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THE FEDERAL BUDGET IN BRIEF



FISCAL YEAR 1952

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET

**I have presented a Budget to meet our country's needs
in a period of danger.**

**We are building the military and economic strength
which alone has meaning to the men who control world
communism. This is the only realistic road to a world
peace based on justice and individual freedom.**

HARRY S. TRUMAN.

**The Budget Message
January 15, 1951**

THE FEDERAL BUDGET IN BRIEF

FISCAL YEAR 1952

(July 1, 1951–June 30, 1952)



JANUARY 1951

Executive Office of the President
Bureau of the Budget

INTRODUCTION

Each January the President sends to the Congress the Budget of the United States, which contains his recommendations for the financial program of the Government in the coming year.

In his Budget, the President estimates how much money will be received by the Government during the fiscal year, how much money will be needed to carry out the Government's programs, and the resulting surplus or deficit. The estimated expenditures include the costs of new legislation which the President proposes.

The Federal Budget in Brief, which was first published a year ago, sets forth in simplified form the most important facts about the Budget. It outlines the programs which make up the total Budget, indicates their cost, and reviews the recent trends in Federal receipts and expenditures.

This issue summarizes the Budget which the President transmitted to the Congress on January 15, 1951, for the fiscal year 1952. That fiscal year will begin on July 1, 1951, and end on June 30, 1952.

On the basis of the President's Budget, the Congress considers and enacts appropriations and other authorizations for the fiscal year.

The Budget is subject to adjustment from the time it appears in January until the close of the fiscal year 18 months later. It may be affected by additional Presidential recommendations, by Congressional action raising or lowering the authorizations requested by the President, and by the rate at which the appropriated money is actually spent by the agencies.

In particular this year, estimates for military programs and for foreign military and economic aid are to be considered tentative. The detailed requests for these activities were not transmitted in the Budget, but will be sent to the Congress in the spring after the programs have been more completely developed.

CONTENTS

	Page
INTRODUCTION	2
BUDGET SUMMARY	4
BUDGET RECEIPTS—SUMMARY	6
BUDGET EXPENDITURES—SUMMARY	8
BUDGET EXPENDITURES BY FUNCTION:	
Military services	10
International security and foreign relations	12
Finance, commerce, and industry	14
Labor	16
Transportation and communication	18
Natural resources	20
Agriculture and agricultural resources	22
Housing and community development	24
Education and general research	26
Social security, welfare, and health	28
Veterans' services and benefits	30
General government	32
Interest	34
BUDGET EXPENDITURES AS A PERCENTAGE OF NATIONAL INCOME	36
BUDGET EXPENDITURES PER CAPITA	36
APPENDIXES	39
A. Receipts from and Payments to the Public	40
B. Budget Authorizations Related to Expenditures	42
HISTORICAL TABLES:	
Budget Receipts and Expenditures and Public Debt—Fiscal Years 1915–52	44
Budget Expenditures by Function—Fiscal Years 1943–52	44

BUDGET SUMMARY

The Federal Budget for the fiscal year 1952 is dominated by national defense.

Total expenditures amount to 71.6 billion dollars, almost 80 percent more than the Government spent in the year ending June 30, 1950. That year ended just as the first communist attack in Korea compelled the Nation to embark on its current program of swift expansion of the national defense.

In his Budget Message, the President referred to the sharp increase in Budget expenditures as "one measure of the vast new responsibilities thrust upon the American people by the communist assaults upon freedom in Asia and the threats to freedom in other parts of the world."

Most of the rise in expenditures is to expand the Armed Forces of the United States and provide military aid to other free countries. Other increases are for the atomic energy program and for new defense programs—including those to expand defense production, to apply economic controls, to organize civil defense against enemy attack, to provide housing in defense areas, and to move key Government agencies to dispersal sites outside of Washington.

Aside from these national security activities, the Budget shows a decrease from expenditures being made in the fiscal year 1951.

Under present tax laws, Budget receipts in the fiscal year 1952 are estimated at 55.1 billion dollars. This is more than 10 billion dollars above estimated collections in 1951. It reflects record-breaking levels of production and national income, as well as the increased tax rates enacted by the last session of Congress.

Despite the very high level of Budget receipts, a deficit of 16.5 billion dollars is estimated for the fiscal year 1952 if no new tax legislation is enacted. The President stated that such a large deficit posed a threat to our economic stability and to the success of the defense effort. He therefore recommended that taxes be increased to bring the Budget into balance.

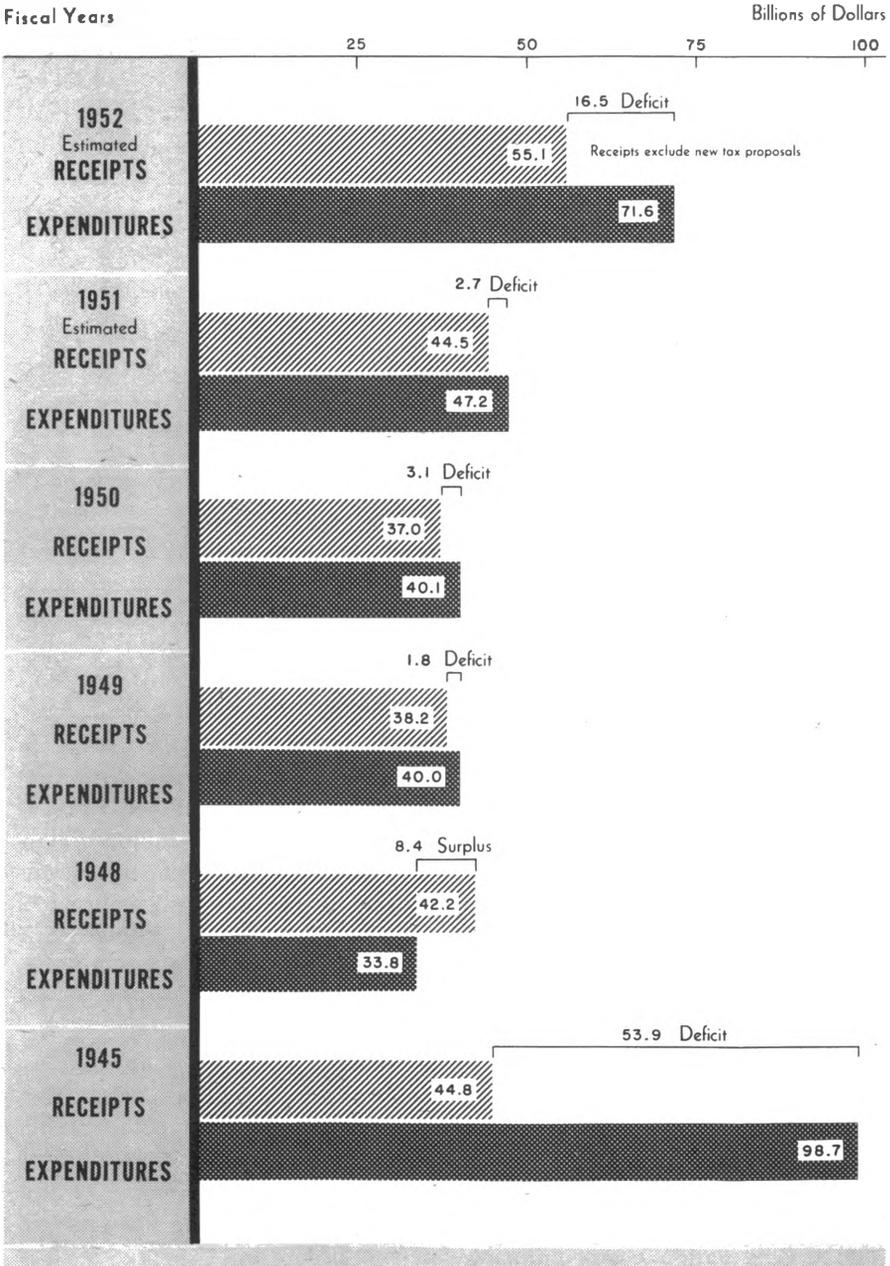
NOTE.—Several important Federal programs are operated through trust funds, with the Government acting as a trustee. The receipts of these funds consist primarily of special taxes, such as the payroll taxes for old-age and unemployment insurance, or of premiums paid in, as in the case of the veterans' life insurance.

Neither the receipts of these funds nor the benefits or dividends paid from them are included in Budget receipts and expenditures.

The major trust funds are referred to below in discussion of related programs. A financial summary including trust fund transactions is presented on page 40.

BUDGET RECEIPTS AND EXPENDITURES

SURPLUS OR DEFICIT



BUDGET RECEIPTS SUMMARY

Present tax laws are estimated to provide 55.1 billion dollars in receipts during the fiscal year 1952. Although this is an all-time high in Budget receipts, it is still 23 percent under the estimated level of expenditures.

The President stated that at this time sound public finance and fiscal policy require that we balance the Budget, and added that he would soon recommend new revenue legislation to the Congress.

Under existing legislation, direct taxes on individuals in the fiscal year 1952 are estimated at 24.5 billion dollars, and direct taxes on corporations at 19.6 billion dollars. Increases in these two categories account for all of the increase of Budget receipts in 1952 over 1951.

They result from two factors: (a) The tax legislation enacted during

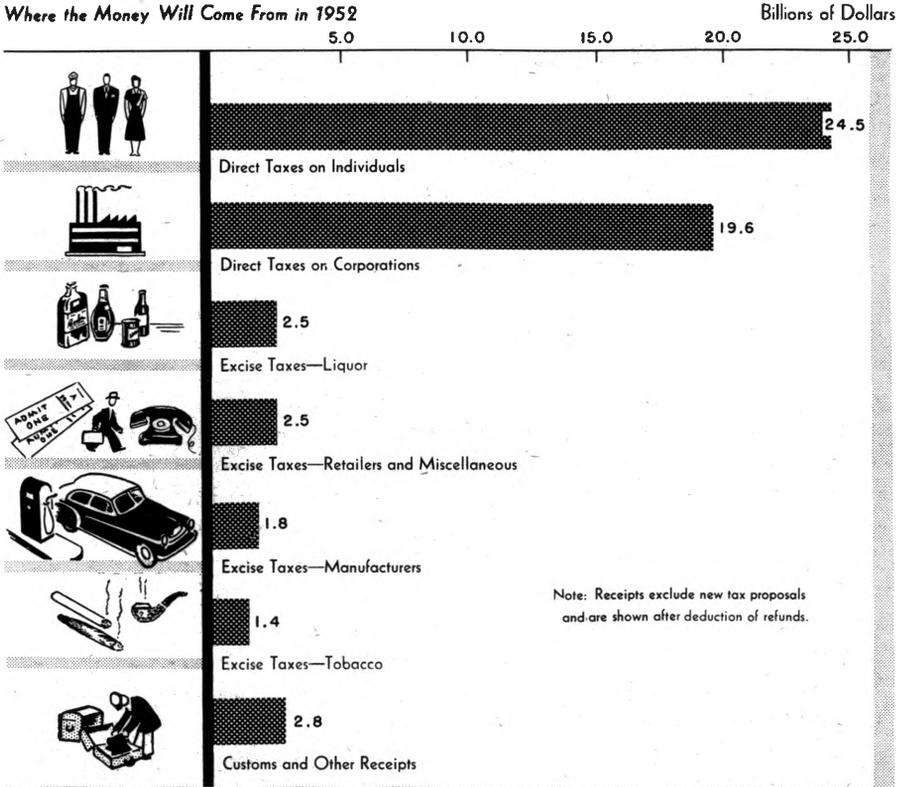
the last 6 months is more fully reflected in receipts in 1952; (b) total personal income and corporation profits are expected to rise because of the increased employment and production required by the defense program.

