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BUSINESS CONDITIONS

A REVIEW BY THE FEDERAL RESERVE BANK OF CHICAGO

Budget Summary

Appraisal on a Cash and Consolidated Basis

Total Federal receipts from the public in the fiscal year 1951 are estimated in the 1951 *Budget Document* at 43.1 billion dollars and total Federal payments to the public at 45.8 billion, with a cash deficit of 2.7 billion dollars. For fiscal 1950 a cash deficit of 4.9 billion is estimated following cash surpluses of one billion dollars in 1949 and 8.8 billion in 1948. These estimates on a cash and consolidated basis include cash receipts and expenditures in the trust accounts as well as in the budget accounts and exclude major intra-governmental and non-cash transactions.

RECEIPTS FROM THE PUBLIC

The official cash receipts estimate for 1951 assumes "continued high levels of employment and income" and includes 1.2 billion dollars of new tax revenues from proposed legislation extending the Federal old-age and survivors insurance program and 250 million dollars of pay roll contributions as a result of proposed legislation setting up a health insurance program. The receipts estimate, however, excludes any increase in total revenue from the recommended general tax legislation in conjunction with specific tax reforms.

PAYMENTS TO THE PUBLIC

The estimate of cash payments to the public for 1951 includes expenditures of 2.1 billion dollars from proposed extension of existing legislation and also expenditures of 561 million from proposed new legislation. The 1951 estimate of cash payments also includes 1.4 billion additional disbursements from proposed legislation to extend old-age and survivors insurance. The *Budget Document* estimates that 2.2 billion of the special National Service Life Insurance dividend will be disbursed in fiscal 1950 and the balance in 1951.

TRENDS IN FEDERAL FINANCES

The substantial cash deficit estimated for fiscal 1950 and 1951 occasions special consideration of recent trends in Federal receipts and expenditures. According to *Budget Document* estimates, cash receipts from the public will decline 2.3 billion dollars from 1948 to 1951, whereas cash payments will rise 9.3 billion. Increases in cash expenditures for national defense, international affairs and finance, veterans' services and benefits, and interest on the public debt amount to 1.2 billion dollars, whereas increases in expenditures for other Government functions come to more than 8 billion dollars over the four-year period. Programs showing sizable increases under these other functions include old-age benefit payments, farm price support, mortgage purchases by the Reconstruction Finance Corporation, unemployment benefit payments, river basin development, and public assistance. The shift from a large cash surplus in fiscal year 1948 to the substantial cash deficit estimated for fiscal 1951 is due much more to an increase in cash expenditures than to a decline in cash receipts, and the increase in cash expenditures is due primarily to expenditures for programs other than those for international, national defense, and veterans' functions and interest on the public debt.

Federal Budget for Fiscal Year 1951

Substantial Cash Deficits Anticipated

In transmitting to Congress the Budget of the United States for the fiscal year 1951, the President stated that the Budget "reflects the great strength and the extensive responsibilities of this country," that "it represents much

more than a collection of facts and figures—it represents the program" recommended "for our Government in the months ahead," and that "it will influence the course of events for years beyond 1951."

TOTALS FOR BUDGET ACCOUNTS

Table 1

Federal receipts and expenditures and a summary of financial operations for the fiscal years 1948, 1949, 1950, and 1951 are shown in Table 1. The Budget as presented is put in terms of receipts in and expenditures from "budget accounts."

For the fiscal year 1951 Budget expenditures were estimated in the 1951 *Budget Document* at 42.4 billion dollars, about 860 million dollars below estimated expenditures of 43.3 billion for fiscal year 1950. Under existing tax laws Budget receipts in fiscal 1951 were estimated to

be 37.3 billion, a decrease of almost 500 million dollars below the 37.8 billion total for 1950. The estimated Budget deficit for fiscal year 1951 is, therefore, 5.1 billion as compared with the anticipated deficit of 5.5 billion dollars in 1950.

The deficits, together with operations in the trust accounts, would necessitate an increase in the public debt in the two fiscal years combined of over 11 billion dollars. On that basis, therefore, it is estimated that on June 30, 1951, the public debt will stand at 263.8 billion dollars.

