection a reasonable accuracy in estimates of Government tax receipts is particularly important.

The three diagrams which follow on pages 26 and 27 have been prepared to show the discrepancies that have occurred in preparing estimates during the past five years, and the allocation of such amounts among the principal sources of revenue. The estimates shown are those submitted to Congress seven months before the end of the particular fiscal year, with the exception of 1926, for which year estimates are those prepared just after the passage of the revenue act of 1926. The first diagram (diagram No. 7, p. 26) shows the estimated and actual receipts, expenditures, and surplus during the five-year period, thus indicating the relation of differences between estimates and actual receipts and expenditures to the difference in the estimated and actual surplus. The two subsequent diagrams (diagrams 8 and 9, on pp. 26 and 27) show the estimated and actual receipts from each of the four general sources—income taxes, miscellaneous internal taxes, customs, and miscellaneous receipts. Percentages of difference inserted over the bars for each year permit a comparison of the discrepancies in the various sources.

There are two significant observations to be made from these diagrams: (1) Discrepancies in estimates of surplus have not resulted entirely from underestimation of receipts. This was especially true of the past fiscal year when expenditures ran 4.3 per cent below the estimate. (2) The greatest differences in estimated receipts have occurred in income tax receipts and in miscellaneous receipts. On the whole, the error in estimating miscellaneous receipts has been larger, both in amount and relative to the importance of the source, than the error in estimating income tax receipts.

REPORT ON THE FINANCES

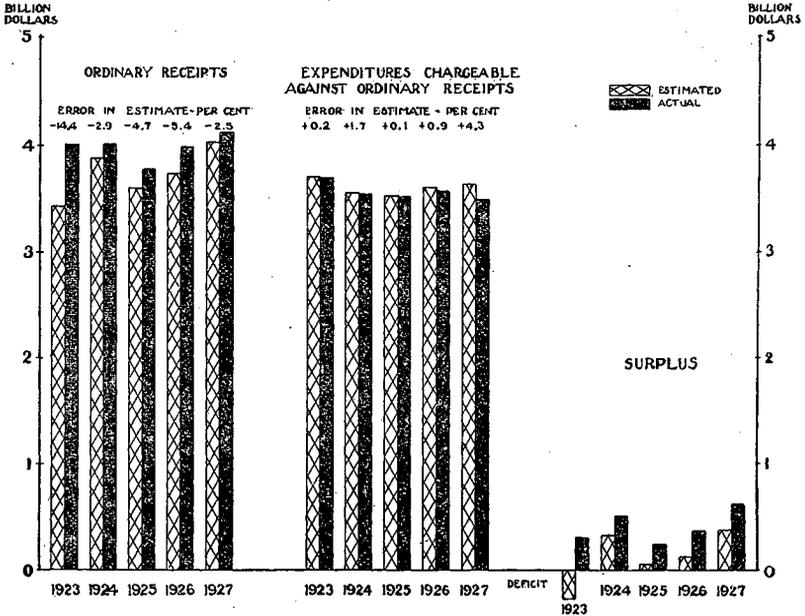


DIAGRAM 7.—Estimated ordinary receipts, expenditures chargeable against ordinary receipts, and surplus or deficit, compared with actual amounts for the fiscal years 1923 to 1927

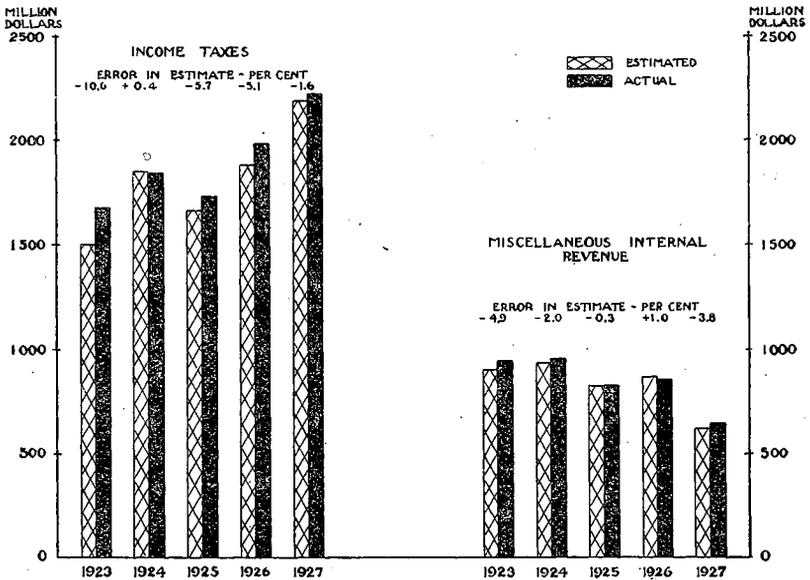


DIAGRAM 8.—Estimated receipts from income taxes and miscellaneous internal revenue for the fiscal years 1923 to 1927 compared with actual receipts

The Treasury estimates have been made in the face of a number of difficulties of no minor importance:

(1) Two thoroughgoing revisions have been made in internal taxation and one revision has been made in the tariff. The changes in internal taxes affected not only exemptions, credits, and tax rates on individual incomes and the rate on corporation income but also a large number of miscellaneous internal taxes. The effect of a tax change on the base of a tax, especially under changing business conditions, can be estimated with only a certain degree of accuracy. This accounts, in part, for discrepancies in estimates of income taxes and miscellaneous internal revenue in the fiscal years 1925, 1926, and 1927. The tariff act of 1922, approved September 21, 1922, accounts for the unusually large error in customs receipts for the fiscal year 1923.

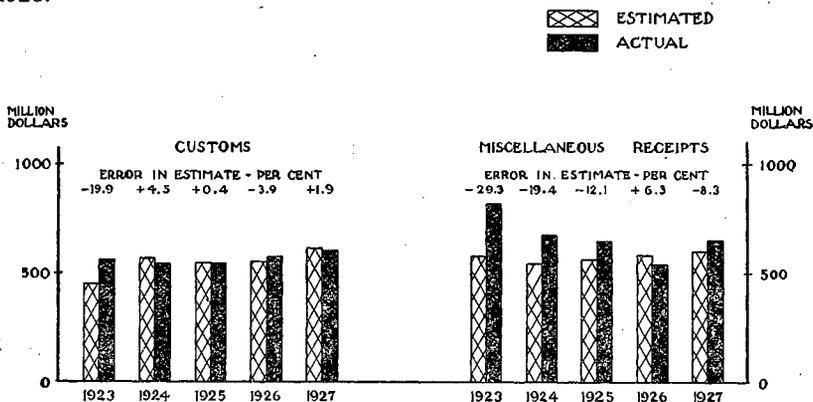


DIAGRAM 9.—Estimated receipts from customs and miscellaneous sources for the fiscal years 1923 to 1927 compared with actual receipts

(2) The five-year period has been, on the whole, one of unusual prosperity for the Nation, which it was not possible accurately to forecast. It is because of such prosperity that incomes of corporations and individuals made a great increase in the calendar year 1923, sustained a remarkable part of these gains during the recession in the calendar year 1924, and reached new high levels in the calendar years 1925 and 1926.

(3) During the same five years the Bureau of Internal Revenue has concentrated on a program of disposing of the accumulation of tax cases outstanding, especially income tax returns of the war years, and a reorganization of the bureau to promote prompter administration of current returns. The chief result has been large collections on prior year returns outstanding and therefore much larger back tax collections than anticipated. The unexpected size of these items has also added to the discrepancies shown in income tax estimates in the past three years.

(4) Receipts from miscellaneous items have been affected by unusual receipts from Government-owned securities, especially the railroad and Federal farm loan securities, due to favorable financial conditions. The Treasury has consequently reduced its holdings of such securities much faster than anticipated, and total receipts from miscellaneous sources have been much larger than estimated.