Excise taxes, the third largest source of budget receipts, are expected to provide 8.2 billion dollars of revenue in 1952. This represents 15 percent of the estimated total of 1952 budget receipts under existing legislation. In 1950, about 20 percent of Federal receipts were derived from this source.

Although collections from most excise taxes are expected to rise, some decline is anticipated in receipts from taxes on consumer durable goods where industrial capacity and materials are being diverted to defense production.

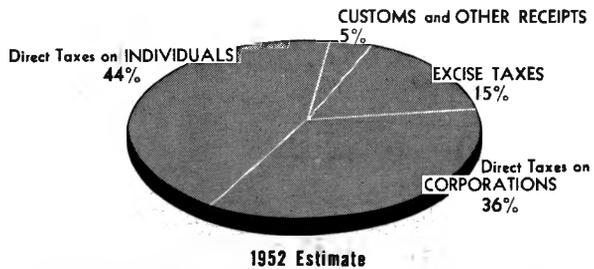
BUDGET RECEIPTS

SUMMARY



Total Budget Receipts

Fiscal Year	Billions
1952 Est.	\$55.1
1951 Est.	44.5
1950	37.0
1949	38.2
1948	42.2
1945	44.8



BUDGET EXPENDITURES SUMMARY

In the fiscal year 1952, the military services and international programs will cost 48.9 billion dollars. These expenditures, which are entirely devoted to building our own strength and that of other free countries in the struggle against communism, represent 68 percent of the 1952 Budget. They exceed the total expenditures of the Government in every year since 1946.

Two other large categories of Budget expenditure arise almost wholly from past wars in which the country has engaged. The first is interest payments, which will amount to 5.9 billion dollars in the fiscal year 1952. About 80 percent of this amount is for interest on the heavy borrowing required to finance World War II. The second category is veterans' services and benefits, estimated to cost 4.9 billion dollars in 1952. Together, these two categories make up 15 percent of the Budget.

All other programs will require 11.9 billion dollars in 1952, 17 percent of the Budget. These programs include many activities which contribute directly to the national security. For example, the promotion of defense production and economic stabilization (classified under finance, commerce, and industry) will cost

1.4 billion dollars in 1952, and the development of atomic energy (included under natural resources) will require 1.3 billion dollars.

In addition, the remaining activities of the Government are being redirected to support the defense effort. For example, many of the Government's river development projects are increasing the supply of power for atomic energy and defense plants; and the employment services will be more and more directed to servicing defense industries.

Many programs which in normal times would be highly desirable are being cut back—for example, the rural electrification and telephone programs, and reclamation and flood control projects other than those which provide substantial power for defense industry. Programs to assist in providing housing in defense areas will be stepped up, but other housing programs will be sharply curtailed.

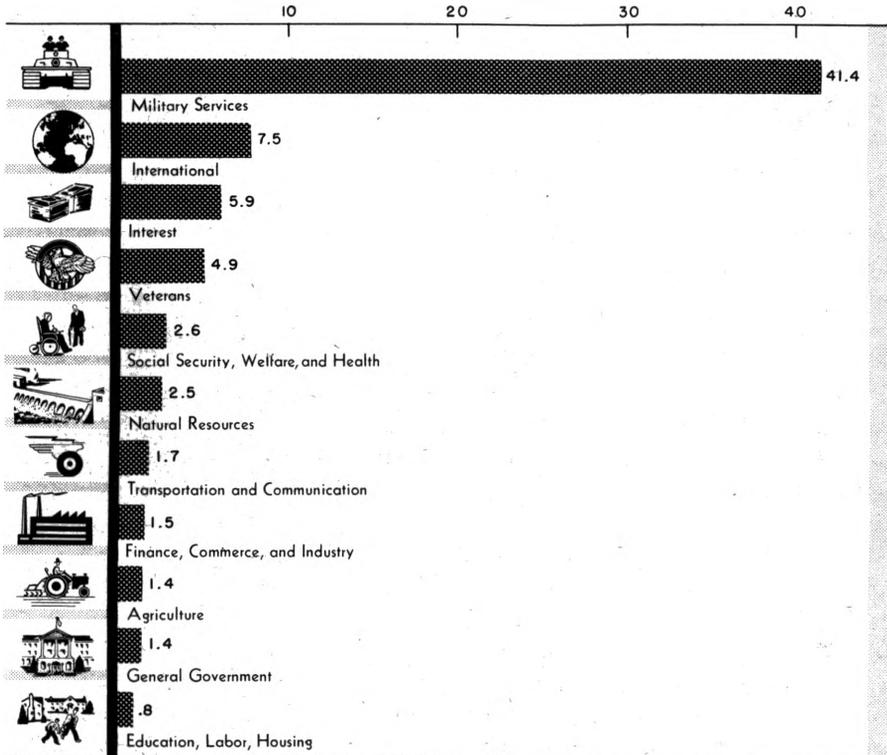
The following pages discuss the varied programs of the Government classified according to the broad purposes or functions which they serve. The estimated expenditures for these programs in 1952 include the costs of new legislation which the President proposed in his Budget.

BUDGET EXPENDITURES

SUMMARY

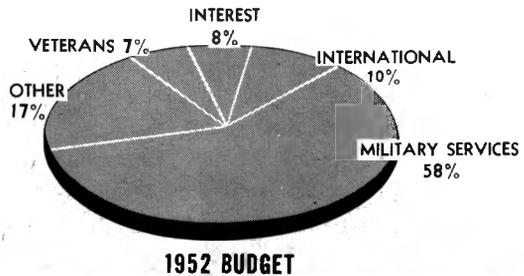
Where the Money Will Go in 1952

Billions of Dollars



Total Budget Expenditures

Fiscal Year	Billions
1952 Est.	\$ 71.6
1951 Est.	47.2
1950	40.1
1949	40.0
1948	33.8
1945	98.7



MILITARY SERVICES

Expenditures for military services are estimated at 41.4 billion dollars during the fiscal year 1952—more than three times the level that prevailed in the years immediately preceding the communist attacks in Korea.

Although the military expansion program was launched at the beginning of the fiscal year 1951, expenditures for this year are estimated at about half the 1952 total, or 21 billion dollars. The relatively low figure in 1951 reflects the time lag between the placing of orders for airplanes, tanks, and other military equipment, and the actual payment for the delivered items. The Congress has already made available for military services this fiscal year a total of 44.2 billion dollars and procurement orders are being placed, but a very large part of the money will not actually be spent until the fiscal year 1952 or later.

Six months ago our active military strength numbered less than 1,500,000 men and women. It is now being rapidly expanded to nearly 3,500,000. As part of this current expansion, the number of active Army units will be more than doubled, to an equivalent of about

24 divisions. The Navy will have an active fleet more than 50 percent larger than a year ago. Two full Marine divisions plus additional units will be maintained. The Air Force structure is being increased from 48 to 84 wings and others will be added.

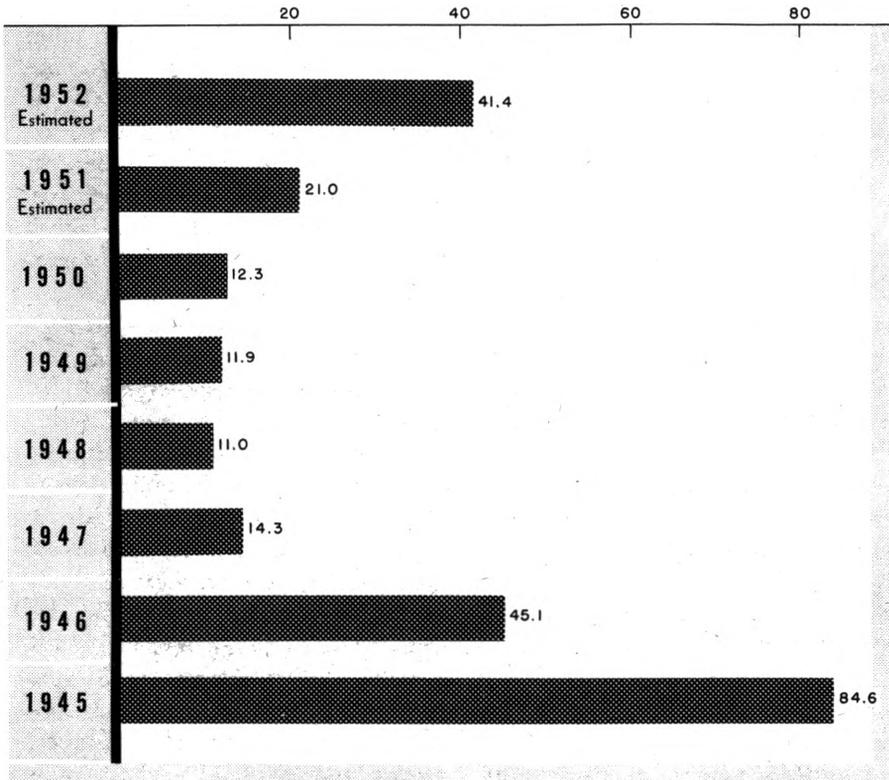
In addition to equipping and maintaining the active forces, the military Budget also provides for buying reserves of equipment, for setting up training camps big enough to handle larger active forces if necessary, for increasing the strength and the degree of readiness of the Reserve organizations, and for substantially expanding military research and development.

In order to be better prepared for full mobilization if that becomes necessary, military orders are being spread among many suppliers, and industrial capacity is being developed beyond the requirements of our immediate procurement schedules. Moreover, large quantities of scarce materials are being stockpiled for possible future need. Expenditures for stockpiling in the fiscal years 1951 and 1952 are estimated at 900 million dollars and 1.3 billion dollars, respectively.

MILITARY SERVICES

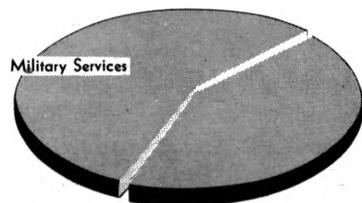
Expenditures for Fiscal Years

Billions of Dollars



Expenditures MILITARY SERVICES

Fiscal Year	Billions	% of Budget
1952 Est.	\$41.4	57.9
1951 Est.	21.0	44.5
1950	12.3	30.6
1949	11.9	29.7
1948	11.0	32.4
1947	14.3	36.4
1946	45.1	74.4
1945	84.6	85.7



PERCENT OF 1952 BUDGET

INTERNATIONAL SECURITY AND FOREIGN RELATIONS

The Budget proposes an expanded international program to help achieve a rapid build-up of the free world's defensive strength. This program includes large-scale military and economic assistance to friendly nations.

Total expenditures on international programs are estimated at 7.5 billion dollars in the fiscal year 1952, of which more than half will be for the purpose of supplying military equipment to help arm the expanding military forces of other free nations.

The program of assistance to Europe will be directed primarily toward helping our European allies enlarge the mutual defense forces, rather than toward the general economic expansion which has been the main objective of our aid program in recent years. Assistance provided in the fiscal year 1952 will include large quantities of modern military equipment, and also machine tools, materials, and other supplies which the European nations will require to move rapidly toward defensive readiness. As an illustration of the vital importance to us of helping to build defensive strength in Europe, the President's Message pointed out that if the Soviet rulers conquered Western Europe, the industrial power in their hands would be more than doubled.

The President emphasized that the progress made to date under the

European Recovery Program now provides a firm foundation upon which the European nations can base their expanded defense effort. In order to build their defenses, the European people, like the American people, will now get along with fewer consumer goods, pay higher taxes, and serve in the armed forces in greater numbers.

