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The Federal Budget in Brief

FISCAL YEAR

1957

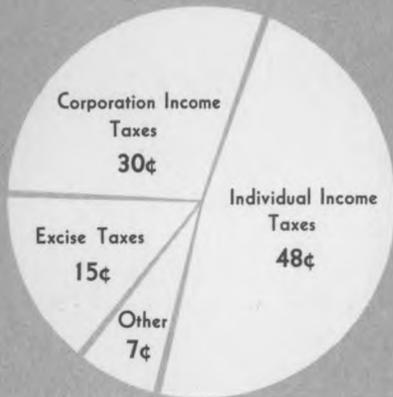
*Executive Office
of the President*

BUREAU OF THE BUDGET

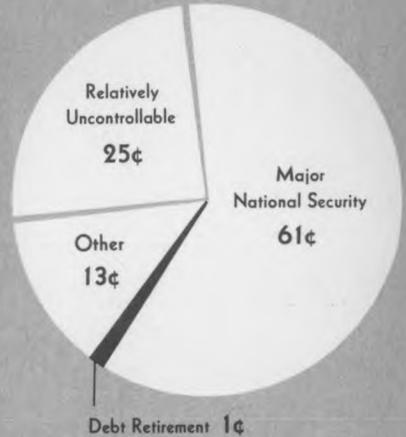


The Budget Dollar

Where it comes from



Where it will go

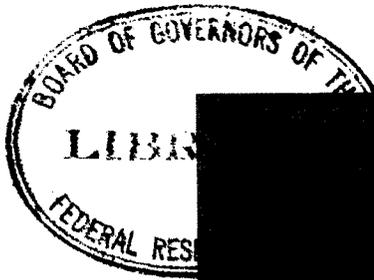


Fiscal Year 1957 Estimated

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The Federal Budget in Brief 1957

We will continue to give the taxpayer greater and greater value for each dollar spent. We will continue to foster orderly growth of our economy through sound fiscal policies. The confidence in the future among consumers and businessmen generated by those policies must be maintained.

The success of our country depends not upon centralized Government control, but upon the efforts of all our people to do more for themselves, to better themselves, their families, and communities. The role of Government is to encourage these efforts.

DWIGHT D. EISENHOWER.

**From the Budget Message
January 16, 1956**

Introduction

The Budget of the United States is a comprehensive plan of action proposed by the President for meeting our national objectives. It affects every phase of the life and activity of the Nation.

The budget is necessarily a large and complex document. Therefore, the Budget in Brief is issued each year to present the important facts about the budget in a simpler form.

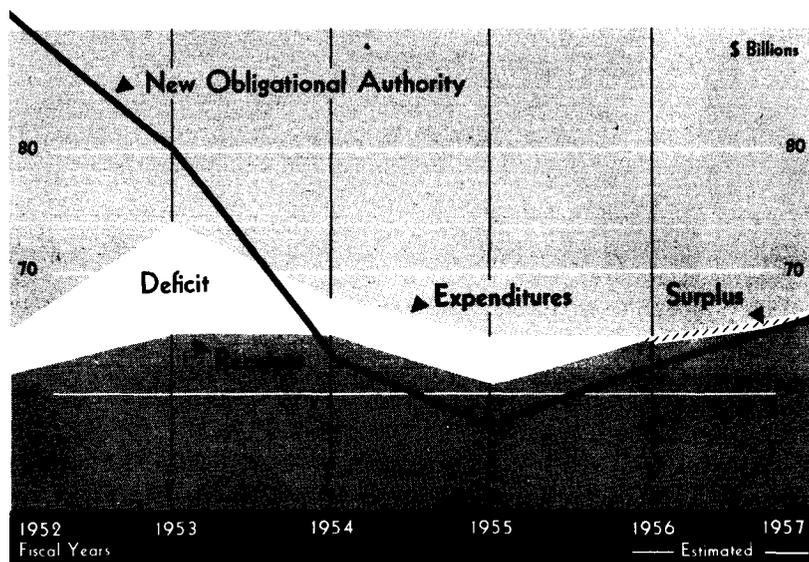
By law, the budget must be transmitted to the Congress annually within 15 days from the date on which Congress convenes. It presents the President's program for the ensuing fiscal year—the year beginning the following July 1. Thus, the budget for the fiscal year beginning July 1, 1956, and ending June 30, 1957, was sent to the Congress by President Eisenhower on January 16, 1956. This issue of the Budget in Brief deals particularly with that budget—the budget for the fiscal year 1957.

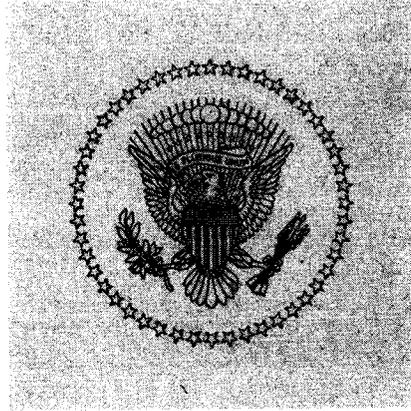
The estimates which appear in the budget represent the best judgment at this time of the financial results of the President's recommendations for the fiscal year ending 18 months later. Undoubtedly there will be many changes before the final figures are in for the year. The estimates have to be based on assumptions concerning international and domestic conditions which may not actually develop. The Congress may modify the President's proposals on taxes and appropriations. Also, wherever possible and justified, the administration will make additional economies during the year which cannot yet be pinpointed in the budget estimates.

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Budget Summary



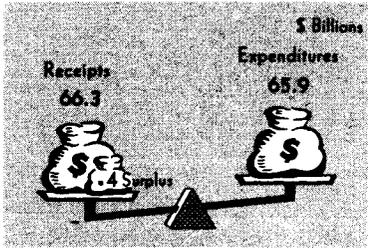


Part 1 Budget Summary

This opening section of the Federal Budget in Brief summarizes the key totals in the budget for the fiscal year 1957—expenditures, receipts, the surplus applied to debt reduction, new authority to incur obligations, and unexpended balances of appropriations.

Summary of the 1957 Budget

The budget proposed by the President for the fiscal year 1957 is a balanced budget.



Current estimates also indicate that the budget will be in balance for the fiscal year ending June 30, 1956.

The significance of the projection of two balanced budgets in a row is highlighted by the fact that in only 3 of the past 25 years has the Federal budget actually been in balance.

The present encouraging bud-

etary outlook for the fiscal years 1956 and 1957 results from a favorable combination of factors involving both expenditures and receipts. Substantial reductions in Government expenditures have been achieved during the past 3 years. Revenues are currently rising as the result of the unprecedented prosperity in the Nation.

Although balanced, the budgets for 1956 and 1957 have only slim margins of estimated surplus. Therefore, the utmost cooperation will be needed between the executive and legislative branches of the Federal Government to prevent increases in expenditures or reductions in receipts that would create budget deficits.

Since the prospective balance in the budget for 1957 is a balance at a high level of receipts and ex-

SUMMARY BUDGET INFORMATION

[Fiscal years. In billions]

Description	1952 actual	1953 actual	1954		1955 actual	1956 esti- mated	1957 esti- mated
			Budget docu- ment ¹	Actual			
Budget expenditures.....	\$65.4	\$74.3	\$77.9	\$67.8	\$64.6	\$64.3	\$65.9
Budget receipts.....	61.4	64.8	68.0	64.7	60.4	64.5	66.3
Budget deficit (-) or surplus (+).....	-4.0	-9.4	-9.9	-3.1	-4.2	+ .2	+ .4
New authority to incur obligations.....	91.4	80.3	71.8	62.8	57.1	62.0	66.3

¹ Reference is to 1954 budget document of Jan. 9, 1953, as presented to the Congress by the outgoing administration.

penditures, efforts to obtain more economies in Government operations must continue. The search for additional savings that can be

effected while strengthening our security posture and providing essential Government services must be relentless.