*Estimates for the fiscal years 1928 and 1929, compared with actual amounts for the fiscal year 1927*

The following table summarizes cash receipts and expenditures during the fiscal year 1927 and the estimated receipts and expenditures for the fiscal years 1928 and 1929 on the basis of the latest information received from the Bureau of the Budget:

*Summary of receipts and expenditures on the basis of daily Treasury statements (unrevised)*

	Actual, fiscal year 1927	Estimated, fiscal year 1928	Estimated, fiscal year 1929
Net balance in the general fund at the beginning of fiscal year.	\$210,002,027	\$234,057,410	\$210,002,027
Receipts:			
Ordinary.....	4,129,394,441	4,075,598,091	3,809,497,313
Public debt.....	12,756,410,766	3,238,115,237	1,319,176,324
Total.....	7,095,807,234	7,547,770,738	5,338,675,664
Expenditures:			
Ordinary.....	2,974,029,675	3,085,129,211	3,015,333,637
Public debt chargeable against ordinary receipts.....	519,554,845	536,185,074	541,623,394
Other public debt.....	13,368,165,304	3,716,454,426	1,571,716,606
Net balance in the general fund at close of fiscal year.....	234,057,410	210,002,027	210,002,027
Total.....	7,095,807,234	7,547,770,738	5,338,675,664
<b>POSTAL SERVICE</b>			
Postal receipts.....	683,121,989	710,500,000	753,000,000
Postal expenditures.....	710,395,180	740,870,400	768,270,042
Deficiency in postal receipts <sup>1</sup> .....	27,263,191	30,370,400	15,270,042

<sup>1</sup> Other public debt expenditures and public debt receipts, as shown in this statement, are exclusive of \$2,428,673,500 Treasury certificates issued and retired within the same fiscal year.

<sup>2</sup> The postal deficiency for 1927 and the estimated postal deficiencies for 1928 and 1929 are included in the ordinary expenditures shown above and in the general classification of ordinary expenditures and estimated ordinary expenditures on p. 31.

Ordinary receipts, and expenditures chargeable against ordinary receipts, for the fiscal years 1926 and 1927, on the basis of daily Treasury statements (unrevised), with corresponding estimates for the fiscal years 1928 and 1929, are shown in the table on page 30. Ordinary receipts include all receipts other than those from public debt transactions. While ordinary expenditures similarly exclude expenditures for the retirement of the public debt, expenditures chargeable against ordinary receipts include, in addition to ordinary expenditures, the statutory retirements of the public debt from the

sinking fund and from special earmarked receipts, such as repayments of the indebtedness of foreign governments. The estimates in the table are on the basis of the latest information received from the Bureau of the Budget.

Public debt expenditures and receipts for the fiscal year 1927, by types of issue, with corresponding estimates for the fiscal years 1928 and 1929, are given in the table on page 33. The figures for 1927 are on the basis of daily Treasury statements (unrevised). Public debt expenditures and public debt receipts, as shown in this table, are exclusive of Treasury certificates issued and retired within the same fiscal year. They include, however, the amount of exchange transactions in public debt issues.

*Receipts and expenditures for the fiscal years 1926 and 1927, and estimated receipts and expenditures for the fiscal years 1928 and 1929, on the basis of daily Treasury statements (unrevised)*

	Fiscal year 1926	Fiscal year 1927	Fiscal year 1928	Fiscal year 1929
<b>RECEIPTS</b>				
<i>Ordinary</i>				
Customs.....	\$579,430,092.86	\$605,499,983.44	<sup>1</sup> \$602,000,000.00	<sup>1</sup> \$602,000,000.00
Internal revenue:				
Income tax.....	\$1,982,040,088.58	\$2,224,992,800.25	\$2,165,000,000.00	\$2,065,000,000.00
Miscellaneous internal revenue.....	855,599,289.26	644,421,541.56	638,545,000.00	640,545,000.00
	<u>2,837,639,377.84</u>	<u>2,869,414,341.81</u>	<u>2,803,545,000.00</u>	<u>2,705,545,000.00</u>
Miscellaneous receipts:				
Proceeds of Government-owned securities—				
Foreign obligations—				
Principal.....	34,147,271.62	45,699,572.81	48,677,039.00	38,747,660.00
Interest.....	160,090,685.53	160,389,599.90	160,320,218.00	160,340,908.00
Railroad securities.....	36,735,326.87	89,737,958.98	169,478,876.00	24,090,165.00
All other securities.....	34,568,379.41	63,474,987.27	1,141,816.00	1,296,559.00
Trust fund receipts (reappropriated for investment).....	39,796,558.07	48,476,630.97	57,532,000.00	47,887,640.00
Proceeds sale of surplus property.....	25,572,012.59	18,068,529.98	10,358,883.00	9,807,457.00
Panama Canal tolls, etc.....	24,648,568.58	25,768,389.71	25,000,000.00	26,000,000.00
Receipts from miscellaneous sources credited direct to appropriations.....	18,694,008.27	14,361,493.71	8,317,923.00	7,653,021.00
Other miscellaneous.....	171,433,408.50	188,502,952.52	189,226,336.00	186,128,904.00
	<u>545,686,219.44</u>	<u>654,480,115.85</u>	<u>670,053,091.00</u>	<u>501,952,314.00</u>
Total ordinary receipts.....	<u>3,962,755,690.14</u>	<u>4,129,394,441.10</u>	<u>4,075,598,091.00</u>	<u>3,809,497,314.00</u>
<b>EXPENDITURES</b>				
<i>Ordinary (checks and warrants paid, etc.)</i>				
General expenditures: <sup>7</sup>				
Legislative establishment.....	15,776,230.41	19,678,325.13	17,128,804.00	17,290,461.00
Executive proper.....	438,768.06	612,197.93	586,333.00	420,700.00
State Department.....	16,521,348.08	16,497,668.60	12,544,029.00	13,939,006.00
Treasury Department.....	136,578,723.67	151,560,333.78	157,866,735.00	180,800,335.00
War Department.....	355,072,225.92	360,808,776.71	392,477,038.00	392,506,915.00
Department of Justice.....	23,774,129.23	24,819,057.70	28,285,484.00	26,653,460.00
Post Office Department.....	96,388.93	189,037.77		

Navy Department.....	312,743,409.81	318,909,096.28	357,074,767.00	371,227,000.00
Interior Department.....	301,759,049.28	302,706,745.19	297,978,599.00	280,974,343.00
Department of Agriculture.....	155,350,432.49	156,287,304.95	155,442,319.00	146,593,049.00
Department of Commerce.....	29,132,015.82	30,939,749.02	37,000,758.00	37,767,000.00
Department of Labor.....	8,544,899.59	9,921,644.26	10,120,573.00	10,725,840.00
U. S. Veterans' Bureau <sup>1</sup> .....	404,692,185.22	391,470,413.72	414,169,512.00	412,652,360.00
Other independent offices and commissions.....	32,069,356.30	35,442,771.15	38,429,182.00	38,493,436.00
District of Columbia.....	34,410,707.45	37,566,520.57	39,558,024.00	38,850,000.00
<b>Total.....</b>	<b>1,826,959,870.26</b>	<b>1,857,409,642.76</b>	<b>1,958,662,157.00</b>	<b>1,968,893,905.00</b>
Deduct unclassified items.....	232,946.52	448,920.63		
<b>Total.....</b>	<b>1,826,726,923.74</b>	<b>1,857,858,563.39</b>	<b>1,958,662,157.00</b>	<b>1,968,893,905.00</b>
Interest on public debt.....	4831,937,700.16	787,019,578.18	720,000,000.00	670,000,000.00
Refunds of receipts:				
Customs.....	27,744,697.78	20,320,524.37	20,010,500.00	19,013,000.00
Internal revenue.....	182,220,053.01	117,412,172.61	151,321,500.00	136,271,500.00
Postal deficiency.....	39,506,490.29	27,263,191.12	30,370,400.00	15,270,042.00
Panama Canal.....	9,017,719.00	8,305,345.04	9,515,534.00	9,250,000.00
Operations in special accounts:				
Railroads.....	2,725,800.85	1,042,746.21	3,370,000.00	1,033,550.00
War Finance Corporation.....	19,691,166.28	27,065,781.61	2,508,062.00	500,000.00
Shipping Board.....	23,043,032.04	19,011,397.11	26,460,182.00	17,700,000.00
Alien property funds.....	3,515,999.58	496,117.92	500,000.00	500,000.00
Adjusted service certificate fund <sup>6</sup> .....	120,152,238.11	115,219,352.30	111,220,000.00	111,220,000.00
Civil service retirement and disability fund <sup>7</sup> .....	10,815,743.02	425,194.65	425,000.00	19,500,000.00

<sup>1</sup> Includes \$2,000,000 estimated by Department of Commerce for tonnage tax, receipts on account of which are covered into the Treasury as customs revenue.

