

**Notes on Section 8 (Federal Government Finances Prior to 1940)**

In prior budgets the data base on receipts and outlays were adjusted retroactively to the unified budget concept for all years from 1940 forward. For earlier years the only data available were for the administrative budget, which was roughly comparable to the Federal funds grouping. Social security began in 1937, and in order to have a comparable data base extending back to before the start of off-budget programs, the data have now been reworked for several earlier years. These data are shown in this section.

Section 8 is composed of three tables. Table 8.1 shows data on total receipts, outlays, and surpluses or deficits -- both on-budget and off-budget -- by fund group for the years 1934-1939. These data constitute an extension to the data shown in Tables 1.1 and 1.3 in Section 1, (which begin with 1940). Table 8.2 has details on receipts by source, extending the data in Table 2.1 back to 1934. Table 8.3 has data on components of outlays for the years 1934-1939. It has not been possible to develop a complete set of data by function, but the data do show the principal spending components. Unified budget data for years prior to 1934 are not available; data on an administrative budget basis for earlier years are available in Table 22 of Part 6e of the 1987 Budget.

Note: In last year's edition of this book Section 8 provided historical data on the controllability of budget outlays. The complications introduced by the changes in budget coverage were sufficiently great that it was impossible to restructure that table for the 1987 Budget. An effort will be made to do such a restructuring. If that effort is successful, these data will be restored to the data base for next year's volume.

**Section 8-1**

**TABLE 8.1--FEDERAL GOVERNMENT FINANCES BY FUND GROUP: 1934-1939**  
(in millions of dollars)

|   | <u>1934</u> | <u>1935</u> | <u>1936</u> | <u>1937</u> | <u>1938</u> | <u>1939</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| On-budget receipts by fund group:               |             |             |             |             |             |             |
| Federal funds.....                              | 2,926       | 3,578       | 3,871       | 4,794       | 5,477       | 4,822       |
| Trust funds.....                                | 72          | 76          | 168         | 424         | 1,072       | 1,127       |
| Interfund transactions.....                     | <u>-42</u>  | <u>-45</u>  | <u>-116</u> | <u>-96</u>  | <u>-185</u> | <u>-157</u> |
| Total on-budget receipts.....                   | 2,955       | 3,609       | 3,923       | 5,122       | 6,364       | 5,792       |
| Off-budget (trust fund) receipts.....           | <u>---</u>  | <u>---</u>  | <u>---</u>  | <u>265</u>  | <u>387</u>  | <u>503</u>  |
| Total receipts.....                             | 2,955       | 3,609       | 3,923       | 5,387       | 6,751       | 6,295       |
| On-budget outlays by fund group:                |             |             |             |             |             |             |
| Federal funds.....                              | 6,558       | 6,427       | 8,335       | 7,620       | 6,689       | 8,718       |
| Trust funds.....                                | 25          | 30          | 9           | 58          | 346         | 593         |
| Interfund transactions.....                     | <u>-42</u>  | <u>-45</u>  | <u>-116</u> | <u>-96</u>  | <u>-185</u> | <u>-157</u> |
| Total on-budget outlays.....                    | 6,541       | 6,412       | 8,228       | 7,582       | 6,850       | 9,154       |
| Off-budget (trust fund) outlays.....            | <u>---</u>  | <u>---</u>  | <u>---</u>  | <u>-2</u>   | <u>-10</u>  | <u>-13</u>  |
| Total outlays.....                              | 6,541       | 6,412       | 8,228       | 7,580       | 6,840       | 9,141       |
| On-budget surplus or deficit (-) by fund group: |             |             |             |             |             |             |
| Federal funds.....                              | -3,633      | -2,849      | -4,464      | -2,826      | -1,212      | -3,896      |
| Trust funds.....                                | <u>47</u>   | <u>46</u>   | <u>159</u>  | <u>366</u>  | <u>726</u>  | <u>534</u>  |
| Total on-budget deficits.....                   | -3,586      | -2,803      | -4,304      | -2,460      | -486        | -3,362      |
| Off-budget (trust fund) surpluses.....          | <u>---</u>  | <u>---</u>  | <u>---</u>  | <u>267</u>  | <u>397</u>  | <u>516</u>  |
| Total deficits.....                             | -3,586      | -2,803      | -4,304      | -2,193      | -89         | -2,846      |

8.1(1)