CASH AND CONSOLIDATED BASIS

Table 2

Most of the Budget as now formally presented is put in terms of receipts and expenditures from "budget accounts." Some of these receipts and expenditures, however, are intra-governmental in character and involve non-cash transactions. On the other hand, receipts and expenditures in "trust accounts" are now excluded from the Budget totals although they include substantial cash receipts and payments.

Data have been developed which show Federal receipts from and payments to the public on a "cash and consolidated" basis, including cash receipts and expenditures in "trust accounts" as well as in "budget accounts" and excluding major intra-governmental and non-cash transactions. These data present a picture of the flow of money between the Federal Government as a whole and the public and are, therefore, more useful than data on a "budget" basis in judging the effect of Federal finances on other sectors of the economy. The public is defined to include individuals; banks (including the Federal Reserve Banks and the postal savings system); businesses; private corporations; state, local, and foreign governments; and international organizations. Unless otherwise indicated, the discussion in this article is on a "cash and consolidated" basis.

Federal receipts from and payments to the public on a "cash and consolidated" basis are presented in summary form for fiscal years 1948, 1949, 1950, and 1951 in Table 2. Table 2 indicates that cash receipts from the public in 1951 are estimated at 43.1 billion dollars, including 37.1 billion cash receipts in budget accounts and almost 6 billion in trust accounts. Cash payments to the public

in 1951 are estimated at 45.8 billion dollars, more than 700 million below 1950, but 9.3 billion above cash payments to the public in fiscal year 1948.

A summary of cash operations is also presented in Table 2. As shown in this table, the cash surplus or deficit, receipts from exercise of monetary authority, the increase or decrease in the Treasury cash balance, and net cash borrowing or cash repayment of borrowing from the public are mutually related and can be formally reconciled. Thus, in fiscal year 1948 the cash surplus of 8,848 million dollars, augmented by 37 million of receipts from exercise of monetary authority (seigniorage on silver), was used to increase the Treasury cash balance by 1,624 million dollars and to make cash repayment of borrowing amounting to 7,260 million dollars. The estimates for fiscal years 1950 and 1951, on the other hand, indicate a need for cash borrowing in an amount roughly equal to the cash deficits of the two years.

Not all is said about the financial position of the Government, of course, when we have analyzed the net cash surplus or deficit, the net cash borrowing or repayment

A 44-page booklet entitled *The Federal Budget in Brief* was prepared this year by the Bureau of the Budget. It presents the high lights of the 1400-page 1951 *Budget Document*. This useful publication provides a concise, nontechnical summary of the Budget.

The Federal Budget in Brief may be obtained from the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C. The price is 20 cents for a single copy and 15 cents a copy in lots of 100 or more.

of debt, the receipts from exercise of monetary authority, and the change in the Treasury cash balance. In addition, there are increases in the public debt outstanding not due to cash borrowing. These increases in public debt, shown in the lower portion of Table 2, represent cash claims on the Treasury for the future to be financed from tax receipts or cash borrowing at that time. As such, they are an integral part of a full statement of Federal finances on a cash and consolidated basis. In fiscal year 1949, for example, there was a cash surplus of one billion dollars, a

decrease in the Treasury cash balance of almost 1.5 billion and cash repayment of borrowing of 2.5 billion. In addition to these cash operations in fiscal year 1949, there was a 2.9 billion dollar increase in public debt outstanding not due to cash borrowing. Inclusion of the section on increases in public debt outstanding not due to cash borrowing makes it possible to present a full statement of Federal finances on a cash and consolidated basis comparable to the traditional statement in terms of budget accounts, trust accounts, and gross public debt.

CASH RECEIPTS FROM THE PUBLIC

Table 3

The 1951 *Budget Document* estimates that Federal cash receipts from the public will rise to 43.1 billion dollars in fiscal 1951 from 41.7 billion in 1950. Total receipts from the public were 41.6 billion dollars in fiscal 1949 and 45.4 billion in 1948.

The estimated increase in total cash receipts from the public from fiscal 1950 to fiscal 1951, amounting to 1.4 billion dollars, is due entirely to estimated receipts from employment taxes resulting from proposed legislation extending the Federal old-age and survivors insurance program and setting up a medical care insurance system.

The estimates of receipts as given in the Budget for 1951 assume "economic activity at approximately the same level" as at the close of calendar year 1949.