<sup>2</sup> During the fiscal year 1927 allotments for veterans' relief have been made to the Treasury Department in the amount of \$249,386.20, to the War Department in the amount of \$4,664,400.36, to the Navy Department in the amount of \$5,900, and to the Interior Department in the amount of \$30,000. Similar allotments in the fiscal year 1926 to the Treasury Department were \$372,878.53, to the War Department \$4,933,149.13, to the Navy Department \$754,451.62, and to the Interior Department in the amount of \$41,000. Expenditures under these allotments, however, appear as expenditures of the respective departments and not of the Veterans' Bureau.

<sup>3</sup> Add.

<sup>4</sup> Includes \$5,821,883.67 for 1926 and \$2,401,478.49 for 1927, accrued discount on war savings certificates of matured series.

<sup>5</sup> Excess of credits (deduct).

<sup>6</sup> For details of this account see p. 134. The difference between amounts of above charges and the amounts appropriated for investment is due to working balance required for use of Veterans' Bureau in making authorized payments from the fund.

<sup>7</sup> Under provisions of the amendment of July 3, 1926, to the act establishing the civil service retirement and disability fund and regulations issued pursuant thereto, beginning July 1, 1926, expenditures for salary, pay, or compensation of employees entitled to the benefits of the act are at the full amount due. Retirement-fund deductions are deposited monthly with the Treasurer for credit to the fund. Amounts not required for authorized payments are invested by the Treasury in special issues of Government obligations bearing interest at the rate of 4 per cent per annum, payable on June 30 each year, which is the same rate prescribed in the act for earnings on the deductions from salary, pay, or compensation. The figures for the fiscal years 1925 and 1926 represent only investments of employees' contributions not required for current expenditure. For a more detailed explanation of this account, see p. 135.

Receipts and expenditures for the fiscal years 1926 and 1927, and estimated receipts and expenditures for the fiscal years 1928 and 1929, on the basis of daily Treasury statements (unrevised).—Continued

	Fiscal year 1926	Fiscal year 1927	Fiscal year 1928	Fiscal year 1929
<b>Investment of trust funds:</b>				
Government life insurance fund.....	\$38,290,345.65	\$47,315,972.70	\$56,567,000.00	\$46,837,640.00
District of Columbia teachers' retirement fund.....	297,036.87	289,980.43	465,000.00	550,000.00
Foreign service retirement fund.....	100,033.44	87,267.50	100,000.00	294,000.00
General railroad contingent fund.....	1,209,175.55	870,677.84	500,000.00	500,000.00
	\$3,097,611,822.81	\$2,974,029,674.62	\$3,085,129,211.00	\$3,015,333,637.00
<b>Public debt retirements chargeable against ordinary receipts:</b>				
Sinking fund.....	317,091,750.00	333,528,400.00	353,221,424.00	369,209,094.00
Purchases from foreign repayments.....	4,393,500.00	19,254,500.00	22,188,650.00	10,219,300.00
Received from foreign governments under debt settlements.....	165,280,000.00	159,961,800.00	159,775,000.00	160,995,000.00
Purchases from franchise tax receipts (Federal reserve banks and Federal intermediate credit banks).....	567,900.69	1,231,834.78	800,000.00	1,000,000.00
Forfeitures, gifts, etc.....	62,900.00	5,578,310.00	200,000.00	200,000.00
	487,376,050.69	519,554,844.78	536,185,074.00	541,623,394.00
<b>Total expenditures chargeable against ordinary receipts.....</b>	<b>3,584,987,873.50</b>	<b>3,493,584,519.40</b>	<b>3,621,314,285.00</b>	<b>3,556,957,031.00</b>
<b>Excess of ordinary receipts over total expenditures chargeable against ordinary receipts.....</b>	<b>377,767,816.64</b>	<b>635,809,921.70</b>	<b>454,283,806.00</b>	<b>252,540,283.00</b>

*Public debt expenditures and receipts for fiscal year 1927 and estimates for fiscal years 1928 and 1929, on the basis of daily Treasury statements (unrevised) <sup>1</sup>*

	Fiscal year 1927	Fiscal year 1928	Fiscal year 1929
<b>EXPENDITURES</b>			
Certificates of indebtedness.....	\$454,493,600.00	\$713,565,500.00	\$1,250,000,000.00
Treasury notes and certificates of indebtedness (adjusted service series).....	30,400,000.00	25,000,000.00	25,000,000.00
Treasury notes and certificates of indebtedness (civil-service retirement fund series).....	13,700,000.00	16,074,000.00	17,340,000.00
Victory notes.....	1,294,450.00	500,000.00	500,000.00
Treasury notes and bonds, and Liberty bonds.....	3,294,172,950.00	3,300,000,000.00	700,000,000.00
Treasury (war) savings securities.....	64,162,481.55	175,000,000.00	100,000,000.00
Loan of 1925.....	196,200.00	-----	-----
Retirements of Federal reserve bank notes and national-bank notes.....	28,060,775.00	22,000,000.00	20,000,000.00
Old debt items.....	1,249,792.72	500,000.00	600,000.00
<b>Total public debt expenditures.....</b>	<b>3,887,720,149.27</b>	<b>4,252,639,500.00</b>	<b>2,113,340,000.00</b>
Deduct public debt expenditures chargeable against ordinary receipts:			
Sinking fund.....	\$333,528,400.00	\$353,221,424.00	\$369,209,094.00
Purchase of Liberty bonds from foreign repayments.....	19,254,500.00	22,188,650.00	10,219,300.00
Received from foreign governments under debt settlements.....	159,961,800.00	159,775,000.00	160,995,000.00
Retirements from Federal reserve bank and Federal intermediate credit bank franchise tax receipts.....	1,231,834.78	800,000.00	1,000,000.00
Retirements from gifts, forfeitures, etc.....	5,578,310.00	200,000.00	200,000.00
	519,554,844.78	536,185,074.00	541,623,394.00
	3,368,165,304.49	3,716,454,426.00	1,571,716,606.00
<b>RECEIPTS</b>			
Deposits to retire Federal reserve bank notes and national-bank notes.....	27,828,137.50	15,000,000.00	15,000,000.00
Treasury savings securities.....	13,572,408.43	9,115,237.00	5,176,323.00
Other new issues of securities, including Treasury notes and certificates.....	2,715,010,220.00	3,214,000,000.00	1,299,000,000.00
<b>Total public debt receipts.....</b>	<b>2,756,410,765.93</b>	<b>3,238,115,237.00</b>	<b>1,319,176,323.00</b>
Excess of public debt retirements over the retirements chargeable against ordinary receipts due to indicated surplus and decrease in general fund balance.....	<sup>2</sup> 611,754,538.56	<sup>3</sup> 478,339,189.00	262,540,283.00

SECRETARY OF THE TREASURY

<sup>1</sup> Public debt expenditures and public debt receipts, as shown in this statement, are exclusive of Treasury certificates issued and retired within the same fiscal year.