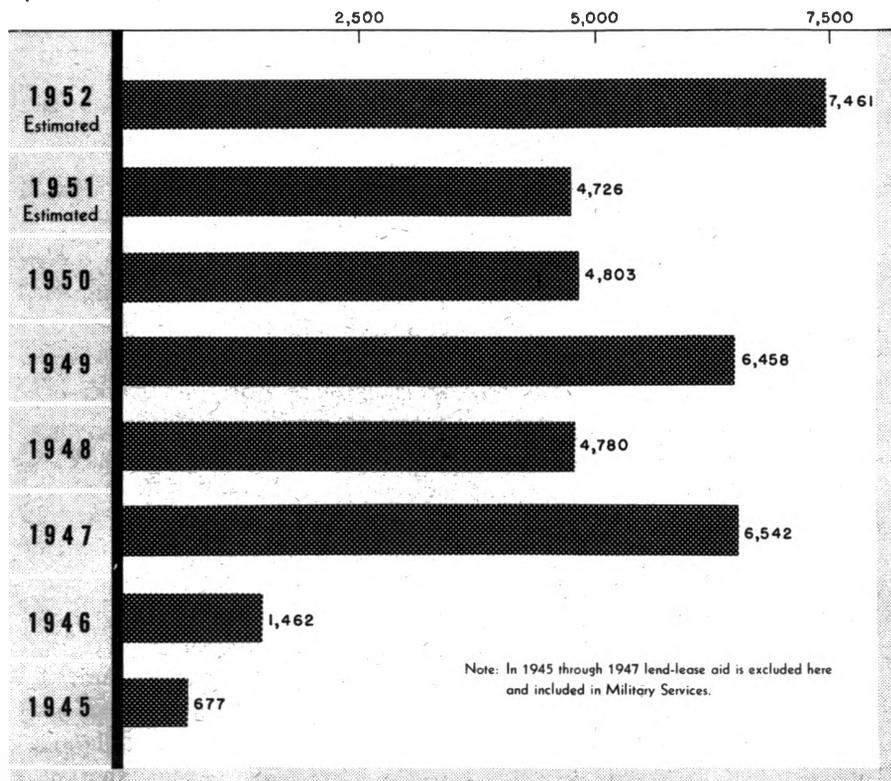
The Budget also provides for supplying military equipment to certain non-European nations, especially in Asia. In addition, economic assistance under the Point IV program will be provided to certain countries in Asia, the Middle East, Africa, and Latin America to help these countries meet their most urgent economic problems and thereby increase their strength and determination as members of the free world community. Assistance to these nations will include technical assistance, grants, and loans. These programs will contribute substantially to expanding the production of scarce materials needed for mutual defense.

Expenditures for the Voice of America and other information and education programs of the Department of State are estimated at 166 million dollars, almost three times the level of fiscal year 1951. These programs will help carry the truth about the present international situation to people in all parts of the world, including those behind the "iron curtain."

INTERNATIONAL SECURITY AND FOREIGN RELATIONS

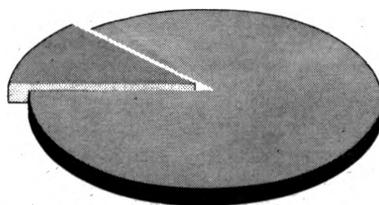
Expenditures for Fiscal Years

Millions of Dollars



Expenditures INTERNATIONAL SECURITY AND FOREIGN RELATIONS

Fiscal Year	Millions	% of Budget
1952 Est.	\$7,461	10.4
1951 Est.	4,726	10.0
1950	4,803	12.0
1949	6,458	16.1
1948	4,780	14.1
1947	6,542	16.7
1946	1,462	2.4
1945	677	.7



PERCENT OF 1952 BUDGET

FINANCE, COMMERCE, AND INDUSTRY

During the present emergency, the finance, commerce, and industry programs of the Federal Government are being directed primarily toward expanding defense production and preventing inflation.

The Government is moving on a broad front to increase the output of existing plants and facilities as well as to expand capacity. For the most part, private business will build the plants necessary to produce equipment for the Army, Navy, and Air Force. Where necessary, the Government is helping by making loans, entering into long-term procurement contracts, investing in Government-owned equipment for lease to private contractors, and granting special tax concessions for new defense plants.

Controls over the use of some critical materials have already been set up to help divert these materials to military production and to make them available for stockpiling. Other materials will undoubtedly have to be covered later.

Controls over exports are being expanded to prevent the drain abroad of critical materials and to help direct the flow of exports to countries cooperating in mutual defense.

An organization is being built to administer price and wage controls as these become necessary.

Federal rent controls still remain in effect on about 7 million rental units. The President has recommended extending and strengthening the rent control law, particularly because expansion of defense production and reopening of military installations will aggravate the housing shortage in many places.

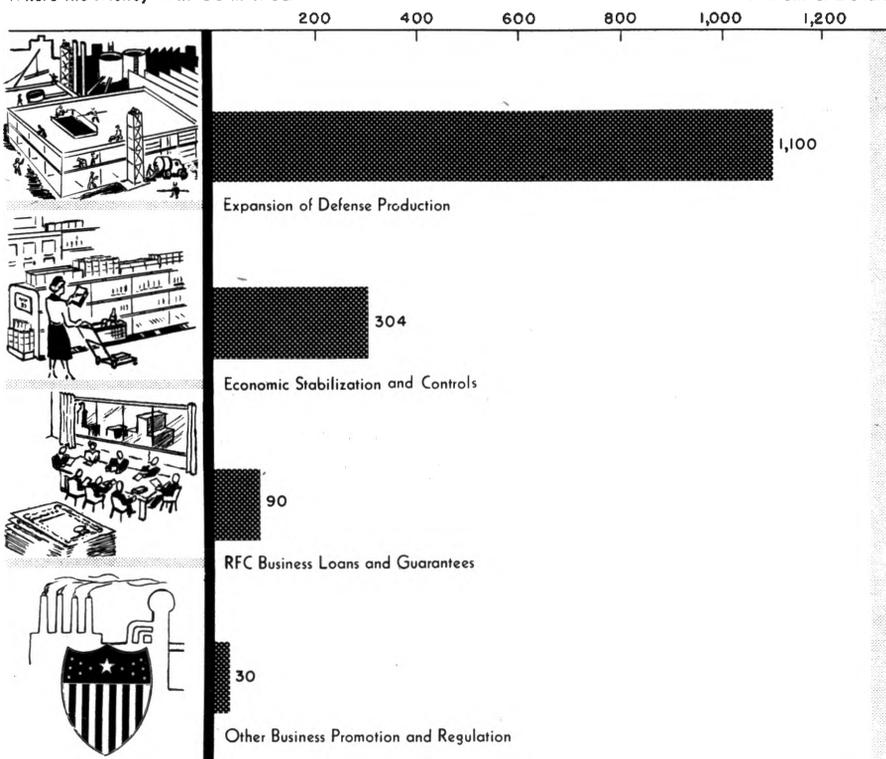
The Reconstruction Finance Corporation is placing primary emphasis on loans to aid the defense program. To limit inflationary credit expansion, loans for nondefense purposes have been sharply curtailed. Business loans approved during the current fiscal year will be about 50 percent below last year.

Other expenditures in this category include the continuing programs of the Government to promote effective competition and to aid business.

FINANCE, COMMERCE, AND INDUSTRY

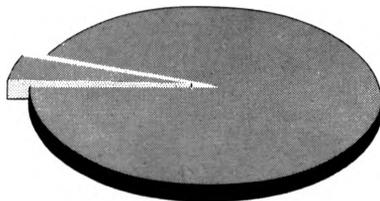
Where the Money Will Go in 1952

Millions of Dollars



Total Expenditures FINANCE, COMMERCE, AND INDUSTRY

Fiscal Year	Millions	% of Budget
1952 Est.	\$1,524	2.1
1951 Est.	368	.8
1950	227	.6
1949	120	.3
1948	88	.3
1945	106	.1



PERCENT OF 1952 BUDGET

LABOR

Federal labor programs assist in the recruitment and training of workers and help to prevent losses of production caused by accidents, disputes, or poor working conditions. These activities now make up a large part of the defense manpower program.

The largest expenditures in the labor field are grants to pay for administration of the Federal-State system of public employment offices and unemployment compensation. State employment services, which filled 14,500,000 jobs last year, will have a larger task next year in recruiting workers for defense industry and for our basic civilian economy. The work of handling unemployment insurance claims, on the other hand, will continue to decrease because of higher employment.

The Department of Labor promotes two kinds of on-the-job training by employers—apprenticeship training for skilled craftsmen and more rapid training for production workers and supervisors. The latter program is just being started. Registered apprenticeship programs enrolled 215,000 men at the end of the fiscal year 1950.

The Federal Government helps

States to plan special industrial safety campaigns and to train safety inspectors. It also inspects coal mines for safety, and enforces laws on minimum wages, child labor, and wages and hours for Government contractors.

The Federal Mediation and Conciliation Service and the National Mediation Board (for railroads and airlines) help labor and management settle disputes in interstate industries. The National Labor Relations Board determines through elections the employees' choice of unions to represent them and investigates and acts on complaints of unfair labor practices of unions or employers.

The Bureau of Labor Statistics prepares and publishes information on such subjects as the cost of living, employment, and productivity. This information is used in wage negotiations and in planning economic stabilization and mobilization programs.

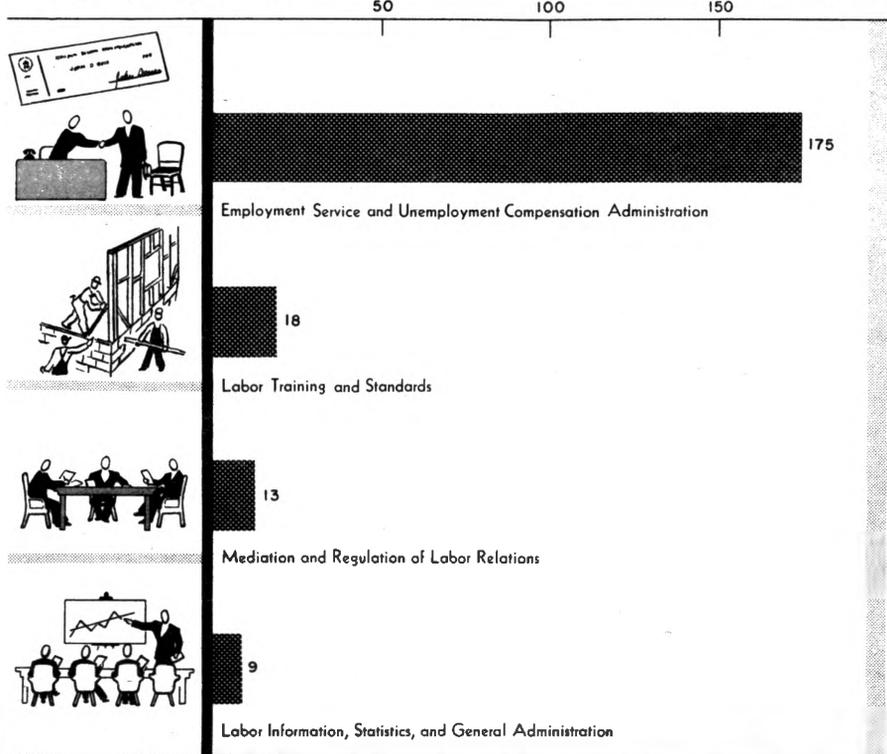
NOTE.—Unemployment compensation benefits are paid from the unemployment trust fund to which employers pay taxes. Transactions of this fund are not included in Budget receipts and expenditures.

In the fiscal year 1952, receipts of the unemployment trust fund are estimated at 1.5 billion dollars and expenditures at about half that amount. The balance in the fund at the end of the year will be 8.6 billion dollars.