Budget Expenditures

In the fiscal year 1956, budget expenditures are being reduced for the third successive year. While they are estimated to rise somewhat in 1957, the increase is more than offset by the rise in budget receipts anticipated from continued growth in the national economy.

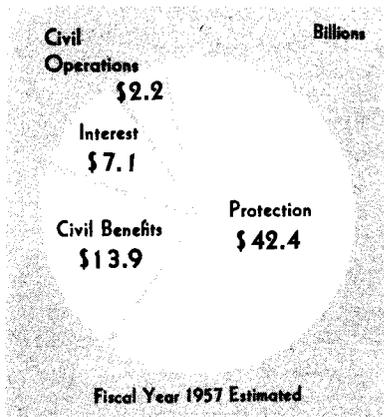
By analyzing budget expenditures from several different points of view, we can get a clear idea of their content and overall significance. Accordingly, in Part 1 of this booklet, expenditures are first summarized in terms of a few broad purposes, then in terms of their controllability through the budget process, and finally in terms of the agencies which spend the money. In Part 2, expenditures are discussed from still another point of view—the major functions or programs of the Government.

Expenditures by purpose.—When we look at budget expenditures according to their broad purposes, we find that the greatest portion of total expenditures in the fiscal year 1957, 64 percent, is for protection against possible aggression and for strengthening our international alliances. The next largest part, 21 percent, is devoted to civil benefits. Interest, largely on the public debt, accounts for

nearly 11 percent. Expenditures for civil operations and administration are estimated at 4 percent of the total. The chart below shows these expenditures in dollars, excluding a reserve for contingencies of .2 billion dollars.

Protection, including collective security.—This category consists mainly of the major national security programs discussed on page 18, and also includes economic and technical assistance under the Mutual Security Program, overseas information activities, civil defense, and selective service.

The Government will continue its efforts to seek all possible ways of making further progress toward the attainment of a just and lasting peace. Pending agreement on a



plan of disarmament that can be verified by adequate inspection, the 1957 budget calls for a steady strengthening of the defenses of the United States and of its allies.

Expenditures for the military functions of the Department of Defense will increase in 1957. Special emphasis will be placed on new types of weapons and equipment. Outlays for conventional weapons and for the stockpiling of strategic and critical materials will be decreased. Expenditures for atomic energy will rise in 1957 to a somewhat higher total than for any previous year. Increases are also estimated for the Mutual Security Program and for our foreign information activities.

Civil benefits.—Expenditures for civil benefits are designed to encourage the private development and growth of our economy and to provide economic safeguards for certain individuals and groups.

Some benefits and services are in the form of civil public works or loans which add to Federal assets. Others—such as health research and grants to States to aid the construction of highways, airports, and schools—also lay the basis for future economic progress and development. The bulk of the budget expenditures in this category are for items yielding current benefits to various groups, including services and benefits to veterans; aids to agriculture; grants to States for public assistance and for administration of employment offices and unemployment insurance; and aids and subsidies to shipping, airlines, and the postal service.

The 1957 budget provides for some new and expanded programs for meeting a number of growing domestic needs and for enhancing opportunities for human well-being and economic growth. Examples are new measures to assist

BUDGET EXPENDITURES BY PURPOSE

[Fiscal years. In billions]

	1952 actual	1953 actual	1954 actual	1955 actual	1956 estimated	1957 estimated
Protection, including collective security.....	\$46.2	\$52.2	\$48.3	\$42.7	\$41.4	\$42.4
Civil benefits.....	12.1	13.4	11.4	13.7	13.8	13.9
Interest.....	5.9	6.6	6.5	6.4	6.9	7.1
Civil operations and administration.....	2.0	2.1	1.6	1.7	2.1	2.2
Reserves and adjustments.....	-.9				.1	.2
Total.....	65.4	74.3	67.8	64.6	64.3	65.9

further in the strengthening of agriculture and in the building of schools.

The budget also recommends legislation to increase postal rates so that the postal system can become self-supporting in the future.

The recommendations for civil benefits and services are guided by two basic principles: First, the greatest progress will be made by relying on private initiative as the mainspring for economic growth. Second, the interests of our citizens can be best advanced by encouraging State and local governments to strengthen themselves and thus keep as much Government responsibility as possible in the States and communities, close to the people themselves.

These principles serve to multiply the effectiveness of Federal expenditures by encouraging private, State, and local government interests to join in partnership with the Federal Government in meeting needs for essential services.

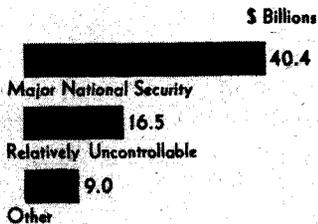
Interest.—Payments of interest in the fiscal year 1957 are estimated at 7.1 billion dollars, 191 million dollars more than in 1956. The increase reflects the higher average level of interest rates now prevailing.

Civil operations and administration.—These expenditures cover predominantly the traditional activities of the Government. They include expenses for tax collection, various central management services, and the bulk of the expendi-

tures for the legislative branch, the judiciary, various regulatory activities, and the administrative expenses of many cabinet departments and independent agencies.

The 1957 budget recommends selective increases in a number of these activities. For example, it provides for an increase in our diplomatic representation abroad to bring about better mutual understanding and friendship. Increases are also recommended for central property and records management to enable greater economies to be achieved in carrying out the other activities of the Government.

Budget expenditures indicating controllability.—Another way to look at budget expenditures is from the point of view of their relative controllability through the budget process. Each year when the budget is being determined, a large part of the estimated expenditures cannot be substantially modified either by action of the executive branch or of the Congress through the appropriations process, but only by longer term review and action. The level



BUDGET EXPENDITURES INDICATING CONTROLLABILITY

[Fiscal years. In billions]

	1952 actual	1953 actual	1954 actual	1955 actual	1956 estimated	1957 estimated
Major national security.....	\$44.0	\$50.4	\$46.9	\$40.6	\$39.5	\$40.4
Relatively uncontrollable.....	12.3	14.9	14.3	16.3	16.5	16.5
Other.....	9.1	9.0	6.6	7.6	8.3	9.0
Total.....	65.4	74.3	67.8	64.6	64.3	65.9

of these expenditures depends upon provisions of the laws which authorized the programs and on other factors not readily subject to budgetary control.

For example, expenditures for veterans' benefits depend upon the benefit rates established pursuant to law and upon the number of eligible veterans who apply. Interest expenditures are determined by the

size of the public debt and by interest rates. Expenditures for farm price supports under existing law are largely governed by such factors as the weather and world prices.

In the fiscal year 1957, expenditures for the major programs which are not readily controllable through the budget process are estimated at 25 percent of total budget expenditures.

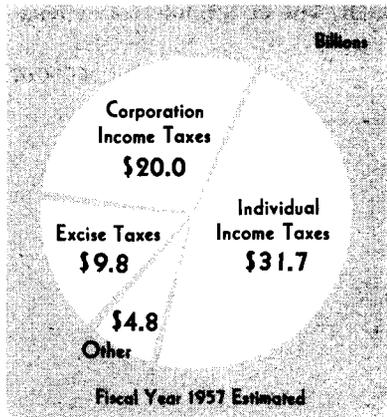
Budget Receipts

Budget receipts in the fiscal year 1957 are estimated to increase by 1.8 billion dollars over the estimate for 1956 and by 5.9 billion dollars over actual receipts in 1955.

The rise in estimated revenues over the fiscal year 1955 results in large part from the substantial advance in individual and business incomes which occurred during the calendar year 1955. Further growth in the national economy is anticipated for the calendar year 1956.

In the fiscal year 1957, income

taxes on individuals and corporations will account for 78 percent



of estimated revenues. An additional 15 percent will be raised through excise taxes on liquor, gasoline, tobacco, and other products and services. The remaining 7 percent will come from customs, estate and gift taxes, sales of Government products and services, and other miscellaneous sources.

In 1954, reductions in Government spending made possible a tax cut of almost 7½ billion dollars. This tax cut was appropriate in that period of transition from the Korean conflict to a peacetime economy.