<sup>2</sup> Surplus, \$635,809,921.70. Difference of \$24,055,383.14 carried over as an increase in general fund balance and used for debt retirement in fiscal year 1928.

<sup>3</sup> Includes \$24,055,383 referred to in note 2.

tions. During the fiscal years 1923-1928 amounts varying from \$216,000,000 to \$398,000,000 were derived from sources of a temporary nature. As much as \$331,000,000 was secured in a single recent year from back taxes on incomes, the major source of which has been the retarded audit of returns of war years. The chief characteristic of these unusual sources of receipts is that they will yield little or no revenue in future years. The back tax collections during the fiscal years 1923 to 1927 depended largely on the retarded audit of the income-tax returns of the war years. Such returns under high tax rates have yielded unusually large back tax collections as compared with the returns of more recent years. Although there are still a small number of these early returns pending settlement, most of such collections have now been made. Consequently it is expected that the volume of back tax collections will decline. Of the railroad and Federal farm loan securities owned by the Government, sales of which have yielded appreciable amounts in recent years, only \$74,608,948 of railroad and \$555,700 of farm loan securities remained on hand June 30, 1928. The disposal of war supplies has already ceased to yield more than small amounts of revenue.

The experience of the Treasury has demonstrated that the surpluses have been moderate when considered on the basis of the more permanent sources of revenue, and that the policy of the Government has been sound in providing for a balanced budget on the basis of the reasonably assured receipts and the reasonably assured expenditures, and in applying such surpluses as occurred to the reduction of the huge war debt. This is all the more true since the proceeds from the realization of capital assets acquired largely through war loans have been very properly applied to the retirement of war debt rather than to current expenditures.

## ESTIMATES OF RECEIPTS AND EXPENDITURES

### *Estimates of previous years*

Diagram 4 shows the estimated and actual receipts, expenditures and surpluses during the past five years, thus indicating the relation of differences between estimated and actual receipts and expenditures to the difference between the estimated and actual surpluses. The estimates shown are those submitted to Congress seven months before the end of the particular fiscal year with the exception of 1926, for which year estimates are those prepared just after the passage of the revenue act of 1926. Percentages of difference inserted over the bars for each year provide a comparison of the accuracy of the estimates.

Three estimates are now prepared and published for each fiscal year. The first is in the budget for the particular fiscal year presented

to Congress in the December preceding the beginning of the fiscal year. The second appears in the report of the Director of the Bureau of the Budget about eight months later, or just after the opening of the fiscal year. The third is presented to Congress in December of the particular fiscal year. Special estimates are prepared at other times for use in recommending tax reductions. Estimated tax receipts and certain estimated miscellaneous receipts are prepared for the Bureau of the Budget by the Treasury. The estimated tax receipts represent the results of three independent estimates: (1) by the administrative bureaus for making collections, i. e., the Bureau of Customs and the Bureau of Internal Revenue; (2) by the Government Actuary and

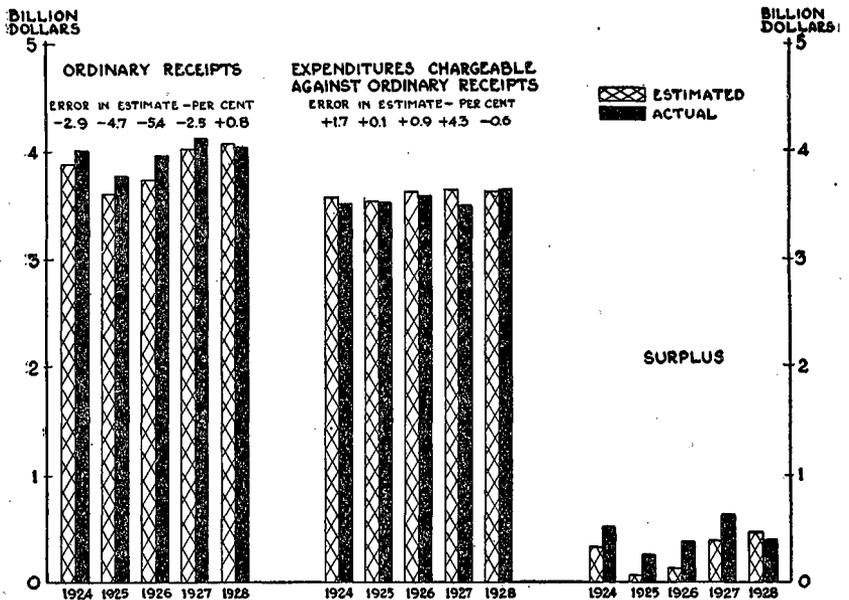


DIAGRAM 4.—Estimated ordinary receipts, expenditures chargeable against ordinary receipts, and the surplus, compared with actual amounts for the fiscal years 1924 to 1928

(3) by the Section of Financial and Economic Research. These independent estimates are coordinated and reconciled under the direct personal supervision of the Undersecretary of the Treasury. The estimated receipts from miscellaneous sources are prepared for the Bureau of the Budget by the respective departments having jurisdiction over the various activities. The estimated expenditures are furnished by the Bureau of the Budget and are based on a careful survey of the needs of departments and bureaus and with complete knowledge of the appropriations to be recommended by the President to Congress for the year in question. These estimates, however, do not include expenditures which may result from new legislation.

An analysis of the diagram shows that the estimates for the fiscal year 1928 were remarkably accurate. Estimated total ordinary receipts were \$4,075,600,000, compared with \$4,042,300,000 actual receipts. The difference of \$33,300,000 is extremely small compared with the total figure. The discrepancy amounts to only 0.8 of 1 per cent as compared with percentages ranging from 2.5 to 5.4 for the fiscal years 1924 to 1927. Estimated expenditures chargeable against ordinary receipts were \$3,621,300,000, compared with actual expenditures of \$3,643,500,000. The difference of \$22,200,000 is only 0.6 of 1 per cent of the expenditures. The estimate is better than in each of the preceding four years except 1925. More accurate estimates for expenditures must obviously be expected than for receipts, because the financial requirements of the Government's activities can be more definitely canvassed than can the numerous and diverse conditions influencing receipts from the various taxes and from other sources. As a result of the accuracy of the estimated receipts and expenditures for 1928, the surplus for the year was more accurately estimated than in the preceding four years.

Of the estimated receipts, those from income taxes and from miscellaneous sources were particularly accurate. Income tax receipts were estimated at \$2,165,000,000 and the actual receipts were \$2,173,900,000, a difference of only \$8,900,000, or 0.4 of 1 per cent, as compared with differences varying from 0.4 to 5.7 per cent in the four preceding fiscal years. For receipts from miscellaneous sources, the estimates of \$670,100,000 were within \$3,300,000 or 1.2 per cent of the results, as compared with variations from 6.3 to 19.4 per cent for the fiscal years 1924 to 1927. Estimates for customs and for miscellaneous internal revenue were less accurate. Customs were estimated to yield \$602,000,000, which was 5.8 per cent above the results for the year, the largest discrepancy since 1924. Miscellaneous internal revenue estimates of \$638,500,000 were within 2.8 per cent of the final results, as compared with variations since 1924 from 0.3 of 1 per cent to 3.8 per cent.

On the whole, the accuracy of the estimated receipts for the fiscal year 1928 showed signs of substantial progress by the Treasury in estimating receipts and indicated more favorable conditions for making such estimates. Estimated total receipts of over \$4,000,000,000, within 0.8 of 1 per cent of the actual results, are as accurate as can be reasonably expected when individual items such as customs, corporation income taxes, individual income taxes, back taxes on incomes, estate taxes, taxes on documentary stamps, and miscellaneous receipts from diverse administrative functions are subject to a wide variety of conditions, each of which may be affected by some unusual circumstance.