LABOR

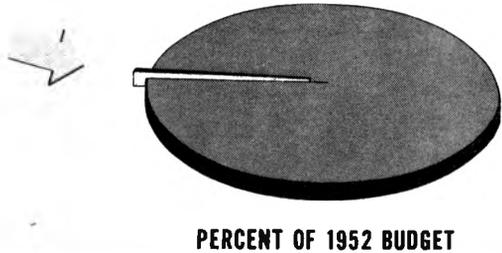
Where the Money Will Go in 1952

Millions of Dollars



Total Expenditures LABOR

Fiscal Year	Millions	% of Budget
1952 Est.	\$ 215	.3
1951 Est.	212	.4
1950	263	.7
1949	193	.5
1948	183	.5
1945	204	.2



TRANSPORTATION AND COMMUNICATION

Federal programs which assist in the development of the Nation's communication and transportation services are now being adapted to the needs of the national emergency.

Federal grants help State governments finance the construction of improved highways. These grants are 85 percent of all Federal expenditures for highways. In 1952 primary emphasis is being placed upon roads particularly important for defense.

Besides operating navigation aids and enforcing maritime laws, the Coast Guard has recently been given responsibility for preventing sabotage on vessels and in ports. An estimated 200 million dollars will be spent in 1952 for all Coast Guard activities.

River and harbor improvements of the Corps of Engineers include some dams which provide electric power. The 1952 Budget proposes to increase expenditures for power projects which will serve defense production. Other projects have been suspended or substantially curtailed. Expenditures in 1952 are estimated at 157 million dollars for construction, and 60 million dollars for maintenance, operation, and administration. The Budget also includes net expenditures of 8 million dollars for the Panama Canal Company.

Most of the expenditures for the merchant marine in 1952 will be for the construction of fast cargo vessels designed to meet shipping needs for national security. This emergency construction will supplement the Government's long-range program of maintaining an active merchant marine through subsidies which are designed to offset lower foreign costs.

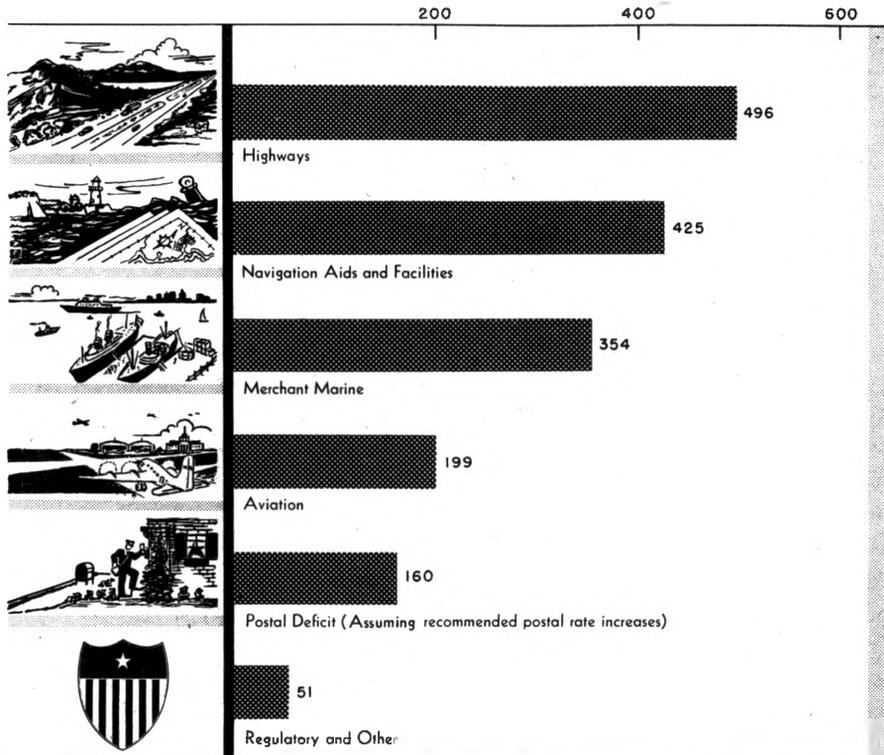
The Civil Aeronautics Administration provides navigation and landing aids for safe operation of both civil and military aircraft, and controls the movement of air traffic from the standpoint of safety and the needs of air defense. It also provides grants to States and municipalities for the development of airports.

The postal deficit for 1952, with existing postal rates, is estimated at 521 million dollars. This large deficit will occur despite an increase of 10 percent since the end of World War II in the hourly output of postal employees. It reflects steady increases in wage, transportation, and other costs, without corresponding increases in postal rates. The President has proposed that legislation be enacted to increase postal receipts by about 361 million dollars annually. The remaining deficit would represent those costs, such as airline subsidies and Government mail, which are appropriately paid out of general tax revenues.

TRANSPORTATION AND COMMUNICATION

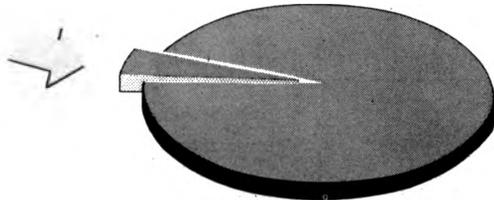
Where the Money Will Go in 1952

Millions of Dollars



Total Expenditures TRANSPORTATION AND COMMUNICATION

Fiscal Year	Millions	% of Budget
1952 Est.	\$1,685	2.4
1951 Est.	1,970	4.2
1950	1,752	4.4
1949	1,622	4.0
1948	1,224	3.6
1945	3,367	3.4



PERCENT OF 1952 BUDGET

NATURAL RESOURCES

The natural resources programs of the Government are devoted to the use and conservation of our land, forest, water, mineral, electric power, and atomic energy resources. These programs are basic to the current defense expansion as they were to the military output in World War II.

The atomic energy program accounts for more than half of all expenditures in the fiscal year 1952 for natural resource development, and is mainly responsible for the increase of 402 million dollars over the total for the fiscal year 1951.

The Budget provides for expanding our capacity to produce atomic materials and weapons. It also provides for increased production in existing plants; development of new and improved weapons; and further progress in developing nuclear reactors, including those for producing fissionable material, for generating power, and for propelling ships and aircraft. At the same time, the industrial, medical, and other uses of atomic energy are being actively explored.

In the fiscal year 1952, expenditures for flood control and reclama-

tion projects which will provide substantial power are generally being stepped up, and new projects are recommended where needed to increase power supply for defense needs. Other projects, though desirable for the long-range growth of the country, have been curtailed or deferred to lessen demands on materials and manpower, and total expenditures for these purposes are estimated at 141 million dollars less than in the fiscal year 1951.

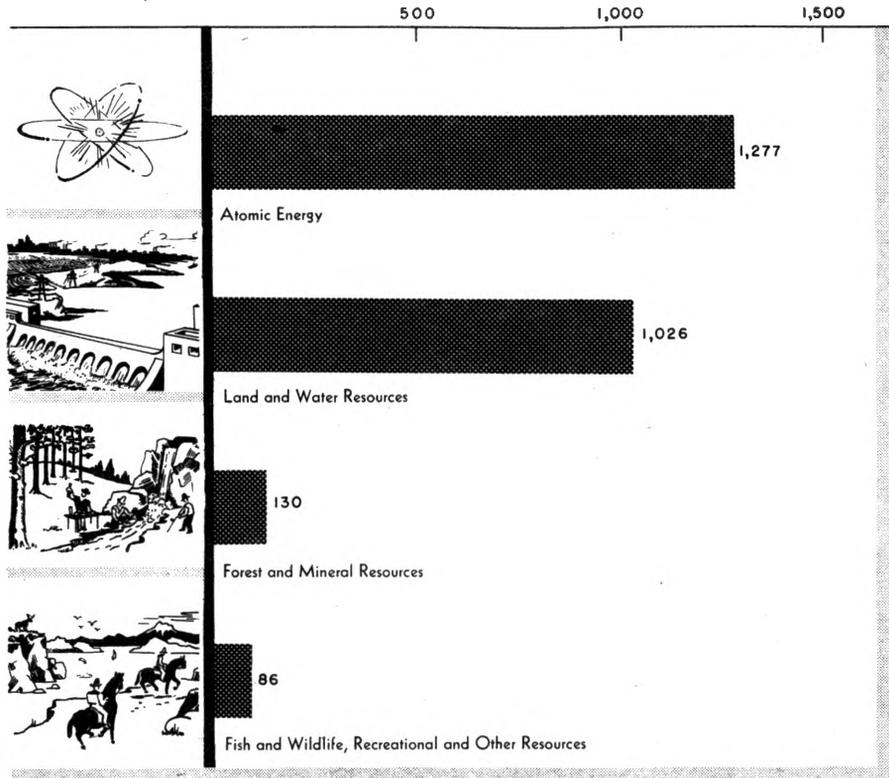
Federal programs for discovery of new mineral deposits and for promoting the development, conservation, and use of existing mineral reserves are being accelerated in the fiscal year 1952 to help meet the requirements of military production. Topographic surveys and water resources investigations, which provide basic data for planning of industrial and defense projects as well as long-range development, will also expand.

Other natural resources programs provide for the use and conservation of the national forests, public domain, Indian lands, national parks, and fish and wildlife resources.

NATURAL RESOURCES

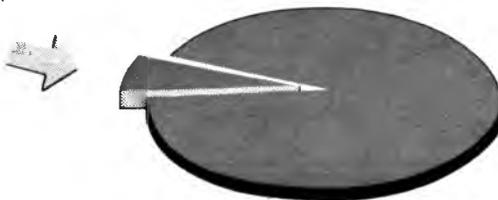
Where the Money Will Go in 1952

Millions of Dollars



Total Expenditures NATURAL RESOURCES

Fiscal Year	Millions	% of Budget
1952 Est.	\$2,519	3.5
1951 Est.	2,117	4.5
1950	1,554	3.9
1949	1,512	3.8
1948	1,099	3.3
1945	243	.2



PERCENT OF 1952 BUDGET

AGRICULTURE AND AGRICULTURAL RESOURCES

Federal agricultural programs are designed to help farmers produce more efficiently, to conserve soil resources, to support farm prices and income, and in various other ways to improve living conditions on the farm. Farm programs are now being redirected to help obtain more of the products we need most, such as cotton, wheat, corn, and meat. Except for price supports, expenditures for farm programs will decline in the fiscal year 1952.

Expenditures to support farm prices vary greatly from year to year depending on general economic conditions and the amount of farm production. Net price support outlays by the Commodity Credit Corporation are estimated at 238 million dollars in the fiscal year 1952, compared to net receipts of 296 million dollars in 1951. This year's net receipts result mainly from sale of 3,500,000 bales of cotton acquired in earlier years. Expenditures to support farm prices and farm income are also made under the International Wheat Agreement, the Sugar Act of 1948, and the program for removal of surplus agricultural commodities from the market.

The Department of Agriculture helps farmers employ sound farm

management practices and protect soil resources by giving them technical advice and assistance. The Department also makes payments for contour cultivation, terracing, application of fertilizers, and other conservation measures. In addition, upstream flood-control work is undertaken on both private and Federal lands. Expenditures for all of these programs will be 367 million dollars in the fiscal year 1952.