The estimates of budget receipts for the fiscal years 1956 and 1957 are based on the tax rates now existing. They therefore reflect the recommended continuation for another year of the corporation income tax and excise tax rates which are scheduled for reduction on April 1, 1956 under present law.

In the 1957 budget message, the President noted that the present level of taxes is still very burdensome and in the interest of long-

term and continuous economic growth, should be reduced when we prudently can.

However, he went on to state, "It is essential, in the sound management of the Government's finances, that we be mindful of our enormous national debt and of the obligation we have toward future Americans to reduce that debt whenever we can appropriately do so. Under conditions of high peacetime prosperity, such as now exist, we can never justify going further into debt to give ourselves a tax cut at the expense of our children. So, in the present state of our financial affairs, I earnestly believe that a tax cut can be deemed justifiable only when it will not unbalance the budget, a budget which makes provision for some reduction, even though modest, in our national debt."

Thus, the 1957 budget makes provision for a reduction in the national debt of .1 billion dollars in 1956 and an additional .5 billion dollars in 1957.

BUDGET RECEIPTS

[Fiscal years. In billions]

	1952 actual	1953 actual	1954 actual	1955 actual	1956 estimated	1957 estimated
Individual income taxes.....	\$27.9	\$30.1	\$29.5	\$28.7	\$30.3	\$31.7
Corporation income taxes.....	21.2	21.2	21.1	17.9	19.9	20.0
Excise taxes.....	8.9	9.9	10.0	9.1	9.8	9.8
All other.....	3.4	3.6	4.1	4.7	4.5	4.8
Total.....	61.4	64.8	64.7	60.4	64.5	66.3

New Authority To Incur Obligations

Federal agencies cannot incur financial obligations or spend money until the Congress authorizes them to do so.

Authorizations by the Congress take a number of forms. Most common is an appropriation, which permits a Government agency to (1) employ personnel, order supplies and equipment, award contracts, and incur other obligations, and (2) pay the bills arising from the obligations.

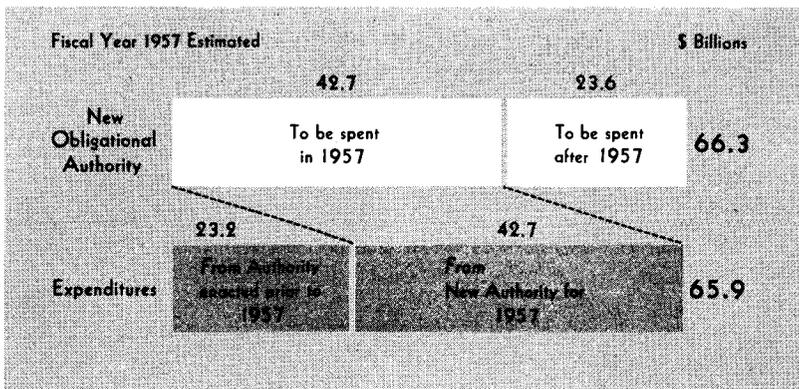
The amount of Government spending in any one fiscal year is usually not the same as the amount of new authority to incur financial obligations granted by the Congress for that year. There is an interval between the time the Congress grants an appropriation and the time Government agencies place orders for goods and services. More time passes, while the goods and services are being produced and delivered, before all

the funds are actually spent.

In some cases, such as the payment of wages and salaries to Government employees, the time interval between incurring the obligations and making the expenditures is short; in other cases, such as the procurement of ships, aircraft, and complex military equipment, expenditures may take place several years after the incurring of the obligations because of the time required for production.

Thus, only part of the total new authorizations granted by the Congress for any one year will be spent in that year. The remainder will be spent in future years. Over the period, the total amount of expenditures is controlled by the total amount of enacted obligational authority.

For the fiscal year 1957, requested new authority to incur obligations is within the amount of estimated budget receipts. In the



preceding 3 years, the new authority was also kept below the level of revenues. Thus, the annual income of the Government has covered, and the budget proposes that it continue covering, the new com-

mitments which lead to budget expenditures. Balanced budgets can be made possible and maintained in the future only through such persistent action.

Unexpended Balances of Appropriations

Amounts of previously enacted appropriations which have not yet been spent are called unexpended balances. In most cases, they have been obligated to pay for goods and services which have been ordered but not yet delivered.

Unexpended balances of appropriations carried over from prior years ran to nearly 80 billion dollars at the end of the fiscal year 1953, representing an enormous backlog of commitments for which expenditures had to be made in the fiscal year 1954 and subsequent years. Thus, they were a heavy overhanging load for the budget on top of the appropriations being enacted currently.

By the end of the current fiscal year (that is, over the 3-year period 1954-1956), it is estimated that these balances will be reduced by well over one-third to below 50 billion dollars. This amount is believed to be more reasonable in its relation to actual needs for current operations. Because of the length of time required to produce cer-

tain types of heavy equipment, some amount of unexpended balances of appropriations is necessary for the orderly and efficient functioning of the Government.

Although new authority to incur obligations will be slightly greater than expenditures in the fiscal year 1957, the backlog of balances is expected to be reduced further as some appropriations enacted in prior years will be allowed to lapse. This reduction continues the policy of eliminating excessive unexpended balances.

UNEXPENDED BALANCES

[In billions]

Fiscal year	Amount brought forward into the year	Amount carried over to next year
1952.....	\$50.3	\$68.8
1953.....	68.8	78.4
1954.....	78.4	67.8
1955.....	67.8	52.1
1956 est.....	52.1	47.6
1957 est.....	47.6	46.8

New Obligational Authority and Budget Expenditures by Agency

For those who are interested in following the progress of the budget proposals in the Congress, the grouping of these proposals by agencies is essential. This is because the Congress generally reviews Government activities agency by agency, and appropriates funds for each activity to the Government agency responsible for it.

Accordingly, the budget sets forth separately for each agency

the amount of recommended new authority to incur obligations, along with detailed supporting schedules showing estimated obligations and expenditures of the agency.

The table below shows the recommended authorizations and estimated expenditures for the fiscal year 1957 for each major Government agency, with comparable figures for 1955 and 1956.

NEW OBLIGATIONAL AUTHORITY AND BUDGET EXPENDITURES BY AGENCY

[Fiscal years. In millions of dollars]

Agency	New obligatory authority			Net budget expenditures		
	1955 enacted	1956 estimated ¹	1957 recommended	1955 actual	1956 estimated	1957 estimated
Department of Defense:						
Military functions.....	30,787	33,147	34,907	35,532	34,575	35,547
Civil functions.....	468	650	665	548	602	629
Treasury Department.....	7,137	7,664	7,813	6,800	7,611	7,942
Funds appropriated to the President:						
Mutual Security Program.....	2,781	2,703	4,860	4,219	4,190	4,292
Other.....	14	50	10	162	272	61
Veterans Administration.....	4,358	4,763	4,850	4,405	4,732	4,820
Department of Agriculture.....	2,841	3,600	3,150	4,636	3,653	3,661
Department of Health, Education, and Welfare.....	2,010	2,133	2,654	1,993	2,132	2,303
Atomic Energy Commission.....	1,285	1,179	1,837	1,857	1,715	1,946
Department of Commerce.....	1,438	1,600	1,635	1,077	1,298	1,428
Department of the Interior.....	491	514	582	515	557	616
Housing and Home Finance Agency.....	584	888	537	153	19	-67
Department of Labor.....	447	484	502	394	459	492
Department of State.....	131	150	239	137	154	167
Department of Justice.....	189	212	236	182	219	218
General Services Administration.....	533	707	218	973	658	556
Post Office Department (general fund).....	363	441	120	356	483	117
Other.....	1,219	1,099	1,475	630	941	1,138
Total.....	57,076	61,984	66,291	64,570	64,270	65,865

¹ Includes 61,219 million dollars already enacted and 766 million dollars proposed for action in the current session of the Congress.

NOTE.—Detail may not add to totals because of rounding.