*Estimates for the fiscal years 1929 and 1930 compared with actual amounts for the fiscal year 1928*

The following table summarizes cash receipts and expenditures during the fiscal year 1928 and the estimated receipts and expenditures for the fiscal years 1929 and 1930 on the basis of the latest information received from the Bureau of the Budget:

*Summary of receipts and expenditures for the fiscal year 1928, on the basis of daily Treasury statements (unrevised), and estimated receipts and expenditures for the fiscal years 1929 and 1930*

	1928	1929	1930
Net balance in the general fund at the beginning of fiscal year.....	\$234, 057, 410	\$265, 526, 981	\$234, 057, 410
Receipts:			
Ordinary.....	4, 042, 348, 156	3, 831, 735, 661	3, 841, 295, 829
Public debt.....	<sup>1</sup> 2, 691, 322, 593	2, 207, 668, 887	1, 028, 856, 218
Total.....	6, 967, 728, 159	6, 304, 931, 529	5, 104, 209, 457
Expenditures:			
Ordinary.....	3, 103, 264, 855	3, 252, 274, 119	3, 227, 652, 047
Public debt chargeable against ordinary receipts.....	540, 255, 020	542, 471, 350	553, 067, 600
Other public debt.....	<sup>1</sup> 3, 058, 681, 303	2, 276, 128, 650	1, 089, 432, 400
Net balance in the general fund at close of fiscal year.....	265, 526, 981	234, 057, 410	234, 057, 410
Total.....	6, 967, 728, 159	6, 304, 931, 529	5, 104, 209, 457
POSTAL SERVICE			
Postal receipts.....	693, 633, 921	707, 000, 000	735, 000, 000
Postal expenditures.....	725, 714, 123	790, 495, 830	806, 209, 325
Deficiency in postal receipts <sup>2</sup> .....	32, 080, 202	83, 495, 830	71, 209, 325

<sup>1</sup> Other public debt expenditures and public debt receipts, as shown in this statement, are exclusive of \$4,164,017,000 Treasury certificates issued and retired within the same fiscal year.

<sup>2</sup> The postal deficiency for 1928 and the estimated postal deficiencies for 1929 and 1930 are included in the ordinary expenditures shown above and in the general classification of ordinary expenditures and estimated ordinary expenditures on p. 19.

Ordinary receipts, and expenditures chargeable against ordinary receipts, for the fiscal year 1928, on the basis of daily Treasury statements (unrevised), with corresponding estimates for the fiscal years 1929 and 1930, are shown in detail in the table on p. 19. Ordinary receipts include all receipts other than those arising from public debt transactions. Ordinary expenditures exclude all expenditures for the retirement of the public debt. Expenditures chargeable against ordinary receipts include ordinary expenditures and the retirements of the public debt from the sinking fund and from special earmarked receipts, such as repayments of the indebtedness of foreign governments. Expenditures chargeable against ordinary receipts do not include retirements of the public debt from the surplus and from a reduction in the general fund balance and other public debt expenditures arising from public debt transactions. The estimates in the table are on the basis of the latest information received from the Bureau of the Budget.

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Receipts and expenditures for the fiscal year 1928, on the basis of daily Treasury statements (unrevised), and estimated receipts and expenditures for the fiscal years 1929 and 1930

	1928	1929	1930
<b>RECEIPTS</b>			
<i>Ordinary</i>			
Customs.....	\$568,986,188.50	1 \$582,000,000.00	1 \$582,000,000.00
Internal revenue:			
Income tax.....	2,173,952,556.73	2,165,000,000.00	2,175,000,000.00
Miscellaneous internal revenue.....	621,018,665.64	577,500,000.00	559,000,000.00
	2,794,971,222.37	2,742,500,000.00	2,734,000,000.00
Miscellaneous receipts:			
Proceeds of Government-owned securities—			
Foreign obligations <sup>1</sup> —			
Principal.....	47,841,166.70	38,747,660.00	39,350,607.00
Interest.....	161,084,775.99	160,340,908.00	151,819,502.00
Railroad securities.....	164,407,076.01	6,791,155.00	31,276,726.00
All other securities.....	9,153,397.94	4,449,902.00	5,207,000.00
Trust fund receipts (reappropriated for investment)	63,395,443.58	64,204,117.00	65,143,110.00
Proceeds sale of surplus property.....	8,770,250.64	9,078,665.00	6,712,765.00
Panama Canal tolls, etc.....	28,141,474.61	28,056,000.00	28,056,000.00
Receipts from miscellaneous sources credited direct to appropriations.....	8,519,116.49	8,653,021.00	7,855,523.00
Other miscellaneous.....	187,078,043.36	186,914,233.00	189,874,596.00
	678,390,745.32	507,235,661.00	525,295,829.00
Total ordinary receipts.....	4,042,348,156.19	3,831,735,661.00	3,841,295,829.00
<b>EXPENDITURES</b>			
<i>Ordinary (checks and warrants paid, etc.)</i>			
General expenditures:			
Legislative establishment.....	16,402,048.28	17,999,287.00	19,520,299.00
Executive proper.....	589,497.19	468,080.00	450,000.00
State Department.....	11,607,071.23	12,951,391.00	14,466,831.00
Treasury Department.....	195,648,941.27	204,261,442.00	197,184,265.00
War Department.....	390,540,803.49	417,225,627.00	443,497,381.00
Department of Justice.....	27,600,254.81	27,751,720.00	28,171,000.00
Post Office Department.....	276,692.81	.....	.....
Navy Department.....	331,335,491.98	384,619,100.00	361,795,000.00
Interior Department.....	298,999,534.09	297,742,215.00	291,253,069.00
Department of Agriculture.....	159,914,696.27	161,510,724.00	165,230,754.00
Department of Commerce.....	34,388,165.32	40,905,000.00	52,153,000.00
Department of Labor.....	9,821,480.97	11,667,000.00	10,637,362.00
U. S. Veterans' Bureau.....	401,324,833.17	422,890,883.00	422,646,890.00
Other independent offices and commissions.....	35,681,462.45	42,662,412.00	40,804,301.00
District of Columbia.....	39,399,622.44	39,463,423.00	39,377,107.00
Total.....	1,953,525,595.77	2,082,118,304.00	2,087,187,259.00
Deduct unclassified items.....	198,554.39	.....	.....
Total.....	1,953,327,041.38	2,082,118,304.00	2,087,187,259.00
Interest on public debt.....	2 731,764,476.30	675,000,000.00	640,000,000.00
Refunds of receipts:			
Customs.....	21,856,901.13	21,515,500.00	21,515,500.00
Internal revenue.....	148,286,060.13	151,956,000.00	146,541,000.00
Postal deficiency.....	32,080,202.46	83,495,830.00	71,209,325.00
Panama Canal.....	10,448,879.83	10,070,368.00	10,111,000.00
Operations in special accounts:			
Railroads.....	4 619,721.67	1,450,000.00	2,054,000.00
War Finance Corporation.....	4 3,813,040.77	4 500,000.00	.....
Shipping Board.....	34,881,713.16	32,000,000.00	51,600,000.00
Alien property funds.....	4 351,151.52	4 500,000.00	4 500,000.00
Adjusted service certificate fund <sup>3</sup> .....	111,817,839.69	111,220,000.00	112,000,000.00

Includes \$2,000,000 estimated by Department of Commerce for tonnage tax, receipts on account of which are covered into the Treasury as customs revenue.