In his Budget Message as well as in the Economic Report and the State of the Union Message, the President promised forthcoming recommendations in connection with specific tax reforms which would "both improve our tax structure and place us in a better position to meet our continuing fiscal requirements." On January 23 the President sent a tax message to Congress recommending that first, "excise taxes be reduced to the extent, and

TABLE 1
FEDERAL RECEIPTS AND EXPENDITURES AND
SUMMARY OF FINANCIAL OPERATIONS
TRADITIONAL STATEMENT
FISCAL YEARS 1948-51
(In millions of dollars)

Item	Amount				Change	
	1948 Actual	1949 Actual	1950 Estimated	1951 Estimated	1950 to 1951	1948 to 1951
Receipts and expenditures:						
Budget accounts:						
Total Budget receipts.....	42,211	38,246	37,763	37,306	-458	-4,905
Total Budget expenditures.....	33,791	40,057	43,297	42,439	-858	+8,647
Budget surplus (+) or deficit (-).....	+8,419	-1,811	-5,533	-5,133		
Trust accounts:						
Total receipts.....	6,515	5,714	6,709	8,199	+1,490	+1,684
Total expenditures and investments in U. S. securities....	6,810	6,209	7,063	8,417	+1,354	+1,608
Excess of receipts (+) or expenditures and investments in U. S. securities (-).....	-295	-495	-354	-218		
Clearing account for outstanding checks, etc.:						
Excess of receipts (+) or expenditures (-).....	-507	+366	+200	—	-200	+507
Summary of financial operations:						
Total excess of receipts (+) or expenditures (-) in Budget accounts, trust accounts, and clearing accounts.....	+7,618	-1,940	-5,687	-5,352		
Increase (+) or decrease (-) in Treasury cash balance.....	+1,624	-1,462	-58	+48		
Increase (+) or decrease (-) in public debt.....	-5,994	+478	+5,630	+5,400		
At end of period:						
Treasury cash balance.....	4,932	3,470	3,413	3,461		
Public debt.....	252,292	252,770	258,400	263,800		

TABLE 2

**FEDERAL RECEIPTS FROM AND PAYMENTS TO THE PUBLIC AND
SUMMARY OF CASH OPERATIONS AND NON-CASH INCREASE IN PUBLIC DEBT
CASH AND CONSOLIDATED STATEMENT
FISCAL YEARS 1948-51**

(In millions of dollars)

Item	Amount				Change	
	1948 Actual	1949 Actual	1950 Estimated	1951 Estimated	1950 to 1951	1948 to 1951
Receipts from and payments to the public:						
Cash receipts from the public:						
In budget accounts.....	41,766	38,100	37,634	37,092	-542	-4,674
In trust accounts.....	3,606	3,482	4,038	5,960	+1,922	+2,354
Total, cash receipts from the public.....	45,372	41,582	41,673	43,052	+1,379	-2,320
Cash payments to the public:						
In budget accounts.....	33,070	37,613	40,235	39,858	-377	+6,788
In trust accounts.....	2,947	3,329	6,493	5,926	-567	+2,979
Clearing account for outstanding checks, etc., excess of receipts (-) or expenditures (+).....	+507	-366	-200	—	+200	-507
Total, cash payments to the public.....	36,524	40,575	46,528	45,784	-744	+9,260
Summary of cash operations:						
Cash surplus (+) or deficit (-).....	+8,848	+1,007	-4,855	-2,732		
Receipts from exercise of monetary authority (+)	+37	+46	+27	+34		
Increase (+) or decrease (-) in Treasury cash balance	+1,624	-1,462	-58	+48		
Net cash borrowing or cash repayment of borrowing (-) from the public.....	-7,260	-2,515	+4,771	+2,746		
Increase in public debt outstanding not due to cash borrowing:						
Increase (+) or decrease (-) in holdings of Government securities by the public due to debt operations not included in cash borrow- ing or repayment of borrowing:						
Excess of accrued discount on savings bonds over interest paid on savings bonds redeemed.....	+536	+581	+525	+610		
Excess of redemption over issuance of securities which did not represent cash borrowing:						
Armed forces leave bonds.....	-1,229	-164	-90	-250		
Non-interest-bearing notes issued to the International Mone- etary Fund and International Bank for Reconstruction and Development.....	-913	-123	-200	-200		
Excess profits tax refund bonds.....	-10	-4	-2	-1		
Adjusted-service bonds.....	-4	-2	-2	-1		
Total, increase (+) or decrease (-) in holdings of Government securities by the public due to debt operations not included in cash borrowing or repayment of borrowing.....	-1,620	+288	+231	+158		
Increase (+) or decrease (-) in holdings of Government securities by trust accounts and Government corporations:						
Trust accounts.....	+3,060	+2,310	+287	+2,311		
Mixed-ownership Government corporations.....	-99	+313	+340	+225		
Wholly-owned Government corporations.....	+29	+7	+53	+46		
Total, increase (+) or decrease (-) in holdings of Government securities by trust accounts and Government corporations.....	+2,990	+2,630	+680	+2,582		
Total, increase in public debt outstanding not due to cash borrowing.	+1,370	+2,918	+911	+2,740		