Glossary of Selected Budget Terms

New obligational authority.—The total amount of budget authorizations to incur obligations granted to the Federal agencies for a given year by the Congress. These authorizations are usually in the form of appropriations and must precede all budget obligations and expenditures. New obligational authority may include some extension, for obligation in the current year, of unused authorizations from prior years which would otherwise expire.

Obligations.—Orders placed, contracts awarded, personal services received, or other similar commitments by agencies to buy goods and services requiring the eventual payment of money (expenditures). These actions are taken by the agencies under the obligational authority granted by Congress.

Budget expenditures.—With few exceptions these are checks issued to liquidate obligations incurred under current or previous year authorizations. Expenditures may follow obligations by a few weeks or in some cases by as much as three or more years. They exclude payments from funds held in trust and payments to retire public debt securities.

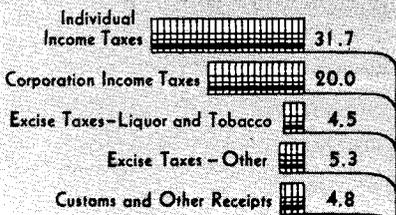
Budget receipts.—Federal income consisting of personal and corporate taxes, excises, customs, and other revenues, less amounts refunded on previous overpayments of taxes. They exclude funds received in trust and amounts borrowed through the sale of Government securities.

Budget deficit.—The excess of budget expenditures over budget receipts in any fiscal year.

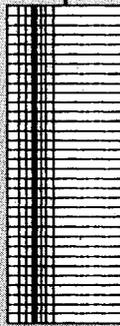
Budget surplus.—The excess of budget receipts over budget expenditures in any fiscal year.

Unexpended balances of prior year appropriations.—The unexpended portions of prior year appropriations, largely obligated, which are brought forward and are currently available for expenditure. They are commitments for which actual funds were not provided in prior years and which must be met as expenditures in the current or future years.

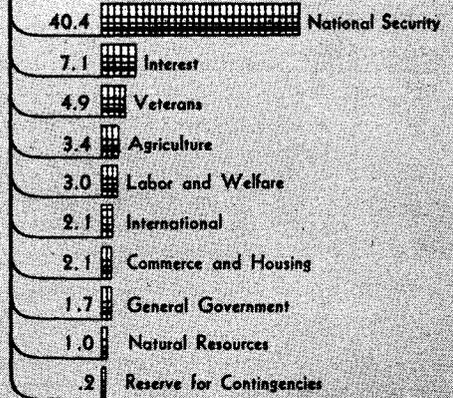
The 1957 Budget

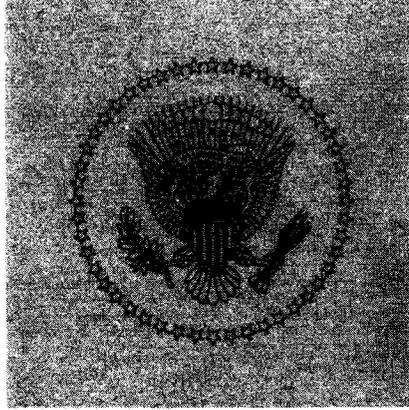


1957 Estimated Receipts
\$66.3 Billion



1957 Estimated Expenditures
\$65.9 Billion





Part 2 Budget Expenditures

The section which follows describes, by major function or program, the Government activities which are included in the 1957 budget.

The charts in this section show the estimated expenditures in 1957 for the activities under each major function or program. Comparative figures covering the last 5 years are presented in a table on pages 52 and 53.

. . . 61.3% of the 1957 Budget
or \$40,370 Million

Major National Security

Military planning must combine present defense with the probable needs of a long period of uncertain peace. Thus, the 1957 budget continues the policies of the past 3 years in providing for the building of our military strength through a sound, long-range program which does not assume a fixed date of maximum danger.

This long-range program is giving us the greatest military power in our peacetime history.

Procurement of military equipment will be directed toward modernizing our forces. Over one-half of these expenditures will be for aircraft, mainly long-range jet bombers and supersonic fighters

and interceptors. Expenditures for guided missiles in 1957 will be the highest in history. Modernization of the fleet will be carried forward.

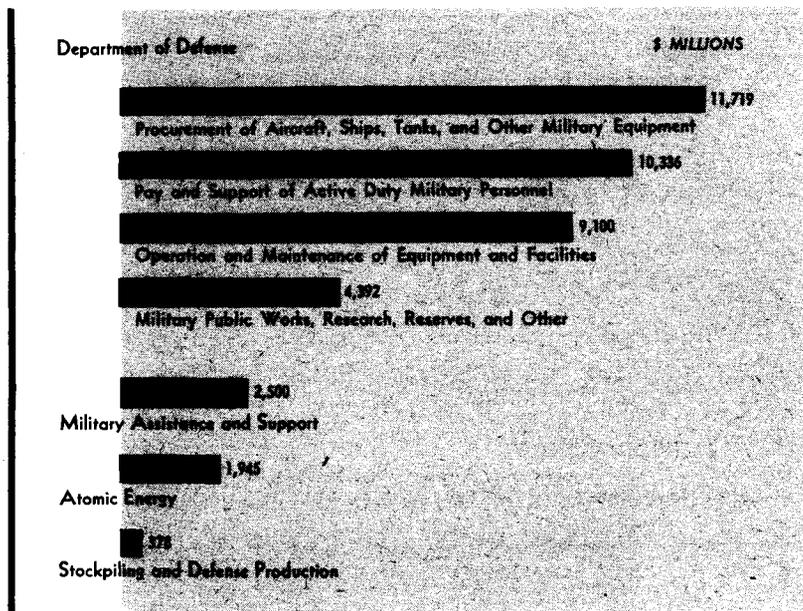
Estimated expenditures for pay and support of active duty military personnel will cover an average of 2,815,700 personnel. The budget includes amounts for new proposals to add career incentives for members of the Armed Forces.

Costs of operation and maintenance will rise in 1957, mainly because of the greater number of air bases and radar sites and the larger quantity and increasing complexity of new weapons and equipment.

Under the Mutual Security Pro-

Major National Security

Budget Expenditures in 1957 - Estimated



gram, the United States helps equip and train the forces of our allies. In the fiscal year 1957, about one-half of the military portion of the Mutual Security Program will be concentrated in Korea, Pakistan, Taiwan, and Turkey. In addition, plans are underway to furnish more modern defense weapons and equipment to our NATO partners.

Expenditures for atomic energy will rise to a record level, with greater attention being given to peaceful uses.

An increasing number of objec-

tives for our stockpile of strategic and critical materials are being met, and expenditures for this purpose are declining.

[In millions]

Fiscal year	Net budget expenditures	New obligational authority
1957 est.	\$40,370	\$39,743
1956 est.	39,467	35,870
1955	40,626	33,656
1954	46,904	38,901
1953	50,363	57,298
1952	43,976	68,026

. . . 3.2% of the 1957 Budget
or \$2,108 Million

[8.3% of Budget other than Major National Security]

International Affairs and Finance

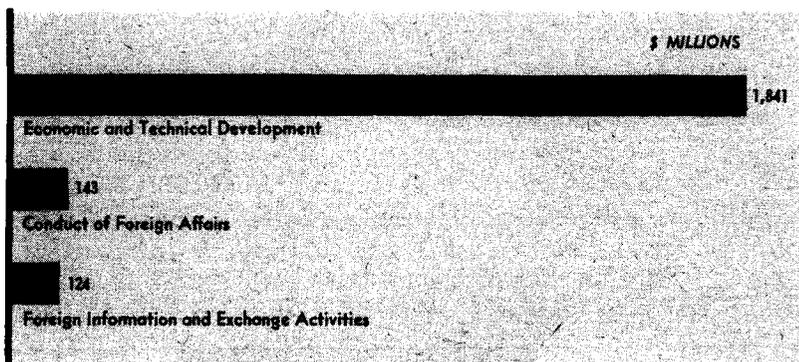
Expenditures for economic and technical development, largely under the Mutual Security Program, help those of our allies whose national economies, unaided, cannot support the military forces required for our common defense. In addition, these expenditures assist less developed countries in their efforts to achieve the economic growth and stability

necessary to maintain their independence. Where possible, our surplus farm products are being used for these purposes.