<sup>2</sup> The above figures under the heading of "Proceeds of Government-owned securities—foreign obligations," do not include \$406,566,762, representing obligations of the French Government given on account of the sale of war supplies, which mature during the fiscal year 1930. These obligations are included in the total debt of France to the United States, the funding of which is provided for in the debt settlement agreement of April 29, 1926. If this agreement is ratified prior to the maturity of these obligations, the total payment due thereunder in the fiscal year 1930 will be \$35,000,000.

<sup>3</sup> Includes \$1,342,135.76 accrued discount on war-savings certificates of matured series.

<sup>4</sup> Excess of credits (deduct).

<sup>5</sup> For details of this account see p. 100. The difference between amounts of above charges and the amounts appropriated for investment is due to working balance required for use of Veterans' Bureau in making authorized payments from the fund.

*Receipts and expenditures for the fiscal year 1928, on the basis of daily Treasury statements (unrevised), and estimated receipts and expenditures for the fiscal years 1929 and 1930—Continued.*

	1928	1929	1930
<b>EXPENDITURES—continued</b>			
<i>Ordinary—Continued</i>			
Civil service retirement and disability fund.....	\$109,272.28	\$19,950,000.00	\$20,500,000.00
Investment of trust funds:			
Government life insurance fund.....	61,701,568.44	62,724,117.00	64,558,110.00
District of Columbia teachers' retirement fund.....	513,917.75	580,000.00	585,000.00
Foreign service retirement fund.....	80,938.85	294,000.00	290,853.00
General railroad contingent fund.....	1,179,957.39	900,000.00	-----
Total ordinary expenditures.....	3,103,264,854.83	3,252,274,119.00	3,227,652,047.00
Public debt retirements chargeable against ordinary receipts:			
Sinking fund.....	354,741,300.00	370,182,050.00	379,524,100.00
Purchases from foreign repayments.....	19,068,000.00	10,219,300.00	10,783,500.00
Received from foreign governments under debt settlements.....	162,736,050.00	160,995,000.00	160,185,000.00
Received from estate taxes.....	1,500.00	-----	-----
Purchases from franchise tax receipts (Federal reserve banks and Federal intermediate credit banks).....	618,367.05	875,000.00	2,375,000.00
Forfeitures, gifts, etc.....	3,089,803.25	200,000.00	200,000.00
Total.....	540,255,020.30	542,471,350.00	553,067,600.00
Total expenditures chargeable against ordinary receipts.....	3,643,519,875.13	3,794,745,469.00	3,780,719,647.00
Excess of ordinary receipts over total expenditures chargeable against ordinary receipts.....	398,828,281.06	36,990,192.00	60,576,182.00

Public debt expenditures and receipts for the fiscal year 1928, by types of issue, with corresponding estimates for the fiscal years 1929 and 1930, are given in the following table. Public debt expenditures and public debt receipts, as shown in this table, are exclusive of Treasury certificates issued and retired within the same fiscal year. They include, however, exchange transactions in public debt issues.

*Public debt expenditures and receipts for fiscal year 1928, on the basis of daily Treasury statements (unrevised),<sup>1</sup> and estimates for the fiscal years 1929 and 1930*

	1928	1929	1930
<b>EXPENDITURES</b>			
Certificates of indebtedness.....	\$687,346,000.00	\$1,252,000,000.00	\$1,000,000,000.00
Treasury notes and certificates of indebtedness (adjusted service series).....	34,500,000.00	20,600,000.00	21,500,000.00
Second Liberty Loan bonds.....	918,816,250.00	25,000,000.00	5,000,000.00
Third Liberty Loan bonds.....	1,275,351,950.00	1,260,000,000.00	25,000,000.00
Victory notes.....	963,750.00	500,000.00	500,000.00
Treasury notes and bonds, and other Liberty bonds.....	474,735,750.00	175,000,000.00	555,000,000.00
Treasury (war) savings certificates.....	178,828,376.70	125,000,000.00	15,000,000.00
Retirements of Federal reserve bank notes and national-bank notes.....	27,686,920.00	20,000,000.00	20,000,000.00
Loan of 1925.....	81,200.00	-----	-----
Old debt items.....	626,126.73	500,000.00	500,000.00
Total public debt expenditures.....	3,598,936,323.43	2,818,600,000.00	1,642,500,000.00

<sup>1</sup> Public debt expenditures and public debt receipts, as shown in this statement, are exclusive of Treasury certificates issued and retired within the same fiscal year.

*Public debt expenditures and receipts for fiscal year 1928, on the basis of daily Treasury statements (unrevised), and estimates for the fiscal years 1929 and 1930—Con.*

	1928	1929	1930
<b>EXPENDITURES—continued</b>			
Deduct public debt expenditures chargeable against ordinary receipts:			
Sinking fund.....	\$354,741,300.00	\$370,182,050.00	\$379,524,100.00
Purchase of Liberty bonds from foreign repayments.....	19,068,000.00	10,219,300.00	10,783,500.00
Received from foreign governments under debt settlements.....	162,736,050.00	160,995,000.00	160,185,000.00
Received from estate taxes.....	1,500.00	-----	-----
Retirement from Federal reserve bank and Federal intermediate credit bank franchise tax receipts.....	618,367.05	875,000.00	2,375,000.00
Retirements from gifts, forfeitures, etc.....	3,089,803.25	200,000.00	200,000.00
Total.....	540,255,020.30	542,471,350.00	553,067,600.00
Total public debt expenditures exclusive of public debt expenditures chargeable against ordinary receipts.....	3,058,681,303.13	2,276,128,650.00	1,089,432,400.00
<b>RECEIPTS</b>			
Deposits to retire Federal reserve bank notes and national-bank notes.....	25,121,597.50	25,000,000.00	25,000,000.00
Treasury savings securities.....	17,052,125.51	10,000,000.00	500,000.00
Other new issues of securities, including Treasury notes and certificates.....	2,649,148,870.00	2,172,668,887.06	1,003,356,218.00
Total public debt receipts.....	2,691,322,593.01	2,207,668,887.06	1,028,856,218.00
Excess of public debt retirements over the retirements chargeable against ordinary receipts due to indicated surplus and decrease in general fund balance.....	1 367,358,710.12	2 68,459,762.94	60,576,182.00

<sup>1</sup> Surplus, \$398,823,281.06. Difference of \$31,469,570.94 carried forward to 1929 as an increase in general fund balance, and used for debt retirement in that fiscal year.

<sup>2</sup> Estimated surplus, \$36,990,192. The sum of \$68,459,762.64 includes \$31,469,570.94 referred to in note 1.

### CONDITION OF THE TREASURY

On June 30, 1928, the gross public debt of the United States Government amounted to \$17,604,290,563, and the net balance (cash) in the general fund of the Treasury on the basis of daily Treasury statements (revised) was \$260,190,331. These figures represent a decrease of \$905,883,703 in the public debt, and an increase in the net balance (cash) of the Treasury of \$27,592,210 in the fiscal year 1928.

Bullion and coin amounting to \$2,142,800,228 on June 30, 1928, held in trust by the Treasury against United States currency outstanding showed a decrease of \$108,825,946 during the fiscal year. Bullion and coin, amounting to \$1,387,650,413 on June 30, 1928, held in trust by the Treasury for the Federal Reserve Board, showed a decrease of \$324,352,523 during the fiscal year.

Operations with reference to these items during the fiscal year are discussed in more detail immediately following.

### THE PUBLIC DEBT

#### *General review of operations*

During the fiscal year 1928 the gross debt of the United States was reduced from \$18,510,174,266.10 to \$17,604,290,562.93. The reduction accordingly was \$905,883,703.17, and of this amount \$540,246,020.30 was discharged from ordinary receipts in accordance with the established debt payment program, and \$365,637,682.87 was dis-

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Gold coin and bullion.....	\$1, 384, 335, 199
Silver dollars.....	468, 753, 942
Silver dollars, 1890.....	1, 283, 450
Total.....	1, 854, 372, 591

On June 30, 1929, the gold reserve against United States notes and Treasury notes of 1890 was \$156,039,088. The United States notes, for which this reserve is held, are outstanding in the amount of \$346,681,016, a sum which is fixed by law. When such notes are received they are reissued. The Treasury notes of 1890, for which this gold reserve is also held, were outstanding on June 30, 1929, in the amount of \$1,283,450. When such notes are received they are not reissued.

