

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date April 19, 1940

To Chairman Eccles

Subject: W. P. A. Appropriation

From Henry Edmiston

Effect on W. P. A. employment

President Roosevelt in a letter to Speaker Bankhead requested that the Budget appropriation of approximately \$975,000,000 for W. P. A. for the fiscal year 1941 be made available for discretionary expenditure during the first eight months of the fiscal year. W. P. A. employment on April 10 was 2,160,000 and is probably somewhat lower by this time. The proposed appropriation would provide funds for relief rolls averaging about 2,000,000 for the first eight months of fiscal year 1941.

No mention was made by the President of a deficiency appropriation for the remainder of fiscal year 1940. Presumably the W. P. A. has sufficient funds under the present appropriation to enable them to carry relief rolls for the remainder of this year at an average of about 2,000,000 which would mean that by the end of June they would reduce employment to around 1,700,000 to 1,800,000. This would be about the level they might carry through the summer months with a pick-up occurring in September and October. A decline to about 1,800,000 would be about in accordance with the usual seasonal movement in W. P. A. employment.

Method of financing

Because the President does not request an additional appropriation, this action does not affect the question of raising the statutory debt limitation at this session of Congress. In his press conference the President conceded that it was hardly possible for Congress to act upon his recommendation for new taxes of \$460,000,000 for fiscal year 1941. He stated, however, that he hoped Congressional appropriations to be spent in 1941 would fall short of Budget estimates by \$200,000,000 to \$300,000,000 and that receipts would exceed Budget estimates by a similar amount. On the basis of the appropriation bills, other than W. P. A., pending before Congress, it seems hardly possible that there should be a saving over Budget estimates for 1941 of more than \$50,000,000. However, tax receipts for 1940 and 1941, according to our estimates, will exceed the Budget by over \$600,000,000 provided business for this calendar year is somewhat better than in 1939.

*H.E.*