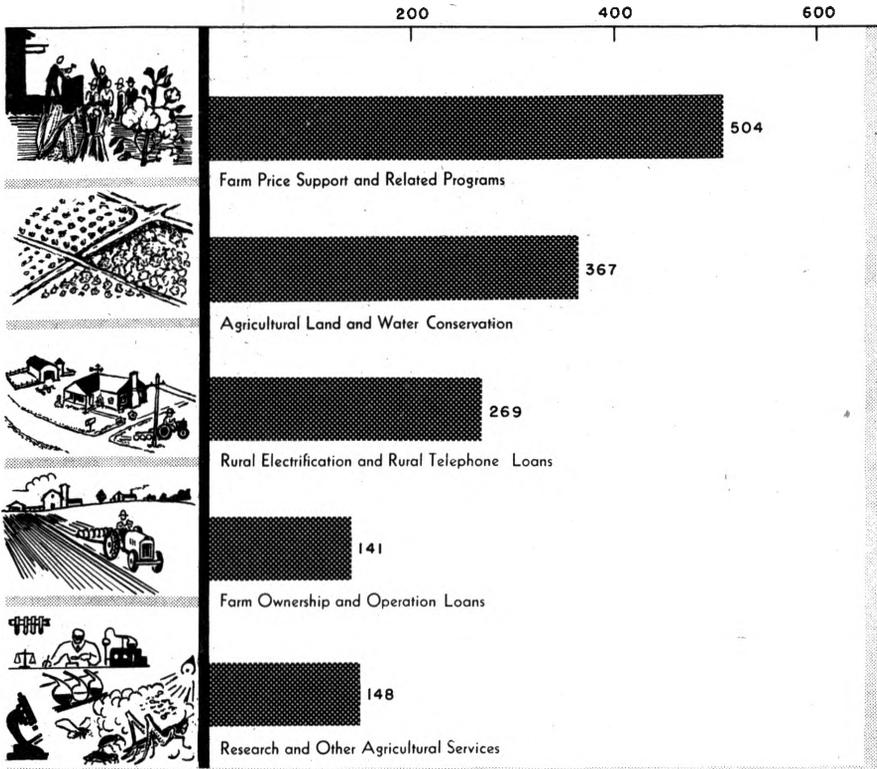
The number of farms with electric service has increased from 48 percent in 1945 to over 86 percent at present. Loans for rural electrification and for the rural telephone program initiated last year are being cut to conserve aluminum, copper, and other materials.

Through the loan programs of the Farmers Home Administration and the agricultural credit corporations supervised by the Farm Credit Administration, the Department of Agriculture helps finance farm operations and encourages farm ownership. The Department also aids farmers by basic research on production and marketing problems, by control of insects and plant and animal diseases, and by grants to States for cooperative extension work.

AGRICULTURE AND AGRICULTURAL RESOURCES

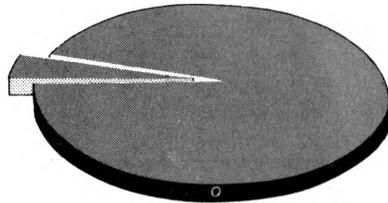
Where the Money Will Go in 1952

Millions of Dollars



Total Expenditures AGRICULTURE AND AGRICULTURAL RESOURCES

Fiscal Year	Millions	% of Budget
1952 Est.	\$1,429	2.0
1951 Est.	986	2.1
1950	2,784	6.9
1949	2,512	6.3
1948	574	1.7
1945	1,610	1.6



PERCENT OF 1952 BUDGET

HOUSING AND COMMUNITY DEVELOPMENT

Federal housing and community development programs primarily involve credit assistance to private borrowers and local public agencies. Most of these programs are now being curtailed to save materials needed for defense production. This will sharply reduce new loans in 1952, while repayments of old loans are expected to increase. As a result, even with new defense programs, the receipts from these programs will exceed expenditures by 102 million dollars.

The newly created Federal Civil Defense Administration will make grants to States to cover half the cost of constructing shelters and other civil defense facilities. It will also help build up reserves of medical and other supplies, and will assist States and localities in organizing and training civil defense workers.

The President has recommended a new program to help provide sufficient housing and adequate community services—such as schools and water systems—for areas which

have a heavy increase in defense workers or military personnel. The housing program would be accomplished by insuring loans for private housing, with emergency authority for direct Federal construction.

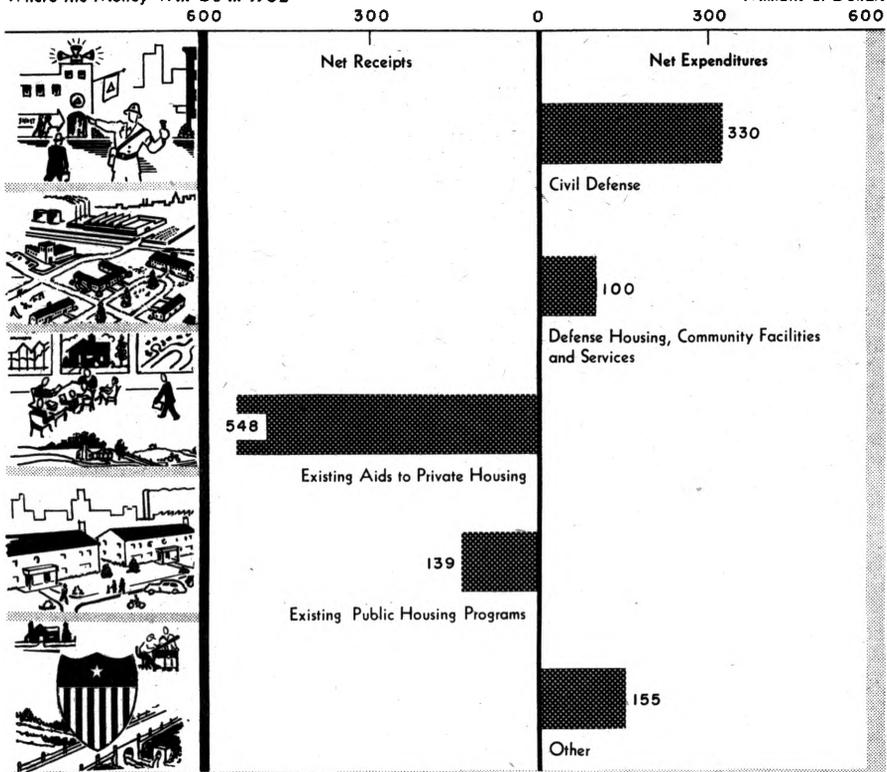
Higher down payments and other controls on private housing credit will cut new housing construction by more than a third below last year. In the fiscal year 1952, the Federal National Mortgage Association expects to sell 530 million dollars more of mortgages than it buys. Most other Federal credit programs to aid private housing will also show receipts in excess of expenditures.

Under the existing low-rent public housing program, local housing authorities will start construction of 75,000 new units in 1952. Generally, projects will be built in defense areas and defense workers and military personnel will have preference as tenants. A large share of the previous Federal loans will be repaid in 1952, causing a substantial excess of receipts over expenditures.

HOUSING AND COMMUNITY DEVELOPMENT

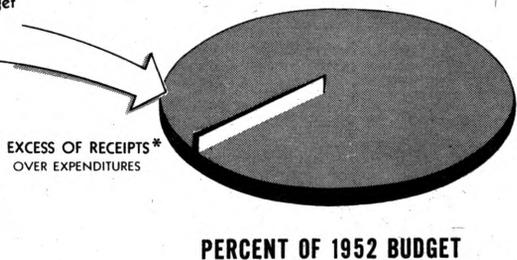
Where the Money Will Go in 1952

Millions of Dollars



Total Expenditures HOUSING AND COMMUNITY DEVELOPMENT

Fiscal Year	Millions	% of Budget
1952 Est.	\$-102	-.1*
1951 Est.	409	.9
1950	261	.6
1949	282	.7
1948	82	.2
1945	-193	-.2*



EXCESS OF RECEIPTS*
OVER EXPENDITURES

EDUCATION AND GENERAL RESEARCH

Most of the education and research activities of the Federal Government are for purposes closely related to other governmental activities and are therefore included elsewhere in this booklet. Examples are educational benefits for veterans, scholarship programs of the State and Navy Departments, the Agricultural Extension Service, and the research activities of the Departments of Defense and the Atomic Energy Commission.

In the category of education and general research, a proposed new program of Federal grants to assist the States in improving elementary and secondary education accounts for more than half of the expenditures for the fiscal year 1952 and most of the increase over 1951.

Apart from the proposed general aid for schools, the Federal Government provides assistance for the construction and operation of elementary and secondary schools in those localities where special needs arise as a result of Federal Government activities.

Other activities to promote education include a long-established program of grants to aid the States in providing vocational training to some 3,000,000 young people and adults. The President has recommended that part of the vocational education appropriation be used in the fiscal year 1952 for special programs to train workers for defense and essential civilian production.

General libraries and museums supported by the Federal Government include the Library of Congress, the Smithsonian Institution, the National Gallery of Art, and the Botanic Gardens. Specialized libraries and museums are operated as a part of other functions.

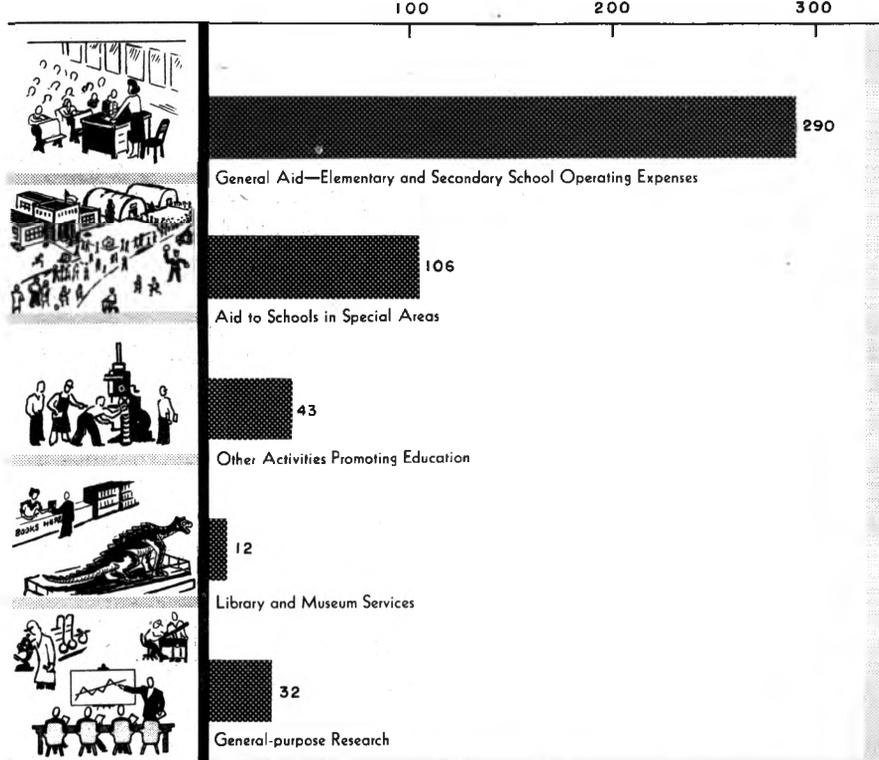
In the field of general research, creation last year of the National Science Foundation provides the basis for achieving a better balance in research programs and assuring continued progress in basic scientific research.

As work on the census of 1950 nears completion, expenditures for general-purpose research (which includes the census) will decrease.

EDUCATION AND GENERAL RESEARCH

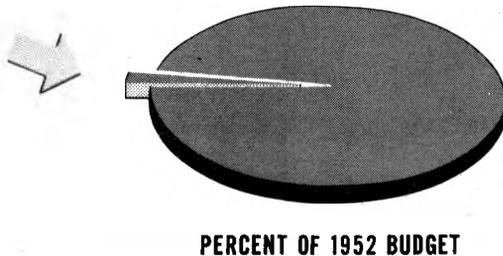
Where the Money Will Go in 1952

Millions of Dollars



Total Expenditures EDUCATION AND GENERAL RESEARCH

Fiscal Year	Millions	% of Budget
1952 Est.	\$ 483	.7
1951 Est.	143	.3
1950	114	.3
1949	70	.2
1948	63	.2
1945	150	.2



SOCIAL SECURITY, WELFARE, AND HEALTH

Federal Budget expenditures to promote social security, welfare, and health are predominantly in the form of grants to States to help them provide public assistance, public health services, school lunches, and vocational rehabilitation services.