only to the extent that the resulting loss in revenue is replaced by revenue obtained from closing loopholes in the present tax laws"; and second, "the Congress enact legislation to provide one billion dollars in additional revenue

by revising and improving the estate and gift tax and the corporation tax laws." This proposed one billion dollar increase in total revenues of the Federal Government was not included in the formal Budget estimates.

CASH PAYMENTS TO THE PUBLIC

Table 4

The 1951 *Budget Document* estimates that Federal payments to the public will decline from fiscal 1950 by over 700 million dollars to a level of 45.8 billion estimated for 1951. This follows an increase of about 6 billion dollars from 1949 to 1950 and an increase of about 4 billion dollars from 1948 to 1949. Cash payments to the public

by the Government are shown in Table 4 in terms of major functions, setting forth the broad purposes for which the Government spends money regardless of which department or agency carries them out. Shown under each major function are the chief programs covered by present and proposed enabling legislation.

TRENDS IN FISCAL POSITION

Table 5

The changes in the fiscal position of the United States Government over the four-year period, fiscal 1948 to fiscal 1951, are summarized in Table 5. In fiscal 1948, the year in which expenditures reached a low point following the end of World War II, the United States Government had a cash surplus of 8.8 billion dollars. In fiscal year 1951 it is estimated that the Federal Government will have a cash deficit of 2.7 billion dollars. This constitutes a net change in the fiscal position of the United States Government, considered in this manner, of 11.6 billion dollars from fiscal year 1948 to fiscal year 1951.

Receipts from the public will have declined by 2.3 billion dollars from fiscal year 1948 to 1951. The last column in Table 3 indicates by type of taxes the cause of this decline. Direct taxes of individuals will have declined by almost 3 billion dollars over the four-year period and receipts from surplus property by 1.7 billion, while receipts from employment taxes under present programs and proposed legislation are estimated to rise by 2.4 billion. The last column in Table 2 indicates that the estimated decline over the four-year period of 2.3 billion in total cash receipts from the public is due to a decline of 4.7 billion dollars in cash receipts in budget accounts and an increase of 2.4 billion in cash receipts in trust accounts.

Payments to the public will have risen by almost 9.3 billion dollars from fiscal year 1948 to 1951, according to the 1951 *Budget Document*. Table 5 shows the breakdown of payments to the public by groups of functions and programs. Cash payments to the public for national defense, international affairs and finance, veterans' services and benefits, and interest on the public debt are ex-

pected to rise by a total of 1.2 billion dollars from fiscal year 1948 to fiscal year 1951. Cash payments to the public in connection with other functions—social welfare, health, and security; housing and community development; education and general research; agriculture and agricultural resources; natural resources; transportation and communication; finance, commerce, and industry; labor; and general government—show an increase of over 8 billion dollars for the four-year period.

It is evident that the change from the surplus of 8.8 billion dollars in fiscal year 1948 to an estimated deficit of 2.7 billion dollars in fiscal 1951 is due much more to an increase in expenditures than to a decline in receipts. Furthermore, the increase in expenditures is due primarily to expanded programs other than those for international, national defense, and veterans' functions and interest on the debt.