**TABLE 8.2--RECEIPTS BY SOURCE: 1934-1939**  
(in millions of dollars)

|   | <u>1934</u> | <u>1935</u> | <u>1936</u> | <u>1937</u> | <u>1938</u> | <u>1939</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| On-budget unless otherwise noted;<br>Federal funds unless otherwise noted |             |             |             |             |             |             |
| <u>Receipts by major source:</u>  |             |             |             |             |             |             |
| Individual income taxes.....  | 420         | 527         | 674         | 1,092       | 1,286       | 1,029       |
| Corporation income taxes.....   | 364         | 529         | 719         | 1,038       | 1,287       | 1,127       |
| Social insurance taxes and contributions.....                             | 30          | 31          | 52          | 580         | 1,541       | 1,593       |
| On-budget (Federal and trust funds).....                                  | (30)        | (31)        | (52)        | (315)       | (1,154)     | (1,090)     |
| Off-budget (trust fund).....  | (---)       | (---)       | (---)       | (265)       | (387)       | (503)       |
| Excise taxes.....   | 1,354       | 1,439       | 1,631       | 1,876       | 1,863       | 1,871       |
| Estate and gift taxes.....  | 113         | 212         | 379         | 306         | 417         | 361         |
| Customs duties.....   | 299         | 323         | 373         | 470         | 343         | 302         |
| Miscellaneous receipts.....   | 376         | 549         | 95          | 26          | 13          | 12          |
| <br>Total receipts.....   | <br>2,955   | <br>3,609   | <br>3,923   | <br>5,387   | <br>6,751   | <br>6,295   |
|   | =====       | =====       | =====       | =====       | =====       | =====       |
| On-budget.....  | 2,955       | 3,609       | 3,923       | 5,122       | 6,364       | 5,792       |
| Off-budget.....   | ---         | ---         | ---         | 265         | 387         | 503         |
| <u>Memorandum 1/:</u>   |             |             |             |             |             |             |
| Federal funds (all on-budget).....  | 2,926       | 3,578       | 3,871       | 4,794       | 5,431       | 4,822       |
| On-budget trust funds (social insurance).....                             | 30          | 31          | 52          | 382         | 933         | 970         |
| Composition of excise taxes:  |             |             |             |             |             |             |
| Alcohol.....  | 259         | 411         | 505         | 594         | 568         | 588         |
| Tobacco.....  | 425         | 459         | 501         | 552         | 568         | 580         |
| Other.....  | 670         | 568         | 675         | 730         | 727         | 704         |
| Composition of miscellaneous receipts:                                    |             |             |             |             |             |             |
| Processing taxes and refunds.....   | 353         | 521         | 77          | *           | -10         | -12         |
| Other.....  | 23          | 28          | 19          | 26          | 24          | 24          |

1/ Governmental receipts; excludes interfund receipts.

8.2(1)

**TABLE 8.3--OUTLAYS: 1934-1939**  
(in millions of dollars)

|  | 1934         | 1935         | 1936         | 1937         | 1938         | 1939         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Composition of outlays</b>  |              |              |              |              |              |              |
| National defense.....  | 540          | 710          | 912          | 935          | 1,028        | 1,163        |
| Veterans benefits and services.....  | 532          | 583          | 2,301        | 1,122        | 541          | 530          |
| Net interest.....  | 656          | 764          | 630          | 779          | 809          | 808          |
| On-budget <u>1/</u> .....  | (656)        | (764)        | (630)        | (781)        | (824)        | (835)        |
| Off-budget (trust fund).....   | (---)        | (---)        | (---)        | (-2)         | (-15)        | (-27)        |
| Public works and economic stimulus <u>2/</u> .....   | 3,314        | 3,506        | 3,325        | 3,739        | 2,932        | 3,912        |
| All other.....   | 1,499        | 849          | 1,060        | 1,005        | 1,530        | 2,728        |
| On-budget <u>3/</u> .....  | (1,499)      | (849)        | (1,060)      | (1,005)      | (1,525)      | 2,714        |
| Off-budget (trust funds) <u>4/</u> .....   | (---)        | (---)        | (---)        | (*)          | (5)          | (14)         |
| <b>Total outlays.....</b>  | <b>6,541</b> | <b>6,412</b> | <b>8,228</b> | <b>7,580</b> | <b>6,840</b> | <b>9,141</b> |
|  | =====        | =====        | =====        | =====        | =====        | =====        |
| On-budget.....   | (6,541)      | (6,412)      | (8,228)      | (7,582)      | (6,850)      | (9,154)      |
| Off-budget.....  | (---)        | (---)        | (---)        | (-2)         | (-10)        | (-13)        |
| <hr/>  |              |              |              |              |              |              |
| <u>1/</u> Subfunctional composition is as follows:   |              |              |              |              |              |              |
| 901 Interest on the public debt.....   | 757          | 821          | 749          | 866          | 926          | 941          |
| 902 Interest received by on-budget trust fund.....   | -21          | -24          | -29          | -50          | -66          | -82          |
| 908 Other interest.....  | -79          | -33          | -90          | -36          | -36          | -24          |
| <u>2/</u> Excluding outlays of the unemployment trust fund. The major components of this category is as follows: |              |              |              |              |              |              |
| Public works (highways, rivers and harbors, etc.).....   | 579          | 719          | 883          | 1,062        | 832          | 1,004        |
| Unemployment relief (direct relief, work relief, and civilian conservation corps)                                | 1,853        | 2,363        | 2,371        | 2,527        | 1,996        | 2,677        |
| Loans, subscriptions to stock, etc., (net)   | 882          | 424          | 71           | 150          | 104          | 231          |
| For further details, see 1942 <u>Budget</u> , page 1046.   |              |              |              |              |              |              |
| <u>3/</u> Includes the following trust fund outlays:   |              |              |              |              |              |              |
| Unemployment benefits.....   | --           | ---          | ---          | 1            | 191          | 442          |
| Civil Service and Foreign Service benefits.....  | 50           | 53           | 58           | 60           | 64           | 65           |
| Railroad retirement benefits.....  | ---          | --           | ---          | 4            | 76           | 106          |
| Veterans insurance benefits net of premiums.....   | -25          | -24          | -48          | -7           | -32          | -20          |
| Railroad retirement repayments of advances (advance from general fund in 1936).....                              | ---          | ---          | ---          | ---          | 47           | ---          |
| <u>4/</u> Social security benefits   |              |              |              |              |              |              |

**8.3(1)**