The Federal-State public assistance program assists the needy aged, dependent children, the blind, and, since last October, the permanently and totally disabled. More than 4,000,000 people in need, most of them aged persons, are expected to receive public assistance in 1952. In the future, the number should decline because more of the aged will qualify for benefits under the old-age and survivors insurance program, which is operated through a trust fund. This program was broadened in 1950 to cover about 10 million additional people.

The Government operates a separate insurance system for railroad workers, providing survivorship, disability, and retirement benefits, and financed by payroll taxes on both employees and employers. The transfer of these collections to the special trust fund appears as a Budget expenditure.

Expenditures to promote public health include grants to States for

such activities as hospital construction, maternal and child health programs, and control and prevention of tuberculosis, venereal disease, cancer, mental illnesses, and heart ailments. Direct Federal activities are primarily for medical research and for Public Health Service hospitals.

Expenditures for crime control and correction are mainly for the Federal Bureau of Investigation, but they include also the costs of the Federal prison and probation systems, the United States district attorneys and marshals, the Secret Service, and narcotics control activities.

Federal grants help the States to provide low-priced lunches for about 7,000,000 school children.

Other expenditures are principally for services to Indians and for compensation payments to injured Government employees or the families of those killed on the job.

NOTE.—Payroll taxes and other receipts of the old-age and survivors insurance trust fund are expected to be 4.1 billion dollars in the fiscal year 1952, with benefits estimated at 2.1 billion dollars. The balance in the fund will be 16.4 billion dollars at the end of the fiscal year.

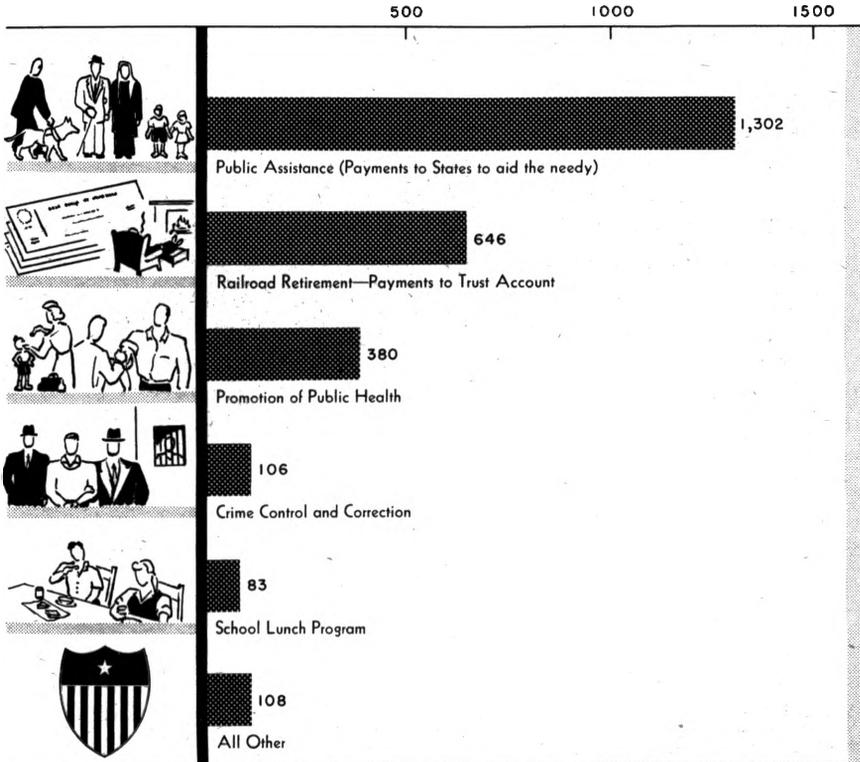
Receipts of the railroad retirement trust fund are estimated at 721 million dollars (including 75 million dollars of interest on investments), benefit payments at 345 million dollars, and the balance at the end of the year, 2.8 billion dollars.

Receipts of and payments from these trust funds are not counted as Budget receipts or expenditures.

SOCIAL SECURITY, WELFARE, AND HEALTH

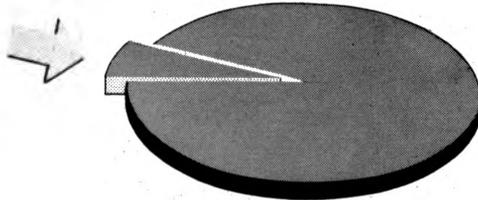
Where the Money Will Go in 1952

Millions of Dollars



Total Expenditures SOCIAL SECURITY, WELFARE, AND HEALTH

Fiscal Year	Millions	% of Budget
1952 Est.	\$ 2,625	3.7
1951 Est.	2,520	5.3
1950	2,213	5.5
1949	1,907	4.8
1948	1,869	5.5
1945	1,046	1.0



PERCENT OF 1952 BUDGET

VETERANS' SERVICES AND BENEFITS

In the fiscal year 1952, Federal services and benefits for veterans are expected to continue their decline from postwar peaks. Expenditures will be 835 million dollars less than in 1951, mainly because of a further decline in the needs of World War II veterans for help in adjusting to civilian life through educational benefits, loan guarantees, and other aids.

Estimated expenditures for veterans' programs take account of needs arising from the military action in Korea and the build-up of the Armed Forces. Legislation was enacted late in 1950 to meet the special rehabilitation needs of veterans wounded in Korea. Compensation is being paid in cases of injury or death resulting from current military activities. New veterans are eligible for medical care in veterans' hospitals.

On the average, 3,168,000 individuals or families are expected to receive veterans' compensation or pension payments during the fiscal year 1952. This is 113,000 more than in 1951.

Average enrollment for education and training in the fiscal year 1952 is

estimated at about 1 million students, 600,000 below the 1951 level. By the end of 1952, more than 7,500,000 veterans will have received education and training benefits. Total expenditures will have been 13.9 billion dollars. Other readjustment benefits in 1952 will be largely the payment of part of the first year's interest on Government-guaranteed loans for homes, farms, and businesses.

Expenditures for veterans' hospitals and medical care are chiefly for current expenses but include 155 million dollars for building and improving hospital facilities under the current program.

Budget expenditures, as distinct from trust fund expenditures, for life insurance programs for servicemen and veterans are mainly the costs of administration and payments on account of deaths traceable to extra hazards of military service.

NOTE.--Veterans of the two World Wars and present servicemen continue to hold about 6,500,000 life insurance policies issued by the Government.

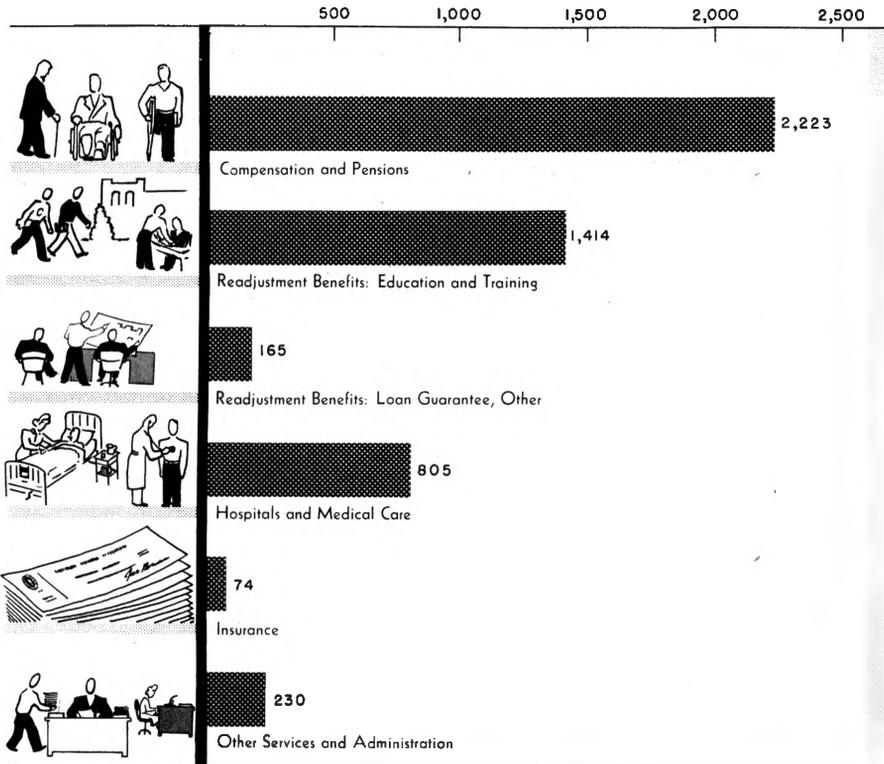
Receipts of the insurance trust funds in 1952 are estimated at 786 million dollars and expenditures at 1.1 billion dollars, with half of the expenditures representing dividends to policyholders. Balances in these funds will total 6.4 billion dollars at the end of the fiscal year.

The trust fund transactions are not included in the Budget totals.

VETERANS SERVICES AND BENEFITS

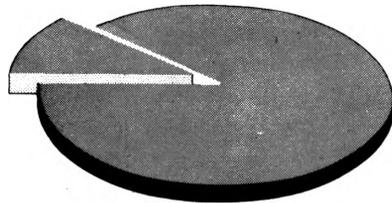
Where the Money Will Go in 1952

Millions of Dollars



Total Expenditures VETERANS' SERVICES AND BENEFITS

Fiscal Year	Millions	% of Budget
1952 Est.	\$ 4,911	6.9
1951 Est.	5,746	12.2
1950	6,627	16.5
1949	6,668	16.6
1948	6,566	19.4
1945	2,094	2.1



PERCENT OF 1952 BUDGET

GENERAL GOVERNMENT

The general government classification includes those activities which serve more than one of the major program areas into which Budget expenditures are divided. Besides the costs of certain general activities of the executive branch, this classification includes most of the costs of the legislative and judicial branches.

The Bureau of Internal Revenue processes tens of millions of tax returns annually in collecting more than a dozen types of taxes. Other financial management duties of the Treasury Department include administration of the public debt, collection of customs, manufacture of coins, and printing of money. Federal accounts are audited by the General Accounting Office.

Approximately 1,500,000 Government employees are members of a general retirement system to which both they and the Government, as the employer, contribute. The Government's contribution in the fiscal year 1952 is estimated at 320 million dollars, as shown on the accompanying chart. Most new employees added during the current emergency,

as well as other temporary employees of the Government, are not in the civil service retirement system but instead are covered by old-age and survivors insurance under the social security system, to which individual Federal agencies pay the employers' payroll tax.

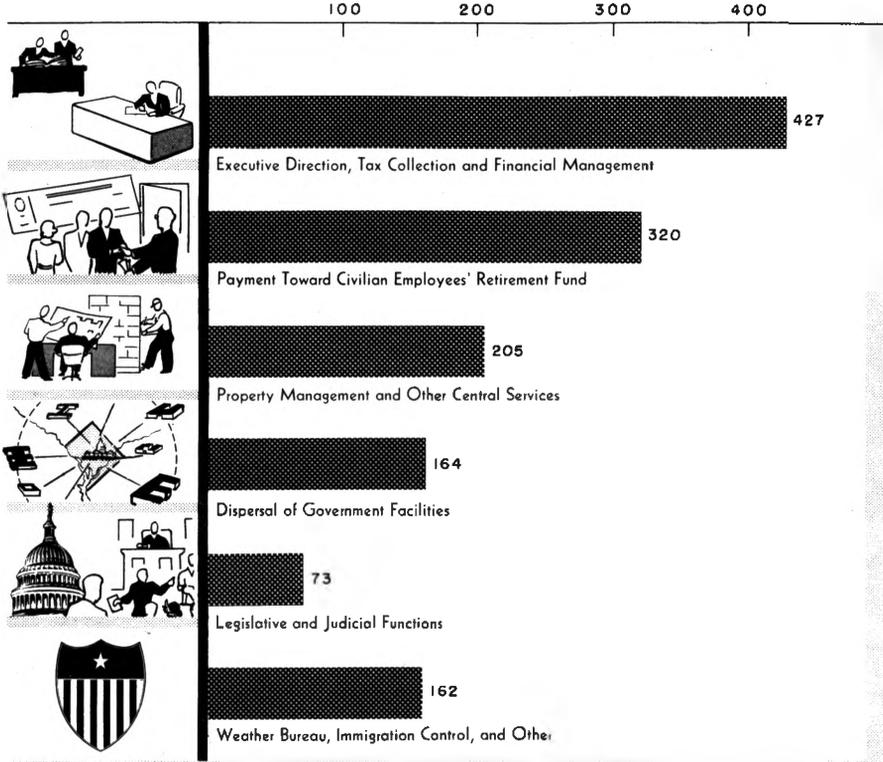
As the central property and records management agency of the Federal Government, the General Services Administration purchases and stores supplies, operates Federal Government buildings, and operates the National Archives. The Government Printing Office is the largest printing establishment in the world. The Civil Service Commission is the central personnel agency of the Government.