Table 5 also indicates, in order of magnitude, the major programs under "other functions" with increases of 100 million dollars or more from 1948 to 1951. Benefit payments under present programs and proposed legislation from the Federal Old-Age and Survivors Insurance Trust Fund will rise an estimated 1.7 billion dollars. Expenditures for support of farm prices by the Commodity Credit Corporation will go up by 1.2 billion dollars. Net mortgage purchases by the Reconstruction Finance Corporation are estimated to rise by almost 900 million over the four-year period. Benefit payments from the Unemployment Trust Fund will expand by 700 million. Expenditures for river basin development and for public assistance are each slated to rise by almost 700 million.

CHARACTER CLASSIFICATION

Table 6

A tentative classification of Federal Budget expenditures in terms of "the duration and nature of the benefits flowing from such activities" appears for the first time in the 1951 *Budget Document*. The primary object of the special analysis is to show "the extent to which assets are acquired or other assistance given yielding benefits over a longer period than the fiscal year in which the ex-

penditure occurs." Table 6 summarizes this new special analysis of investment, operating, and other Budget expenditures. The tabulation classifies Budget expenditures on the basis of additions to Federal assets, expenditures for other developmental purposes, current expenses for aids and special services, other current operating expenses, and non-cost payments.

The new classification of expenditures is described as experimental in character. "The analysis is not a substitute for any of the existing Budget classifications," it is stated in the *Budget Document*. "Rather it provides an additional presentation of Federal expenditures to facilitate the over-all appraisal of Government programs. The present analysis should throw more light on the nature of Federal programs and aid in the appraisal, by the Congress and by the public generally, of their long-range effects on the economy and on the fiscal position of the Federal government." The *Budget Document* draws a distinction between the purpose of this special analysis of investment, operating, and other Budget expenditures and the purpose of a "capital budget", which refers to a separate accounting and often separate financing for capital outlays as distinct from expenditures for current operations. It is further stated that the classification of items has not been guided by their financial recoverability, although a supplementary tabulation indicates that a substantial portion of Federal expenditures may be financially recoverable in future years.

Care must be taken in drawing inferences from the new character classification of Budget expenditures. The

special analysis covers only Budget expenditures, and the presentation of transfer payments, therefore, excludes the important benefit payments from trust funds. Expenditures causing additions to Federal assets either in the form of loans or physical assets have a current impact upon the economy quite as much as expenditures which do not cause additions to Federal assets. If the Budget is to be balanced currently, such expenditures must be covered through taxes currently quite as much as other expenditures. If certain current expenditures are recoverable sometime in the future, there is no lessening of the current problem of a budgetary deficit; the recoveries in the future will aid the Budget position only at that time. Moreover, it is not enough to point out that some Federal expenditures may build up the productivity of the economy, that various investment and other developmental expenditures have the effect of increasing the wealth and income of a nation, and that some expenditures are primarily to benefit particular economic groups or individuals. More important is the comparison of these benefits with the alternative benefits from private expenditures which also contribute to the resources of the nation and improve the well-being of the citizens.

TABLE 3
FEDERAL CASH RECEIPTS FROM THE PUBLIC
FISCAL YEARS 1948-51

(In millions of dollars)

Source	Amount				Change	
	1948 Actual	1949 Actual	1950 Estimated	1951 Estimated	1950 to 1951	1948 to 1951
Direct taxes on individuals:						
Income tax:						
Withheld.....	11,436	9,842	9,839	10,075	+236	-1,361
Not withheld—current and back.....	9,560	8,087	8,132	8,171	+39	-1,389
Total, individual income tax.....	20,996	17,929	17,971	18,246	+275	-2,750
Estate tax.....	822	736	645	635	-10	-187
Gift tax.....	77	61	52	57	+5	-20
Total, direct taxes on individuals.....	21,896	18,725	18,668	18,938	+270	-2,958
Direct taxes on corporations:						
Income tax.....	9,852	11,343	11,075	10,458	-617	+606
Excess-profits tax.....	323	211	100	60	-40	-263
Total, direct taxes on corporations.....	10,174	11,554	11,175	10,518	-657	+344
Excise taxes and customs:						
Excise taxes.....	7,402	7,551	7,631	7,642	+11	+240
Customs.....	422	384	375	375	—	-47
Total, excise taxes and customs.....	7,824	7,935	8,006	8,017	+11	+193
Employment taxes:						
Present program.....	2,396	2,477	3,046	3,343	+297	+947
Proposed legislation.....	—	—	—	1,450	+1,450	+1,450
Total, employment taxes.....	2,396	2,477	3,046	4,793	+1,747	+2,397
Deposits by States, unemployment trust funds.....	1,007	985	1,004	1,175	+171	+168
Receipts from surplus property.....	1,830	512	224	116	-108	-1,714
Veterans' life insurance premiums.....	434	431	446	465	+19	+31
Other budget and trust account receipts.....	2,093	1,805	1,283	1,182	-101	-911
Refunds of receipts.....	-2,282	-2,842	-2,179	-2,152	+27	+130
Total receipts from the public.....	45,372	41,582	41,673	43,052	+1,379	-2,320