Our technical cooperation helps provide knowledge and skills to overcome hunger, disease, and illiteracy. Support is also provided for the technical assistance programs of the United Nations and the Organization of American

International Affairs and Finance

Budget Expenditures in 1957 - Estimated



States, as well as for international programs for refugees, children, and emigrants from Europe.

Overseas trade and investment are being stimulated through direct loans and guaranties of private loans by the Export-Import Bank.

The 1957 budget recommends increased appropriations for the Department of State to (1) enable it to conduct our foreign affairs more effectively, (2) expand its present headquarters building to house all of its Washington staff, and (3) improve various overseas facilities. Increased contributions are also recommended to support the expanding activities of the United Nations and its specialized agencies.

Recent international developments have emphasized the importance of bringing the truth about the United States and its peaceful objectives to other people. Accord-

ingly, the 1957 budget provides for strengthening our overseas information and educational exchange programs.

Provision is also made for continued participation in international trade fairs and for further cultural presentations abroad by outstanding American actors and musicians. These activities are for the purpose of enabling foreign citizens better to understand and appreciate the character of our free society.

[In millions]

Fiscal year	Net budget expenditures	New obligational authority
1957 est.....	\$2, 108	\$2, 332
1956 est.....	2, 053	2, 118
1955.....	2, 181	2, 304
1954.....	1, 732	1, 838
1953.....	2, 216	2, 149
1952.....	2, 826	3, 529

. . . 7.4% of the 1957 Budget
or \$4,879 Million

[19.1% of Budget other than Major National Security]

Veterans' Services and Benefits

The greatest portion of budget expenditures for veterans is for direct benefits. Although benefit payments are increasing, overhead costs are being reduced through improved administration.

We now have more than 22 million veterans. When dependents and survivors are considered, nearly one-half of our population is potentially entitled to veterans' benefits.

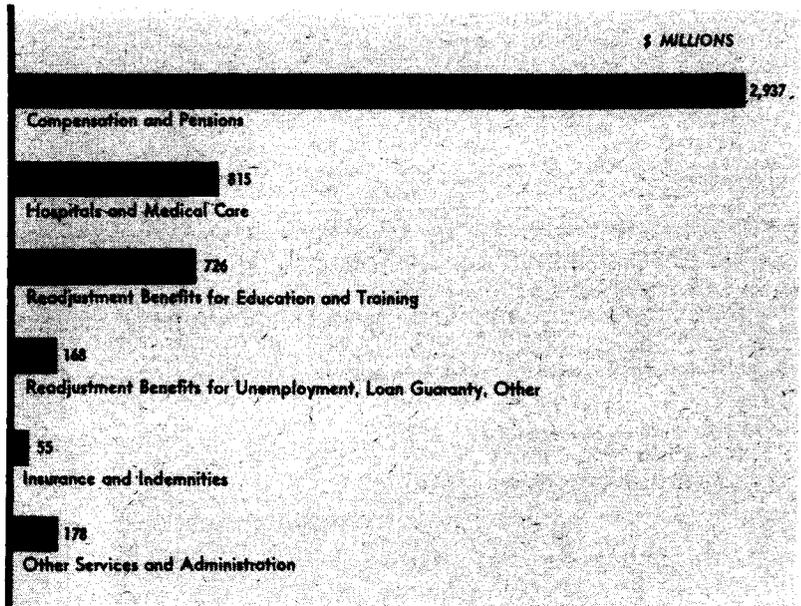
With so large a part of our population potentially involved, the findings of the President's Commission on Veterans' Pensions will be of great interest. The report, to be issued later this year, will deal with veterans' nonmedical

programs in relation to each other and to other types of civil benefits.

In the fiscal year 1957, compensation for service connected disabilities will be paid to 10 percent of World War II veterans and 7 percent of the veterans of World War I. On the other hand, pensions for disabilities not connected with military service will be drawn by fewer than one-half of 1 percent of the veterans of World War II, but by 20 percent of the veterans of World War I. Under present legislation, expenditures for these pensions will rise significantly in future years as our veteran population ages.

Veterans' Services and Benefits

Budget Expenditures in 1957—Estimated



Estimated expenditures for hospitals and medical care include 758 million dollars for current expenses and 57 million dollars for construction and repair. Care will be provided during 1957 for a daily average of 114,900 hospital patients and 26,200 domiciliary home members. Almost two-thirds of all these beneficiaries receive treatment or care for conditions not related to their military service.

Education and training, unemployment compensation, and other benefits for veterans of the Korean conflict constitute the bulk of the

894 million dollars of readjustment expenditures estimated for 1957. For veterans of World War II, the readjustment program is drawing to a close.

[In millions]

Fiscal year	Net budget expenditures	New obligational authority
1957 est.-----	\$4, 879	\$4, 892
1956 est.-----	4, 793	4, 805
1955-----	4, 457	4, 369
1954-----	4, 256	4, 272
1953-----	4, 298	4, 132
1952-----	4, 863	4, 391

. . . 4.5% of the 1957 Budget
or \$2,995 Million

[11.7% of Budget other than Major National Security]

Labor and Welfare

The labor and welfare programs of the Federal Government contribute to the objectives of greater human well-being and a growing economy. Many of these programs are designed to promote individual opportunity and to foster self-reliance.

About 80 percent of the estimated budget expenditures for labor and welfare services in the fiscal year 1957 are in the form of grants to State and local governments.

Public assistance grants help the States finance benefits to 5 million people in need, mostly persons over 65 and dependent children.

Public health programs emphasize research in preventing and

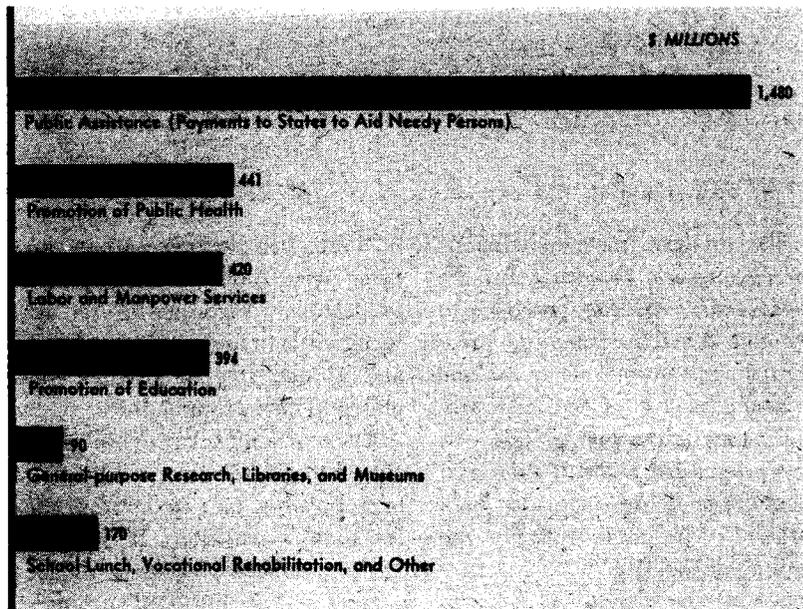
treating diseases, and help provide hospitals, clinics, and other health centers. The 1957 budget provides for a substantial expansion of medical research and for new measures to assist the States in meeting such problems as water pollution, mental health, and training of nurses.

The budget includes funds for the recommended new program of general Federal assistance for school construction. Other education programs help provide schools in communities especially affected by Federal activities, and contribute toward vocational education, schools for Indian children, and land-grant colleges.

The Federal-State employment

Labor and Welfare

Budget Expenditures in 1957 - Estimated



service and unemployment insurance system is being strengthened. Labor and manpower programs include also regulation of labor relations, promotion of occupational safety, collection of labor statistics, and operation of the Selective Service System.