To minimize disruption of the National Government headquarters in event of enemy attack, the President has recommended a program for the dispersal of some of the Government offices now located in the District of Columbia. It is estimated that 164 million dollars will be required in 1952 to provide buildings at the new sites.

GENERAL GOVERNMENT

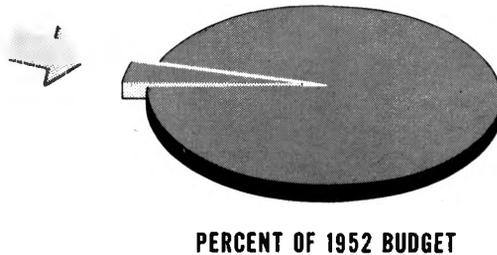
Where the Money Will Go in 1952

Millions of Dollars



Total Expenditures GENERAL GOVERNMENT

Fiscal Year	Millions	% of Budget
1952 Est.	\$1,351	1.9
1951 Est.	1,252	2.7
1950	1,108	2.8
1949	1,081	2.7
1948	1,440	4.3
1945	917	.9



INTEREST

Interest payments are fixed obligations of the Federal Government. Most of the total expenditures for interest result from the fivefold increase in the public debt that took place in World War II. The public debt will be about 260 billion dollars on June 30, 1951.

Over one-half the total interest is paid on marketable obligations, to such investors as insurance companies and banks.

Interest on savings bonds amounts to more than a quarter of the total. These bonds are held by about 40 percent of all American families. For the most part, interest on savings bonds is included in Budget expenditures as it accrues. Most of the

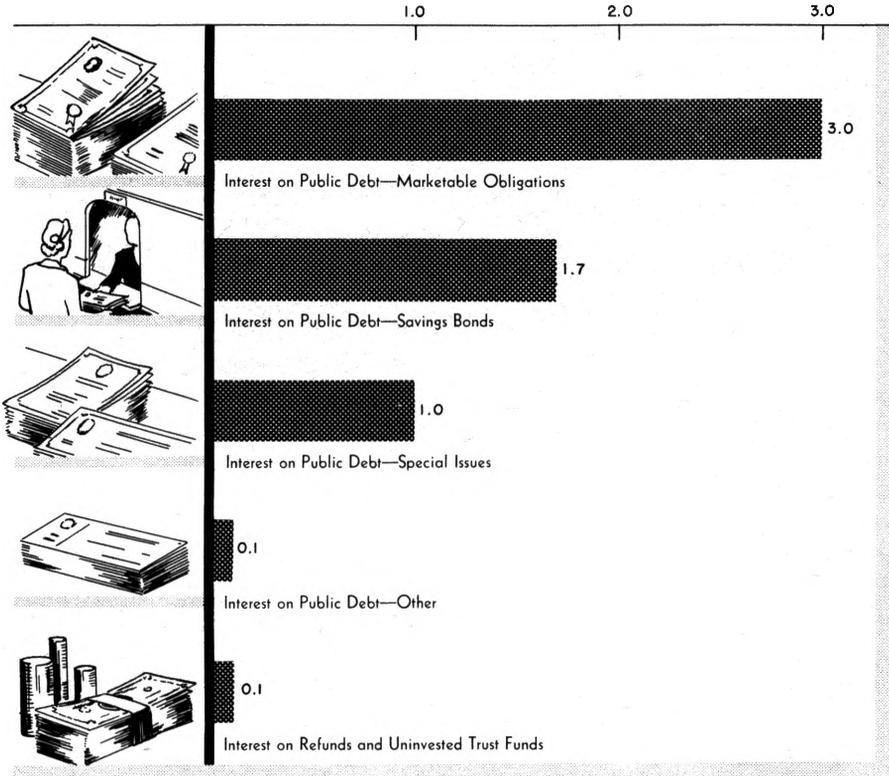
bonds now outstanding were bought during World War II, and hence are now reaching the stage at which interest accrues most rapidly. This is one major reason for the continuing increase in interest expenditures.

Most of the remaining interest is paid on special obligations issued to trust funds and other Government agencies. The interest payments help to build up the reserve necessary to meet the larger future benefit payments. Since receipts of most of these trust funds are larger than expenditures, additional investments are made each year, with corresponding increases in interest payments by the Treasury.

INTEREST

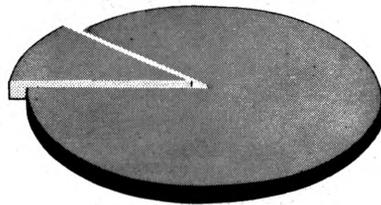
WHERE the Money Will Go in 1952

Billions of Dollars



Total Expenditures INTEREST

Fiscal Year	Millions	% of Budget
1952 Est.	\$5,897	8.2
1951 Est.	5,722	12.1
1950	5,817*	14.5
1949	5,445	13.6
1948	5,249	15.5
1945	3,861	3.7



PERCENT OF 1952 BUDGET

*Includes approximately \$225 million resulting from change in reporting methods.

BUDGET EXPENDITURES AS A PERCENTAGE OF NATIONAL INCOME

Federal Budget expenditures for the fiscal year 1952 are estimated at more than one-quarter of the national income. This compares with slightly over one-half of the national income spent by the Government in 1945, the year of peak World War II expenditures. On the other hand, Federal spending during the fiscal year 1939 amounted to only about one-eighth of the national income.

The military services, the largest single item in the 1952 Budget, will require an estimated 15 percent of the national income. Expenditures for these purposes were only about 5 percent of the national income during each of the years 1948, 1949, and 1950. In 1945, they were almost 45 percent of the national income. In the prewar year of 1939 the comparable figure was less than 2 percent.

BUDGET EXPENDITURES PER CAPITA

During the fiscal year 1952, Federal Government expenditures will amount to about 461 dollars for each man, woman, and child in the country. This is almost seven times as great as the per capita expenditure in the prewar fiscal year 1939, and more than one and one-half times as great as in 1950. On the other hand, it is

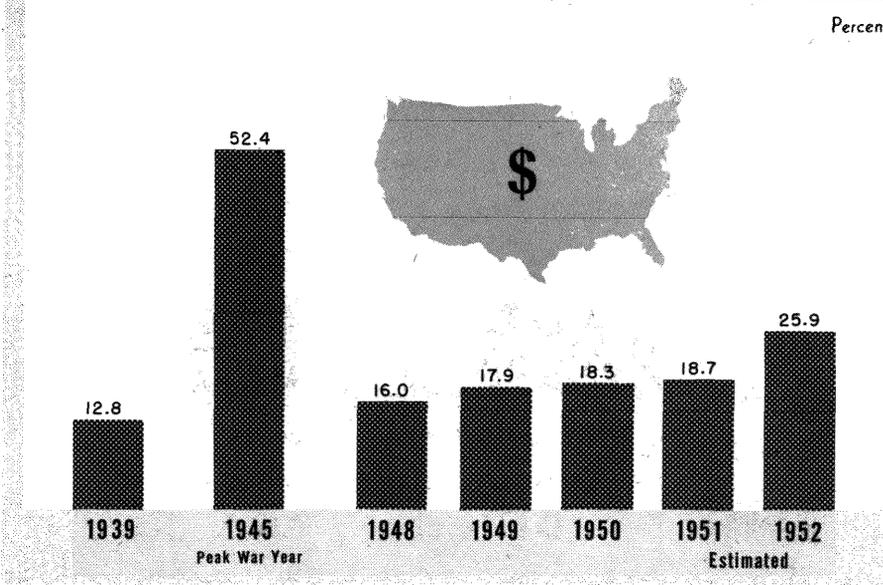
only two-thirds as much as was spent per person in the peak war year of 1945.

The cost of the military services will be 266 dollars per capita in the fiscal year 1952. This compares to less than 9 dollars per capita in 1939, 609 dollars in 1945, and 76 dollars in 1948.

BUDGET EXPENDITURES

AS A PERCENTAGE OF NATIONAL INCOME

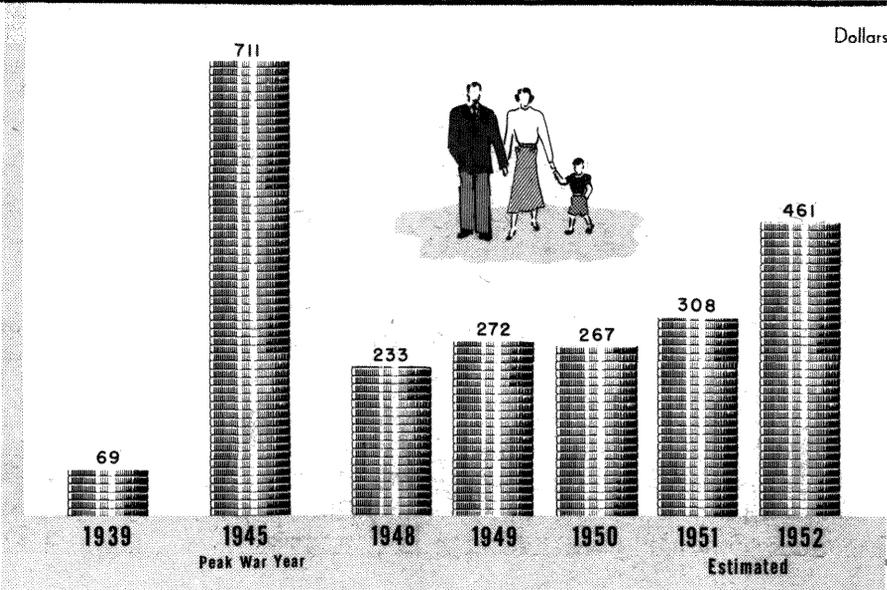
Percent



BUDGET EXPENDITURES

PER CAPITA

Dollars





Excise Taxes
8.2



Direct Taxes on Individuals
24.5



Direct Taxes on Corporations
19.6



Customs and Other Taxes
2.8



New Taxes
16.5

Where the money will come from . . .

**FISCAL YEAR 1952
FEDERAL BUDGET**

Estimated in billions of dollars

Receipts \$55.1*
Expenditures 71.6
Deficit 16.5*

*Excludes new tax proposals



General Government
1.4



Finance, Commerce, and Industry
1.5



Transportation and Communication
1.7



Veterans Programs
4.9



International
7.5

58%



Military Services
41.4



Education, Labor Housing, Etc.
0.8



Agriculture
1.4



Natural Resources
2.5



Social Security, Welfare, and Health
2.6



Interest
5.9

————— 41.4 —————

APPENDIXES

Up to now, this booklet has discussed receipts and expenditures included in the Budget. To give a more complete picture of the Federal program, two other aspects of Federal financial operations are described in the appendixes which follow.