TABLE 4
FEDERAL CASH PAYMENTS TO THE PUBLIC
FISCAL YEARS 1948-51

(In millions of dollars)

Function and Program	Amount				Change	
	1948 Actual	1949 Actual	1950 Estimated	1951 Estimated	1950 to 1951	1948 to 1951
National defense:						
Pay and support of military personnel.....	4,895	4,626	4,831	4,632	-199	-263
Civilian components.....	350	539	705	740	+35	+390
Research and development.....	534	688	630	606	-24	+72
Aircraft procurement.....	791	1,230	1,656	2,081	+425	+1,290
Construction of ships.....	271	295	314	298	-16	+27
Military public works construction.....	395	151	299	182	-117	-213
Procurement of other matériel, supplies, and services.....	3,325	4,083	4,188	4,584	+396	+1,259
Unexpended reimbursements—mutual defense assistance program.....	—	—	-50	-225	-175	-225
Stock-piling of strategic and critical materials.....	99	299	580	650	+70	+551
Cash redemption of armed forces leave bonds.....	1,490	171	90	250	+160	-1,240
Total, national defense.....	12,150	12,082	13,243	13,798	+555	+1,648
International affairs and finance:						
European Recovery Program—existing and proposed legislation.....	154	4,040	4,062	3,250	-812	+3,096
Aid to occupied areas.....	965	1,349	831	279	-552	-686
Treasury loan to the United Kingdom.....	1,700	—	160	645	+485	-1,700
Mutual defense assistance program—existing and proposed legislation.....	—	—	160	645	+485	-645
Redemption of non-interest-bearing notes by the International Monetary Fund and the International Bank for Reconstruction and Development.....	913	123	200	200	—	-713
Other foreign relief, recovery, development, and military aid.....	1,806	884	656	297	-359	-1,509
Foreign relations and participation in international organizations.....	230	244	314	263	-51	+33
Total, international affairs and finance.....	5,768	6,640	6,223	4,934	-1,289	-834
Veterans' services and benefits:						
Education and training.....	2,497	2,697	2,718	2,481	-237	-16
Unemployment and self-employment allowances.....	677	510	153	61	-92	-616
Compensation and pensions.....	2,080	2,154	2,243	2,237	-6	+157
Hospital and domiciliary construction.....	106	145	225	255	+30	+149
Current expenses for hospital and medical care.....	536	595	584	590	+6	+54
Benefits, refunds, and other payments from veterans' life insurance funds.....	377	393	2,730	999	-1,731	+622
All other.....	536	485	501	428	-73	-108
Total, veterans' services and benefits.....	6,809	6,979	9,154	7,051	-2,103	+242
Social welfare, health, and security:						
Public assistance—present and proposed.....	733	922	1,146	1,401	+255	+668
Promotion of public health.....	147	171	280	433	+153	+286
Benefit payments—Federal old-age and survivors insurance trust fund:						
Present program.....	512	607	725	807	+82	+295
Proposed legislation.....	—	—	—	1,433	+1,433	+1,433
Benefit payments—railroad retirement account.....	222	278	309	341	+32	+119
Annuities and refunds—Federal employees' retirement funds.....	244	221	255	277	+22	+33
All other.....	249	278	315	369	+54	+120
Total, social welfare, health, and security.....	2,107	2,477	3,030	5,061	+2,031	+2,954
Housing and community development:						
Mortgage purchases, net—Reconstruction Finance Corporation.....	113	407	940	900	+50	+877
Low-rent public housing.....	11	-11	99	136	+37	+125
Other existing programs.....	96	-379	-325	28	+353	-68
Loans to cooperatives—proposed legislation.....	—	—	10	80	+70	+80
Total, housing and community development.....	220	17	724	1,234	+510	+1,014