*Gold held for the Federal Reserve Board*

The Treasury also holds in trust a large amount of gold for the account of the Federal Reserve Board. This is known on the books of the Treasury as "Gold fund, Federal Reserve Board," and amounted on June 30, 1929, to \$1,562,425,579, an increase of \$174,775,166 in the fiscal year. The fund is an aggregate of net deposits of gold made by the Federal reserve banks, principally for the purpose of effecting clearance settlements among themselves, and by the Federal reserve agents of gold received by them as part of the security against outstanding Federal reserve notes.

## ESTIMATES OF RECEIPTS AND EXPENDITURES

The following table summarizes cash receipts and expenditures during the fiscal year 1929 and the estimated receipts and expenditures for the fiscal years 1930 and 1931 on the basis of the latest information received from the Bureau of the Budget:

*Summary of receipts and expenditures for the fiscal year 1929, on the basis of daily Treasury statements (unrevised), and estimated receipts and expenditures for the fiscal years 1930 and 1931*

	1929	1930	1931
Net balance in the general fund at the beginning of fiscal year.....	265, 526, 981	326, 713, 003	265, 526, 981
Receipts:			
Ordinary.....	4, 033, 250, 225	4, 249, 263, 434	4, 225, 727, 666
Public debt.....	1 2, 209, 293, 135	1, 318, 466, 844	1, 424, 187, 034
Total.....	6, 508, 070, 341	5, 894, 443, 281	5, 915, 441, 681
Expenditures:			
Ordinary.....	3, 298, 859, 486	3, 393, 316, 300	3, 467, 614, 700
Public debt chargeable against ordinary receipts.....	549, 603, 704	630, 365, 600	635, 324, 000
Other public debt.....	1 2, 332, 894, 148	1, 605, 234, 400	1, 546, 976, 000
Total.....	6, 508, 070, 341	5, 894, 443, 281	5, 915, 441, 681
POSTAL SERVICE			
Postal receipts.....	696, 947, 578	725, 400, 000	754, 400, 000
Postal expenditures.....	791, 647, 322	809, 400, 000	832, 900, 000
Deficiency in postal receipts <sup>2</sup> .....	94, 699, 744	84, 000, 000	78, 500, 000

<sup>1</sup> Other public debt expenditures and public debt receipts, as shown in this statement, are exclusive of \$2,984,941,500 Treasury certificates issued and retired within the same fiscal year.

<sup>2</sup> The postal deficiency for 1929 and the estimated postal deficiencies for 1930 and 1931 are included in the ordinary expenditure shown above and in the general classification of ordinary expenditures and estimated ordinary expenditures on p. 21.

Ordinary receipts, and expenditures chargeable against ordinary receipts, for the fiscal year 1929, on the basis of daily Treasury statements (unrevised), with corresponding estimates for the fiscal years 1930 and 1931, are shown in the table below. Ordinary receipts include all receipts other than those arising from public-debt transactions. Ordinary expenditures exclude all expenditures for the retirement of the public debt. Expenditures chargeable against ordinary receipts include ordinary expenditures and the retirements of the public debt from the sinking fund and from special earmarked receipts, such as repayments of the indebtedness of foreign governments. Expenditures chargeable against ordinary receipts do not include retirements of the public debt from the surplus and from a reduction in the general fund balance and other public debt expenditures arising from public debt transactions. The estimates in the table are on the basis of the latest information received from the Bureau of the Budget.

*Receipts and expenditures for the fiscal year 1929, on the basis of daily Treasury statements (unrevised), and estimated receipts and expenditures for the fiscal years 1930 and 1931*

	1929	1930	1931
<b>RECEIPTS</b>			
<i>Ordinary</i>			
Customs.....	\$602,262,786.17	<sup>1</sup> \$602,000,000.00	<sup>1</sup> \$602,000,000.00
Internal revenue:			
Income tax.....	2,330,711,822.66	2,480,000,000.00	2,460,000,000.00
Miscellaneous internal revenue.....	607,307,548.98	635,000,000.00	640,000,000.00
	<u>2,938,019,371.64</u>	<u>3,115,000,000.00</u>	<u>3,100,000,000.00</u>
Miscellaneous receipts:			
Proceeds of Government-owned securities—			
Foreign obligations—			
Principal.....	38,790,660.67	97,614,913.00	51,579,050.00
Interest.....	160,340,908.23	141,935,095.00	184,564,540.00
Railroad securities.....	15,473,795.82	4,708,600.00	11,213,350.00
All other securities.....	7,031,516.21	6,699,275.00	6,985,540.00
Trust-fund receipts (reappropriated for investment).....	53,641,113.08	46,750,000.00	39,570,000.00
Proceeds sale of surplus property.....	9,398,732.44	7,139,800.00	4,604,300.00
Panama Canal tolls, etc.....	28,046,704.23	28,218,660.00	28,060,600.00
Other miscellaneous.....	180,244,636.56	199,197,091.00	197,150,277.00
	<u>492,968,067.24</u>	<u>532,263,434.00</u>	<u>523,727,666.00</u>
<b>Total ordinary receipts.....</b>	<b>4,033,250,225.05</b>	<b>4,249,263,434.00</b>	<b>4,225,727,666.00</b>
<b>EXPENDITURES</b>			
<i>Ordinary (checks and warrants paid, etc.)</i>			
General expenditures:			
Legislative establishment.....	17,546,655.67	21,702,000.00	28,879,500.00
Executive proper.....	487,250.03	476,100.00	410,700.00
State Department.....	13,284,510.33	13,411,400.00	15,821,300.00
Treasury Department.....	200,447,224.41	239,340,900.00	209,301,500.00
War Department.....	416,901,546.42	443,153,000.00	439,215,900.00
Department of Justice.....	28,891,620.32	29,014,500.00	31,752,000.00
Post Office Department.....	*43,090,870.27		
Navy Department.....	364,561,543.99	384,900,000.00	385,000,000.00

<sup>1</sup> Includes \$2,000,000 estimated by Department of Commerce for tonnage tax, receipts on account of which are covered into the Treasury as customs revenue.

<sup>2</sup> Included in expenditures of the Post Office Department and also on account of postal deficiency for the fiscal year 1929 (month of June, 1929) are \$42,997,089.50 and \$8,999,996, respectively, representing payment of so-called back railway mail pay to inland carriers under authority of joint resolution approved June 6, 1929.