Appendix A presents a summary of Federal financial transactions including not only Budget receipts and expenditures but also receipts and expenditures of funds for which the Government acts as trustee.

Appendix B shows the relationship between the authorizations to spend Federal money and the expenditures for the fiscal year 1952.

APPENDIX A

RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

While most Government activities are directly reflected in the Budget, some important programs are operated through trust funds for which the Federal Government acts as a trustee. These funds include the unemployment trust fund, the old-age and survivors insurance trust fund, and the veterans' life insurance funds. Payroll taxes or other receipts flow into these funds, and payments are made to beneficiaries from them. These transactions are not included in Budget receipts and expenditures.

On the other hand, Budget receipts and expenditures include a small number of transactions which do not involve an actual current inflow or outflow of money.

To show the total flow of money between the public and the Federal Government, a statement of "receipts from and payments to the public" has been developed. This statement has also been called the "consolidated cash budget" and "cash in-

come and outgo of the United States Treasury."

For many purposes, the figures showing the total flow of money between the Federal Government and the public are very significant. In his Economic Report, for example, the President used the consolidated cash data, rather than the conventional Budget data, in describing the economic impact of Federal financial transactions.

Trust fund payments to the public are currently less than receipts, since the funds are building reserves for the payment of future benefits. In the fiscal year 1952, payments to the public will exceed receipts from the public under present tax laws by an estimated 12.8 billion dollars. This is about 3.7 billion dollars less than the estimated Budget deficit.

The accompanying chart shows the adjustments which are made in Budget receipts and expenditures in order to arrive at total cash receipts from and payments to the public.

RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

Fiscal Year 1952 Estimated

Billions of Dollars

BUDGET RECEIPTS 55.1

DEDUCT Intragovernmental Transactions:

Payments by Government Agencies and Trust Funds to Treasury - 0.1

ADD Trust Fund Receipts from the Public:

Old Age Survivors Insurance Taxes + 3.8

Unemployment Insurance Deposits + 1.3

Veterans Life Insurance Premiums + 0.5

Other + 0.7

TOTAL RECEIPTS FROM THE PUBLIC 61.3

EXCESS PAYMENTS OVER RECEIPTS 12.8

BUDGET EXPENDITURES 71.6

DEDUCT Intragovernmental and Noncash Transactions:

Transfers from Treasury to Trust Funds - 1.0

Interest Paid to Trust Funds - 1.0

Interest Accrued but Not Paid—U. S. Savings Bonds - 0.3

Salary Deductions—Federal Employees' Retirement - 0.3

Payments by Government Agencies to Treasury - 0.1

ADD Trust Fund Payments to the Public:

Old Age Survivors Insurance Benefits + 2.1

Withdrawals for Unemployment Benefits + 0.7

Veterans Life Insurance Refunds and Benefits + 1.1

Federal Employees' Retirement Annuities + 0.3

Railroad Retirement Benefits + 0.3

Other + 0.6

ADD: Redemption of Armed Forces Leave Bonds and Similar Securities + 0.1

TOTAL PAYMENTS TO THE PUBLIC 74.1

APPENDIX B

BUDGET AUTHORIZATIONS RELATED TO EXPENDITURES

Federal agencies may not spend money, or incur obligations requiring the future expenditure of money, without prior authorization from the Congress. Such Congressional authorizations are usually made in the form of appropriations.

In the present period, Federal agencies are incurring obligations at a much faster rate than they are making expenditures. Under these circumstances the total amount of new obligational authority made available by the Congress is of major economic significance.

The Budget Message pointed out that the large amount of new obligational authority required for the defense program creates strong inflationary pressure in the economy. Bidding for manpower and materials begins as soon as procurement contracts are signed. Thus pressure on prices begins, even though Government expenditures under the contracts have not yet been made.

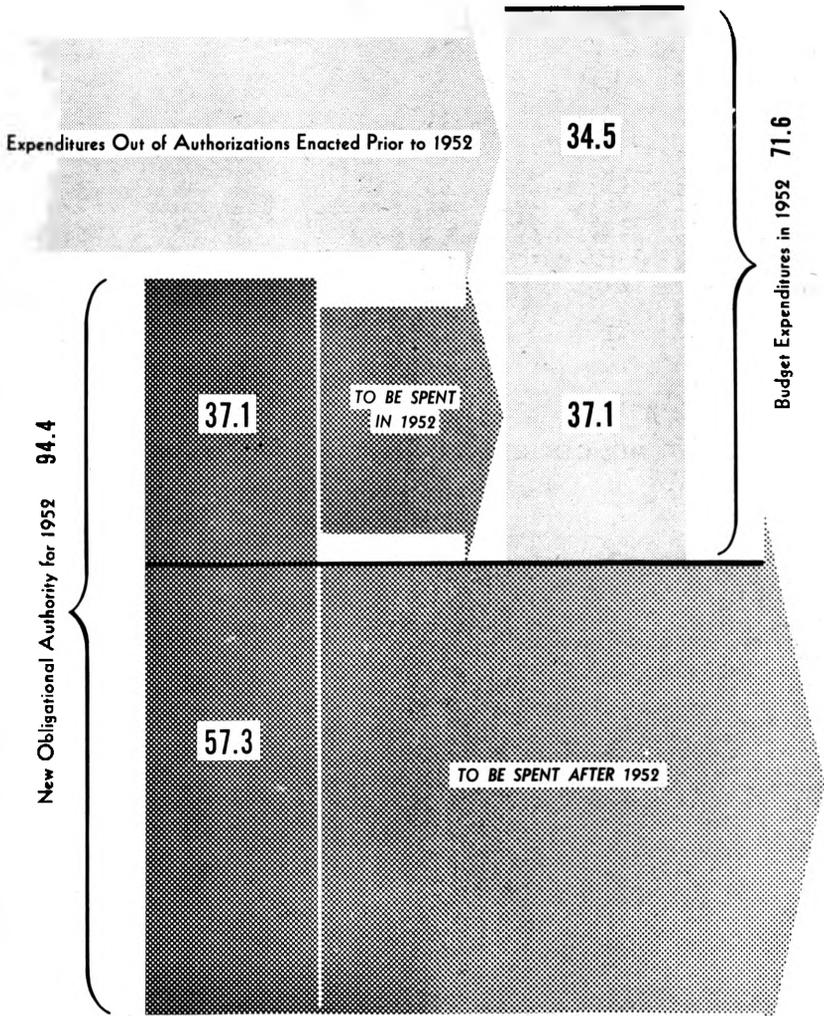
In the 1952 Budget, the President recommended enactment of 94.4 billion dollars of authority to incur new obligations, of which 57.3 billion dollars—or 60 percent—will not be spent until some time after the close of the fiscal year 1952.

The manufacture and delivery of some of the goods ordered under this new authority, particularly heavy military equipment, will take many months—in some cases, years. Final payments will usually not be made until after the contracts and orders are completed.

Similarly, a large part of Government spending during the fiscal year 1952 will result from authorizations enacted prior to that year. Of the 71.6 billion dollars of expenditures estimated for 1952, 34.5 billion dollars—48 percent—will come from authority enacted for 1951 or earlier years.

BUDGET AUTHORIZATIONS RELATED TO EXPENDITURES

Billions of Dollars



BUDGET RECEIPTS AND EXPENDITURES AND PUBLIC DEBT

Fiscal years 1915 through 1952

[In millions]

Fiscal year	Total Budget receipts	Total Budget expenditures	Surplus or deficit	Public debt at end of year	Fiscal year	Total Budget receipts	Total Budget expenditures	Surplus or deficit	Public debt at end of year
1915	\$683	\$746	-\$63	\$1,191	1934	\$3,065	\$6,694	-\$3,630	\$27,053
1916	762	713	+48	1,225	1935	3,729	6,521	-2,791	28,701
1917	1,100	1,954	-853	2,976	1936	4,069	8,494	-4,425	33,779
1918	3,630	12,662	-9,032	12,455	1937	4,979	7,756	-2,777	36,425
1919	5,085	18,448	-13,363	25,485	1938	5,803	6,979	-1,177	37,165
1920	6,649	6,357	+291	24,299	1939	5,104	8,966	-3,862	40,440
1921	5,567	5,058	+509	23,978	1940	5,264	9,183	-3,918	42,968
1922	4,021	3,285	+736	22,963	1941	7,227	13,387	-6,159	48,961
1923	3,849	3,137	+713	22,350	1942	12,696	34,187	-21,490	72,422
1924	3,853	2,890	+963	21,251	1943	22,201	79,622	-57,420	136,696
1925	3,598	2,881	+717	20,516	1944	43,892	95,315	-51,423	201,003
1926	3,753	2,888	+865	19,643	1945	44,762	98,703	-53,941	258,682
1927	3,992	2,837	+1,155	18,512	1946	40,027	60,703	-20,676	269,422
1928	3,872	2,933	+939	17,604	1947	40,043	39,289	+754	258,286
1929	3,861	3,127	+734	16,931	1948	42,211	33,791	+8,419	252,292
1930	4,058	3,320	+738	16,185	1949	38,246	40,057	-1,811	252,770
1931	3,116	3,578	-462	16,801	1950	37,045	40,156	-3,111	257,357
1932	1,924	4,659	-2,735	19,487	1951 ¹	44,512	47,210	-2,698	260,300
1933	2,022	4,623	-2,602	22,539	1952 ¹	55,138	71,594	-16,456	276,300

¹ Estimated. Does not include new tax proposals.

BUDGET EXPENDITURES BY FUNCTION

Fiscal years 1943 through 1952

[In millions of dollars]

Function	1943	1944	1945	1946	1947	1948	1949	1950	1951 (est.)	1952 (est.)
Military services *	70,267	83,766	84,569	45,134	14,316	10,961	11,914	12,303	20,994	41,421
International security and foreign relations *	166	244	677	1,462	6,542	4,780	6,458	4,803	4,726	7,461
Finance, commerce and industry	264	171	106	30	102	88	120	227	368	1,524
Labor	240	225	204	174	194	183	193	263	212	215
Transportation and communication	3,576	4,311	3,367	789	548	1,224	1,622	1,752	1,970	1,685
Natural resources	409	326	243	247	622	1,099	1,512	1,554	2,117	2,519
Agriculture and agricultural resources	593	1,203	1,610	749	1,244	574	2,512	2,784	986	1,429
Housing and community development	302	308	^b 193	^b 199	348	82	282	261	409	^b 102
Education and general research	46	88	150	80	64	63	70	114	143	483
Social security, welfare, and health	1,190	1,013	1,046	1,048	1,314	1,869	1,907	2,213	2,520	2,625
Veterans' services and benefits	605	744	2,094	4,414	7,370	6,566	6,668	6,627	5,746	4,911
General government	335	652	917	880	1,308	1,440	1,091	1,108	1,252	1,351
Interest	1,825	2,623	3,661	4,815	5,013	5,249	5,445	5,817	5,722	5,897
Reserve for contingencies									45	175
Total	79,819	95,675	98,451	59,626	38,983	34,179	39,785	39,826	47,210	71,594
Adjustment to daily Treasury statement basis	-197	-360	252	1,077	305	-388	272	330		
Total Budget expenditures	79,622	95,315	98,703	60,703	39,289	33,791	40,057	40,156	47,210	71,594

* Military and economic aid to foreign countries, now classified under "International security and foreign relations," was included in "Military services" during the years 1941-47, when heavy expenditures for these purposes were being made under the Lend-Lease Act. On a gross basis (that is, without deducting reciprocal aid and postwar settlements), aid provided under the Lend-Lease program totaled more than 50 billion dollars during the years 1941-47, and reached a peak of about 16 billion dollars in 1944.

^b Deduct, excess of repayments and collections over expenditures.

U. S. GOVERNMENT PRINTING OFFICE: 1951

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