(Continued Below)

Education and general research:						
Federal aid to education—proposed legislation.....	—	—	—	320	+320	+320
Other programs.....	76	70	126	114	-12	+38
Total, education and general research.....	76	70	126	434	+308	+358
Agriculture and agricultural resources:						
Price support—Commodity Credit Corporation.....	-200	1,600	1,533	952	-581	+1,152
Rural Electrification Administration.....	239	305	362	436	+74	+197
Conservation and use of soil.....	236	182	285	314	+29	+78
All other.....	284	477	561	491	-70	+207
Total, agriculture and agricultural resources.....	559	2,564	2,741	2,193	-548	+1,634
Natural resources, not primarily agricultural:						
Atomic energy.....	475	622	673	817	+144	+342
River basin development.....	482	729	959	1,169	+210	+687
Other programs.....	142	170	223	237	+14	+95
Total, natural resources, not primarily agricultural.....	1,099	1,521	1,855	2,223	+368	+1,124
Transportation and communication:						
Promotion of aviation.....	136	143	188	230	+42	+94
Merchant marine.....	183	124	162	225	+63	+42
Navigation aids and facilities.....	231	309	391	451	+60	+220
Highways.....	356	453	515	530	+15	+174
Postal service deficit:						
Present programs.....	304	530	569	555	-14	+251
Proposed legislation.....	—	—	—	-395	-395	-395
Other programs.....	57	65	73	88	+15	+31
Total, transportation and communication.....	1,267	1,624	1,898	1,684	-214	+417
Finance, commerce, and industry:						
Business loans and guarantees—Reconstruction Finance Corporation—present and proposed legislation.....	30	65	153	155	+2	+125
Federal Deposit Insurance Corporation.....	-132	-114	-114	-115	-1	+17
Other programs.....	59	56	72	57	-15	-2
Total, finance, commerce, and industry.....	-43	7	111	97	-14	+140
Labor:						
Benefit payments—unemployment trust fund:						
Railroad unemployment insurance account.....	62	84	131	70	-61	+8
Withdrawals by States—State accounts.....	794	1,234	1,900	1,500	-400	+706
Placement and administration of unemployment compensation.....	146	154	180	190	+10	+44
Other programs.....	28	30	37	50	+13	+22
Total, labor.....	1,030	1,502	2,248	1,810	-438	+780
General government:						
Legislative functions.....	32	34	43	50	+7	+18
Judicial functions.....	18	19	27	31	+4	+13
Bureau of Internal Revenue.....	185	208	230	253	+23	+68
Other programs.....	1,054	779	769	764	-5	-290
Total, general government.....	1,289	1,040	1,069	1,098	+29	-191
Interest on the public debt:						
Interest paid on savings bonds redeemed.....	268	346	525	540	+15	+272
Interest paid on other publicly-held issues of United States securities.....	3,603	3,545	3,746	3,517	-229	-86
Total, interest on the public debt.....	3,871	3,891	4,271	4,057	-214	+186
Other items.....	323	164	-164	110	+274	-213
Total payments to the public.....	36,524	40,575	46,528	45,784	-744	+9,260

TABLE 5
CHANGES IN FISCAL POSITION OF UNITED STATES GOVERNMENT
FISCAL YEAR 1948 TO FISCAL YEAR 1951
CASH AND CONSOLIDATED BASIS
(In millions of dollars)