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Receipts and expenditures for the fiscal year 1929, on the basis of daily Treasury statements (unrevised), and estimated receipts and expenditures for the fiscal years 1930 and 1931—Continued

	1929	1930	1931
<b>EXPENDITURES—continued</b>			
<i>Ordinary—Continued</i>			
<b>General expenditures—Continued.</b>			
Interior Department.....	\$301,122,596.27	\$288,759,700.00	\$285,810,000.00
Department of Agriculture.....	171,147,262.58	173,796,300.00	167,068,600.00
Department of Commerce.....	39,987,346.45	58,478,600.00	51,184,000.00
Department of Labor.....	11,311,190.36	11,269,300.00	11,997,400.00
U. S. Veterans' Bureau.....	417,280,404.40	434,451,500.00	445,325,000.00
Other independent offices and commissions.....	40,308,719.63	51,856,400.00	45,581,300.00
District of Columbia.....	40,116,586.38	43,811,200.00	45,415,000.00
Total.....	2,106,485,327.51	2,194,420,900.00	2,162,762,200.00
Add unclassified items.....	17,803.40		
Total.....	2,106,503,130.91	2,194,420,900.00	2,162,762,200.00
Interest on public debt.....	<sup>3</sup> 678,330,399.50	656,000,000.00	619,000,000.00
Refunds of receipts:			
Customs.....	21,826,435.69	21,009,500.00	21,009,500.00
Internal revenue.....	190,727,887.12	151,541,000.00	141,511,000.00
Postal deficiency.....	<sup>2</sup> 94,699,744.06	84,000,000.00	78,500,000.00
Panama Canal.....	9,045,647.29	10,111,000.00	11,845,000.00
Operations in special accounts:			
Railroads.....	<sup>4</sup> 1,857,633.06	<sup>4</sup> 7,925,800.00	1,790,000.00
War Finance Corporation.....	<sup>4</sup> 611,414.95	<sup>4</sup> 50,000.00	<sup>4</sup> 50,000.00
Shipping Board.....	15,889,059.12	30,447,700.00	59,417,000.00
Agricultural marketing, loan fund.....		75,000,000.00	200,000,000.00
Alien property funds.....	<sup>4</sup> 1,345,327.26	<sup>4</sup> 500,000.00	<sup>4</sup> 500,000.00
Adjusted service certificate fund <sup>5</sup> .....	111,772,809.62	111,775,000.00	111,775,000.00
Civil service retirement and disability fund.....	19,955,190.64	20,500,000.00	20,850,000.00
Investment of trust funds:			
Government life insurance fund.....	52,160,111.83	45,110,000.00	37,830,000.00
District of Columbia teachers' retirement fund.....	503,158.37	585,000.00	585,000.00
Foreign service retirement fund.....	282,444.12	292,000.00	290,000.00
General railroad contingent fund.....	977,842.88	1,000,000.00	1,000,000.00
Total ordinary expenditures.....	3,298,859,485.88	3,393,316,300.00	3,467,614,700.00
Public debt retirements chargeable against ordinary receipts:			
Sinking fund.....	370,277,100.00	389,191,500.00	395,624,000.00
Purchases from foreign repayments.....	571,150.00	20,050,000.00	1,800,000.00
Received from foreign governments under debt settlements.....	175,642,350.00	214,700,000.00	231,500,000.00
Received from estate taxes.....	20,000.00	54,100.00	
Purchases from franchise tax receipts (Federal reserve banks and Federal intermediate credit banks).....	2,933,400.00	6,210,000.00	6,200,000.00
Forfeitures, gifts, etc.....	159,703.75	160,000.00	200,000.00
Total.....	549,603,703.75	630,365,600.00	635,324,000.00
Total expenditures chargeable against ordinary receipts.....	3,848,463,189.63	4,023,681,900.00	4,102,938,700.00
Excess of ordinary receipts over total expenditures chargeable against ordinary receipts.....	184,787,035.42	225,581,534.00	122,788,966.00

<sup>3</sup> Includes \$774,912.65 accrued discount on war-savings securities of matured series.

<sup>4</sup> Excess of credits (deduct).

<sup>5</sup> For details of this account see p. 96. The difference between amounts of above charges and the amounts appropriated for investment is due to working balance required for use of Veterans' Bureau in making authorized payments from the fund.

Public debt expenditures and receipts for the fiscal year 1929, by types of issue, with corresponding estimates for the fiscal years 1930 and 1931, are given in the following table. Public debt expenditures and public debt receipts, as shown in this table, are exclusive of Treasury certificates issued and retired within the same fiscal year. They include, however, exchange transactions in public debt issues.

Public debt expenditures and receipts for fiscal year 1929, on the basis of daily Treasury statements (unrevised),<sup>1</sup> and estimates for the fiscal years 1930 and 1931

	1929	1930	1931
<b>EXPENDITURES</b>			
Certificates of indebtedness and Treasury bills.....	\$1,255,116,800.00	\$1,600,000,000.00	\$1,500,000,000.00
Treasury notes and certificates of indebtedness (adjusted service series).....	16,500,000.00	17,000,000.00	18,000,000.00
Second Liberty Loan bonds.....	23,141,700.00	5,000,000.00	1,000,000.00
Third Liberty Loan bonds.....	1,208,398,150.00	15,000,000.00	1,000,000.00
Fourth Liberty Loan bonds.....	15,684,050.00	10,100,000.00	-----
Victory notes.....	497,950.00	300,000.00	200,000.00
Treasury notes and bonds and Liberty bonds.....	197,650,300.00	550,000,000.00	640,000,000.00
Treasury (war) savings securities.....	141,054,701.70	15,000,000.00	1,000,000.00
Retirements of Federal reserve bank notes and national-bank notes.....	24,346,256.50	23,000,000.00	21,000,000.00
Old debt items.....	109,944.00	200,000.00	100,000.00
<b>Total public debt expenditures.....</b>	<b>2,882,497,852.20</b>	<b>2,235,600,000.00</b>	<b>2,182,300,000.00</b>
<b>Deduct public debt expenditures chargeable against ordinary receipts:</b>			
Sinking fund.....	370,277,100.00	389,191,500.00	395,624,000.00
Purchase of Liberty bonds from foreign repayments.....	571,150.00	20,050,000.00	1,800,000.00
Received from foreign governments under debt settlements.....	175,642,350.00	214,700,000.00	231,500,000.00
Received from estate taxes.....	20,000.00	54,100.00	-----
Retirements from Federal reserve bank and Federal intermediate credit bank franchise tax receipts.....	2,933,400.00	6,210,000.00	6,200,000.00
Retirements from gifts, forfeitures, etc.....	159,703.75	160,000.00	200,000.00
<b>Total.....</b>	<b>549,603,703.75</b>	<b>630,365,600.00</b>	<b>635,324,000.00</b>
<b>Total public debt expenditures exclusive of public debt expenditures chargeable against ordinary receipts.....</b>	<b>2,332,894,148.45</b>	<b>1,605,234,400.00</b>	<b>1,546,976,000.00</b>
<b>RECEIPTS</b>			
Deposits to retire Federal reserve bank notes and national-bank notes.....	24,536,457.50	22,500,000.00	20,000,000.00
Treasury savings securities.....	10,015,227.37	550,000.00	-----
Other new issues of securities.....	2,174,741,450.00	1,295,416,844.00	1,404,187,034.00
<b>Total public debt receipts.....</b>	<b>2,209,293,134.87</b>	<b>1,318,466,744.00</b>	<b>1,424,187,034.00</b>
<b>Excess of public debt retirements over the retirements chargeable against ordinary receipts due to indicated surplus and decrease in general fund balance.....</b>	<b><sup>2</sup> 123,601,013.58</b>	<b><sup>3</sup> 286,767,556.00</b>	<b>122,788,966.00</b>

<sup>1</sup> Public debt expenditures and public debt receipts, as shown in this statement, are exclusive of Treasury certificates issued and retired within the same fiscal year.

<sup>2</sup> Surplus, \$184,787,035.42. Difference of \$61,186,021.84 carried forward to 1930 as an increase in general fund balance, and used for debt retirement in that fiscal year.

<sup>3</sup> Estimated surplus, \$225,581,534. The sum of \$286,767,556 includes \$61,186,021.84 referred to in note 2.

### TAX REDUCTION RECOMMENDATION

As above stated, the estimates of receipts and expenditures indicate a surplus of \$226,000,000 in the fiscal year 1930, and of \$123,000,000 in the fiscal year 1931.

The estimated expenditures for 1930 and 1931 include, respectively, \$630,000,000 and \$635,000,000 for debt retirement chargeable against ordinary receipts. These amounts will increase from year to year and are adequate to retire our public debt at a reasonably rapid rate and in accordance with our well-established national policy. The Treasury Department believes, therefore, that the taxpayers should receive the benefit of any prospective surplus in the form of tax reduction.