The National Bureau of Standards and the Census Bureau conduct general-purpose research. The National Science Foundation supports such research, including the United States program for the International Geophysical Year to be held in 1957-1958. General

libraries and museums include the Library of Congress, the Smithsonian Institution, the National Gallery of Art, and the Botanic Gardens.

[In millions]

Fiscal year	Net budget expenditures	New obligatory authority
1957 est.	\$2,995	\$3,387
1956 est.	2,767	2,807
1955	2,552	2,614
1954	2,485	2,429
1953	2,426	2,456
1952	2,168	2,106

. . . 5.1% of the 1957 Budget
or \$3,364 Million

[13.2% of Budget other than Major National Security]

Agriculture and Agricultural Resources

The budget recommendations for agricultural programs for the fiscal year 1957 are designed to promote a stable, free, and prosperous agriculture. They include a strengthening of existing programs as well as the President's new proposals for a soil bank and other special measures to help farmers share more fully in the nation's prosperity.

Despite the increase in Government spending in 1957 for the new proposals, net budget expenditures for all agricultural programs are estimated to be slightly less than

in 1956, because net outlays for farm price supports are expected to decline. Vigorous efforts are being made to find markets at home and abroad for the present surpluses of farm commodities.

The new soil bank proposal is designed to aid farmers in adjusting to a farming pattern appropriate for today's markets. It includes (1) an acreage reserve to reduce current and accumulated surpluses of certain crops and (2) a conservation reserve to achieve other needed land use adjustments. Other proposals include increased

ESTIMATED GROSS AND NET BUDGET EXPENDITURES, FISCAL YEAR 1957

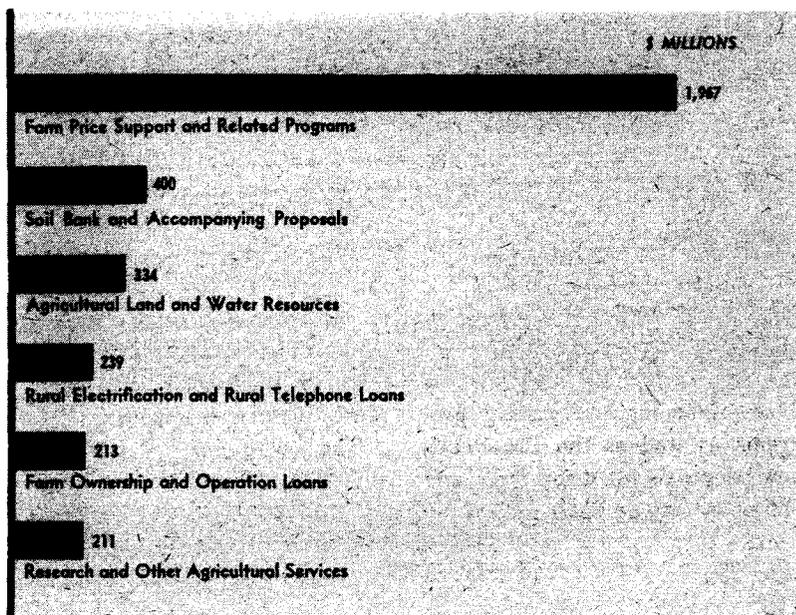
[In millions]

Program	Gross expenditures	Applicable receipts	Net expenditures
Farm price support and related programs.....	\$5,479	\$3,512	\$1,967
Soil bank and accompanying proposals.....	¹ 400	-----	¹ 400
Agricultural land and water resources.....	352	18	334
Rural electrification and rural telephone loans.....	239	-----	239
Farm ownership and operation loans.....	2,376	2,163	213
Research and other agricultural services.....	224	13	211
Total.....	9,070	5,706	3,364

¹ In addition, proposed refunds to farmers of Federal taxes on gasoline used in farm operation are estimated at 60 million dollars.

Agriculture and Agricultural Resources

Budget Expenditures in 1957 - Estimated



purchasing and redistribution of perishable commodities which are temporarily in excess supply and a program for farm improvement and better land use in the Great Plains States.

Budget expenditures for agricultural land and water resources are expected to increase in 1957 as part of a broad program designed to give additional emphasis to soil conservation and watershed protection.

The 1957 budget includes loan programs for rural electrification and rural telephones at about the same level as in 1956 and substantially higher than in 1955. It

also provides for the proposal to increase loans to low-income farmers under the expanded Rural Development Program.

Research and educational activities to encourage more efficient farm production and marketing will also be increased.

¹[In millions]

Fiscal year	Gross budget expenditures	Net budget expenditures	New obligational authority
1957 est.....	\$9,070	\$3,364	\$2,872
1956 est.....	8,575	3,376	3,324
1955.....	9,324	4,411	2,672
1954.....	7,497	2,557	4,010
1953.....	6,448	2,936	1,333
1952.....	(¹)	1,045	1,688

¹ Data not available.

. . . 1.6% of the 1957 Budget
or \$1,031 Million

[4.0% of Budget other than Major National Security]

Natural Resources

Resource development is everyone's responsibility. State, local, and private groups can best carry out many needed programs themselves. Where projects are beyond the means or needs of local groups, Federal participation can be the necessary element in accomplishing broad national aims. Therefore, a partnership policy has been adopted by the administration, under which emphasis is placed on sharing the cost of projects with groups which will receive direct benefits from them. In this way, the effect of Federal expenditures in stimulating conservation and development is multiplied.

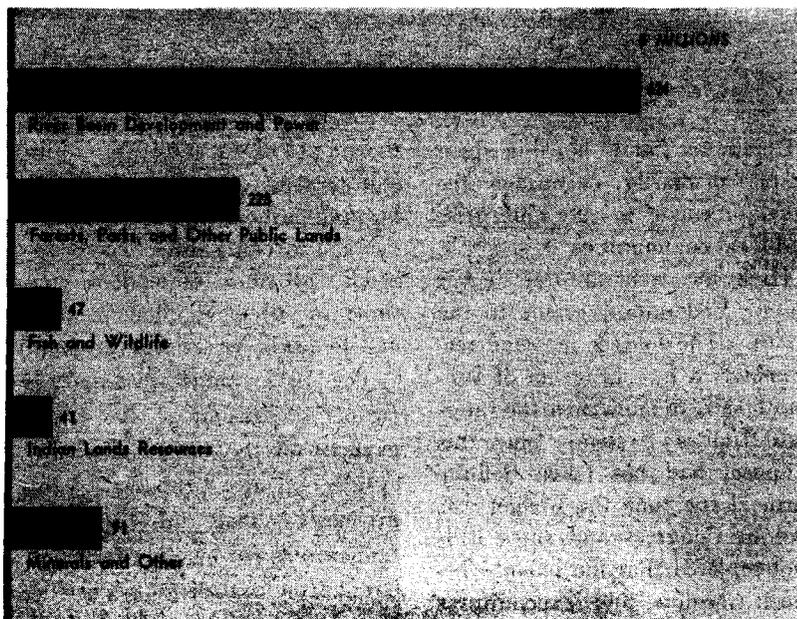
In the fiscal year 1957, the

Corps of Engineers and the Bureau of Reclamation will continue work on 187 going projects for flood control, irrigation, and multiple-purpose developments. The budget also provides for these agencies to start 41 new projects and to participate with State and local groups in additional projects where national interests are involved.

The budget provides for the Tennessee Valley Authority to start an additional steam-electric unit in 1956 and 2 additional units in 1957. These will be needed to meet currently anticipated power loads through the calendar year 1958. Legislation is recommended

Natural Resources

Budget Expenditures in 1957 - Estimated



to finance these units in 1957 through the sale of revenue bonds by TVA. When they are completed, TVA will have a capacity of 6.7 million kilowatts in its steam-electric plants and 2.7 million kilowatts in its hydroelectric plants.

Funds are provided in the budget to expand forestry research and soil conservation work in the national forests, public domain and Indian lands, and the national parks. In the calendar year 1957, 54 million visitors to the national parks are expected.