Description	1948 Actual	1951 Estimate	Change From 1948 to 1951
Receipts from the public	45,372	43,052	-2,320
Payments to the public:			
National defense, international affairs and finance, veterans' services and benefits, and interest on the public debt—total.....	28,598	29,840	+1,242
Other functions—social welfare, health, and security, housing and community development, education and general research, agriculture and agricultural re- sources, natural resources, transportation and communication, finance, commerce, and industry, labor, and general government:			
Major programs showing increase:			
Benefit payments—Federal old-age and survivors insurance trust fund:			
Present program.....	512	807	+295
Proposed legislation.....	—	1,433	+1,433
Total.....	512	2,240	+1,728
Price support—Commodity Credit Corporation.....	-200	952	+1,152
Mortgage purchases, net—Reconstruction Finance Corporation.....	113	990	+877
Benefit payments—unemployment trust fund:			
Withdrawals by States.....	794	1,500	+706
River basin development.....	482	1,169	+687
Public assistance:			
Present program.....	733	1,201	+468
Proposed legislation.....	—	200	+200
Total.....	733	1,401	+668
Atomic energy.....	475	817	+342
Federal aid to education—proposed legislation.....	—	320	+320
Promotion of public health.....	147	433	+286
Navigation aids and facilities.....	231	451	+220
Rural Electrification Administration.....	239	436	+197
Highways.....	356	530	+174
Business loans and guarantees—Reconstruction Finance Corporation—pres- ent and proposed legislation.....	30	155	+125
Low-rent public housing.....	11	136	+125
Benefit payments—railroad retirement account.....	222	341	+119
Total, major programs showing increase.....	4,145	11,871	+7,726
Other programs—total.....	3,781	4,073	+292
Total, other functions.....	7,926	15,944	+8,018
Total, payments to the public.....	36,524	45,784	+9,260
Excess of receipts over payments	8,848	—	—
Excess of payments over receipts	—	2,732	11,580

TABLE 6
INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES
FISCAL YEARS 1949-51
(In millions of dollars)

Item	1949 Actual	1950 Estimate	1951 Estimate
Additions to Federal assets:			
Loans:			
Rural electrification and telephones, Department of Agriculture.....	299	355	427
Mortgage purchases and loans, Reconstruction Finance Corporation.....	407	950	1,020
Economic Cooperation Administration.....	782	340	1
All other loans.....	-96	304	473
Total loans.....	1,392	1,949	1,920
Physical assets:			
Civil public works—sites and direct construction.....	1,307	1,854	2,255
Price support loans and inventories, Department of Agriculture.....	1,511	921	621
National defense:			
Public works.....	162	316	285
Stockpiling of strategic and critical materials.....	299	580	650
Aircraft.....	1,230	1,656	2,081
Ships.....	295	314	298
Other.....	198	405	453
Total, national defense.....	2,184	3,271	3,767
Other physical assets—acquisition and improvement.....	174	161	179
Total, physical assets.....	5,174	6,207	6,823
Total, additions to Federal assets.....	6,566	8,155	8,743
Expenditures for other developmental purposes:			
Physical assets (non-Federal).....	721	998	1,124
Education, training, and health:			
Tuition, supplies, and equipment, Veterans Administration.....	995	991	932
Other Federal programs and grants-in-aid.....	192	224	592
Total, education, training, and health.....	1,186	1,214	1,523
Research and development:			
Civil.....	210	285	307
National defense.....	730	679	656
Total, research and development.....	940	964	963
Engineering and natural resource surveys.....	58	75	95
Total, expenditures for other developmental purposes.....	2,905	3,251	3,705
Current expenses for aids and special services:			
Agriculture.....	341	876	688
Business.....	773	825	521
Public assistance.....	921	1,144	1,400
Veterans.....	5,549	5,694	4,878
Other general aids, labor, and home owners and tenants.....	335	381	438
International relief, recovery, and economic development assistance.....	5,140	4,941	3,765
International military assistance.....	414	355	645
Total, current expenses for aids and special services.....	13,472	14,216	12,334
Other current operating expenses:			
Repair, maintenance, and operation of physical assets (excluding special services):			
Civil.....	388	410	400
National defense.....	3,411	3,147	3,247
Total, repair, maintenance, and operation of physical assets (excluding special services)	3,799	3,558	3,647
Regulation and control.....	292	325	339
General operation and administration:			
Civil.....	1,155	1,265	1,240
National defense.....	5,574	6,026	5,859
Total, general operation and administration.....	6,729	7,290	7,099
Interest.....	5,444	5,822	5,729
Total, other current operating expenses.....	16,265	16,996	16,815
Non-cost payments.....	578	626	665
Reserve for contingencies.....	—	50	175
Adjustment to daily Treasury statement basis.....	+272	—	—
Total, Budget expenditures.....	40,057	43,297	42,439

¹Anticipated loans for 1951 are included with other Economic Cooperation Administration expenditures in international aids.

SEVENTH FEDERAL



RESERVE DISTRICT