The Department of the Interior will operate 88 fish hatcheries and 264 wildlife refuges in 1957 and will aid the States in their fish and wildlife restoration projects.

[In millions]

Fiscal year	Net budget expenditures	New obligational authority
1957 est.....	\$1,031	\$1,121
1956 est.....	1,045	1,045
1955.....	1,081	966
1954.....	1,220	1,201
1953.....	1,364	1,402
1952.....	1,264	1,329

. . . 3.1% of the 1957 Budget
or \$2,071 Million

[8.1% of Budget other than Major National Security]

Commerce and Housing

Commerce and housing programs primarily encourage the development of private enterprise and local communities.

Highway expenditures cover mainly Federal-aid grants to the States. The budget message recommends a new program of substantial size to modernize the Interstate Highway System. Since this proposal had not taken definite form at the time the budget was sent to Congress and since it is contemplated that the balance between receipts and expenditures will not be affected, specific amounts are not included in the initial 1957 budget estimates.

Ship operators are replacing the World War II merchant fleet with

the aid of Federal subsidies. Subsidies also cover certain differences between costs of operating American and foreign ships. The budget also provides for work to continue on 61 navigation projects and to begin on 42 new projects.

The 1957 budget recommends further expansion of the traffic capacity of the congested airway system. It also proposes a comprehensive study of the long-range needs for aviation facilities. Grants for local airport construction will increase. Airline subsidies are being reduced.

Federal loans and grants are helping more than 200 communities prevent or remove slums. The

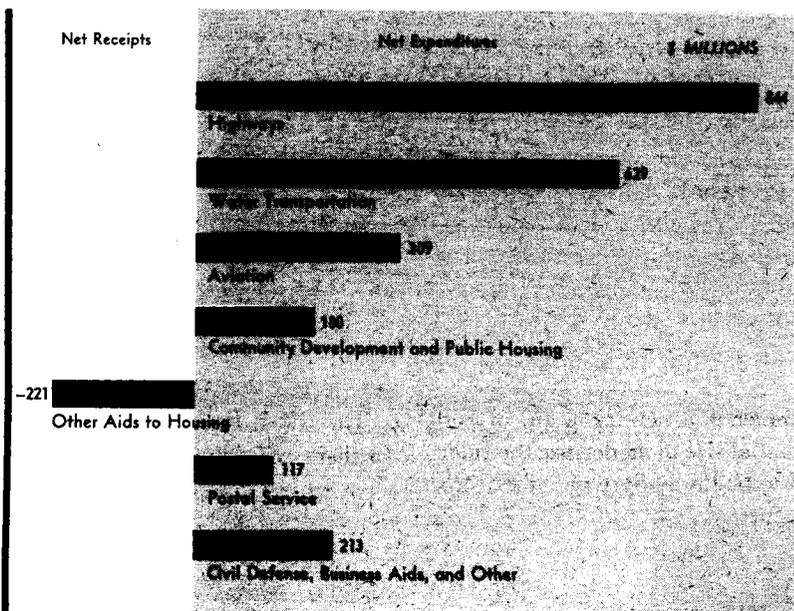
ESTIMATED GROSS AND NET BUDGET EXPENDITURES, FISCAL YEAR 1957

[In millions]

Program	Gross expenditures	Applicable receipts	Net expenditures or net receipts (-)
Highways	\$844		\$844
Water transportation	749	\$120	629
Aviation	309		309
Community development and public housing	736	556	180
Other aids to housing	688	909	- 221
Postal service	2,680	2,563	117
Civil defense, business aids, and other	293	80	213
Total	6,299	4,228	2,071

Commerce and Housing

Budget Expenditures in 1957 — Estimated



budget recommends authority to assist local agencies finance an additional 35,000 public housing units in each of the next 2 years.

Receipts from sales and repayment of mortgages and from insurance premiums will exceed expenditures for other housing aids. Direct loans to colleges for dormitory construction are increasing, but legislation is being proposed to encourage more private financing.

Legislation is again being requested to raise postal rates and thus reduce the estimated postal deficit by 350 million dollars in 1957.

The budget includes larger amounts for civil defense, and proposes new programs for flood indemnities and for helping chronic labor-surplus areas undertake redevelopment programs.

[In millions]

Fiscal year	Gross budget expenditures	Net budget expenditures	New obligatory authority
1957 est.....	\$6, 299	\$2, 071	\$3, 006
1956 est.....	6, 259	2, 182	3, 492
1955.....	6, 139	1, 622	2, 919
1954.....	6, 492	909	2, 570
1953.....	7, 377	2, 612	3, 587
1952.....	(1)	2, 722	2, 997

¹ Data not available.

**. . . 2.7% of the 1957 Budget
or \$1,757 Million**

[6.9% of Budget other than Major National Security]

General Government

Expenditures under this heading are for the traditional, domestic, civil activities of the Government and for certain government-wide activities, such as personnel and property management.

Most financial management activities are carried on by the Treasury Department, which collects taxes and customs duties, manages the public debt, mints coins, prints

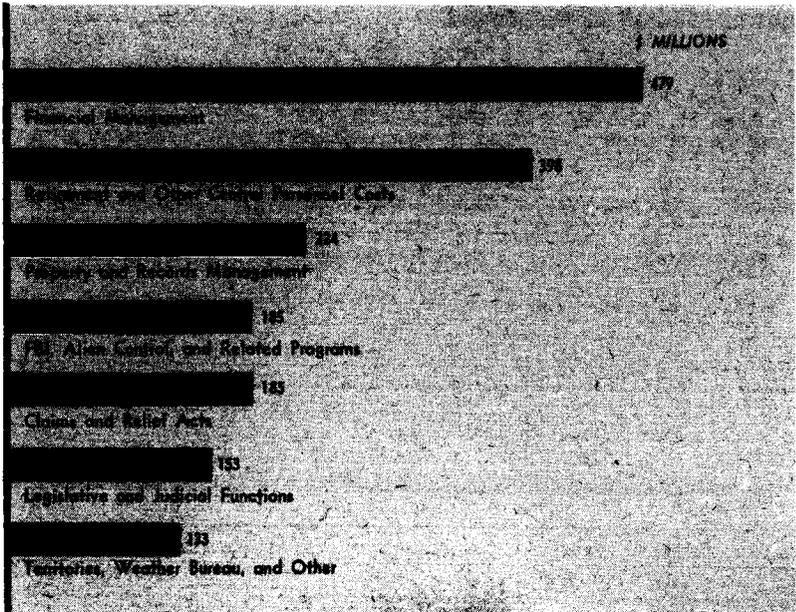
the currency, and issues the checks to pay the Government's bills.

The Government contributes, as the employer, to retirement funds for Federal civilian employees. About 300,000 retired employees or their survivors are currently receiving payments. Unemployment and accident compensation payments are also made.

To increase the efficiency of Gov-

General Government

Budget Expenditures in 1957 - Estimated



ernment operations, the budget provides for construction of several new buildings and for remodeling and air-conditioning others. In addition, many temporary or inadequate buildings will be replaced through construction privately financed under lease-purchase contracts.

Expenditures for claims and judgments are largely for certified claims arising mainly from operations of the Department of Defense. Substantial payments will also be made on claims arising from the Texas City disaster.

Construction of the new Senate

Office Building will be almost completed in the fiscal year 1957. Work will be well underway on the new House Office Building and on the extension of the Capitol authorized by the Congress last year.

[In millions]

Fiscal year	Net budget expenditures	New obligational authority
1957 est.....	\$1,757	\$1,621
1956 est.....	1,611	1,525
1955.....	1,201	1,138
1954.....	1,239	1,074
1953.....	1,474	1,368
1952.....	1,464	1,415

**. . . 10.7% of the 1957 Budget
or \$7,066 Million**

[27.7% of Budget other than Major National Security]

Interest

Interest payments are determined by the size of the public debt and by interest rates.

The present economic prosperity has created a heavy business and consumer demand for credit. Consequently interest rates have been rising and maturing Government securities are being re-

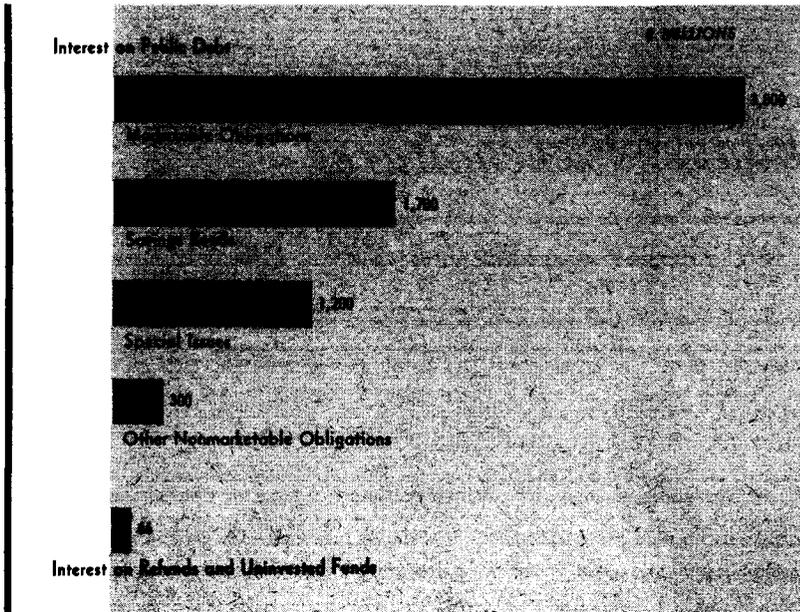
financed at the higher rates prevailing in the money market.

More than one-half of the interest on the public debt is paid on marketable obligations.

Another one-quarter of the interest on the public debt is paid on savings bonds. About one-third of all American families own Gov-

Interest

Budget Expenditures in 1957 — Estimated



ernment savings bonds at the present time. The interest rate paid on these bonds is higher than the average rate on the total public debt.

The interest rate on most of the special securities sold to Government trust funds is fixed by law.

Other nonmarketable obligations are mainly investment bonds held by long-term investors.

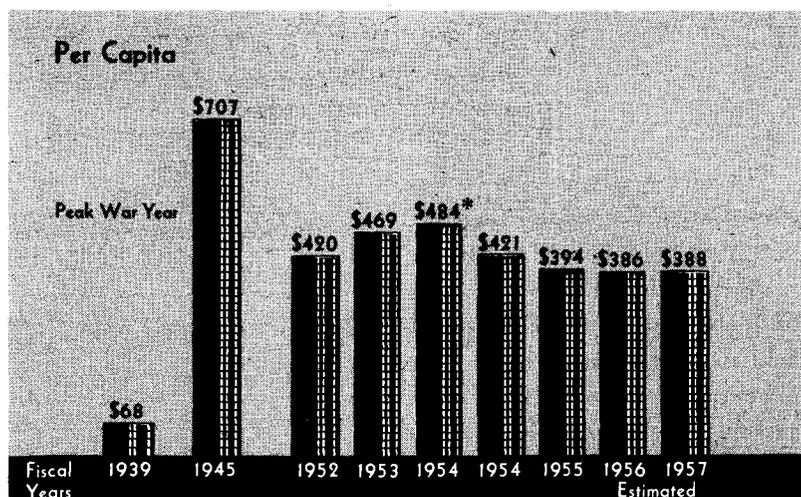
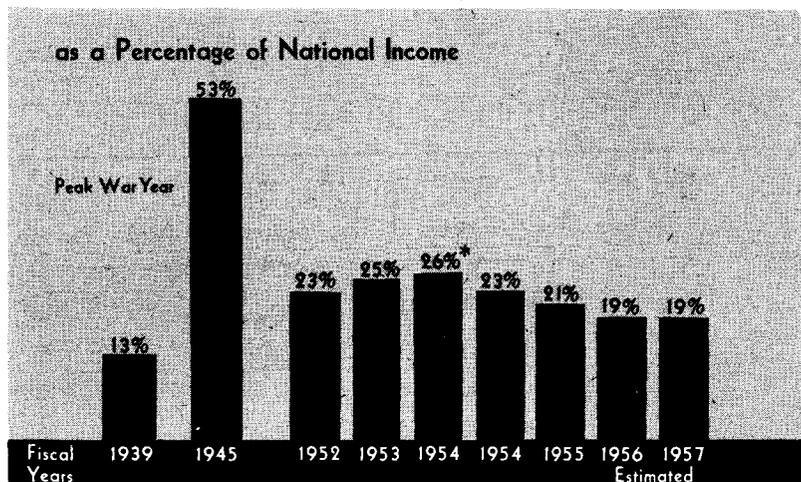
Interest payments are fixed obligations of the Federal Government. Unlike most budget expenditures,

they are provided for by permanent law and, therefore, do not require annual appropriations by the Congress.

[In millions]

Fiscal year	Net budget expenditures	New obligational authority
1957 est. -----	\$7,066	\$7,066
1956 est. -----	6,875	6,875
1955 -----	6,438	6,438
1954 -----	6,470	6,470
1953 -----	6,583	6,583
1952 -----	5,934	5,934

Budget Expenditures



* Jan. 9, 1953 Budget Document Estimate



Part 3 Supplementary Information

This section presents a number of classifications of budget expenditures which are of interest. These classifications represent different ways of grouping amounts already included in the expenditures discussed in Parts 1 and 2.

In addition, this section provides information on other aspects of Federal financial operations, such as Federal credit programs and trust funds, and includes historical data on budget receipts, expenditures, and the public debt.

Gross and Net Budget Expenditures by Agency

In carrying out their functions, a number of Government agencies engage in business-type operations with the public. They receive money from their customers or clients (for example, interest and collections on loans) and use these receipts to continue carrying on their operations. Some public enterprise activities are organized as Government corporations; others, such as the Post Office, are unincorporated.

The effect of the operations of these enterprises on the budget surplus or deficit depends on their *net* expenditures or receipts. However, the net figures seriously understate the scope of the Government's activities and the total amounts actually paid out each year by the Government. In the fiscal year 1957, for example, the receipts of the public enterprises which are deducted from the total payments to derive net budget expenditures are estimated to be 11

billion dollars.

In the Department of Agriculture, most of the receipts come from repayment of loans and from sale of commodities under the price support program of the Commodity Credit Corporation.

The Farm Credit Administration, through the Federal intermediate credit banks, makes short-term loans to finance farm production. Most of these are repaid within the fiscal year.

Post Office Department receipts represent the sale of postage stamps and fees for services.

The bulk of the public enterprise receipts of the Housing and Home Finance Agency are from the private refinancing of loans made by the Public Housing Administration, from repayments and sales of mortgages held by the Federal National Mortgage Association, and from premiums on mortgages insured by the Federal Housing Administration.

Gross and Net Budget Expenditures by Agency

[Estimated for fiscal year 1957. In millions]

Agency	Gross budget expenditures	Applicable receipts of public enterprise funds	Net budget expenditures
Legislative branch.....	\$123		\$123
The judiciary.....	41		41
Executive Office of the President.....	10		10
Funds appropriated to the President:			
Mutual Security Program.....	4,296	84	4,292
Other (mainly expansion of defense production).....	366	304	61
Independent offices:			
Atomic Energy Commission.....	1,946	(¹)	1,946
Export-Import Bank.....	291	391	-100
Farm Credit Administration.....	2,111	2,084	27
Tennessee Valley Authority.....	230	257	-27
Veterans Administration.....	4,945	125	4,820
Other.....	878	72	806
General Services Administration.....	560	4	556
Housing and Home Finance Agency.....	1,287	1,354	-67
Department of Agriculture.....	7,372	3,711	3,661
Department of Commerce.....	1,461	33	1,428
Department of Defense:			
Military functions.....	35,547	(¹)	35,547
Civil functions.....	715	86	629
Department of Health, Education, and Welfare.....	2,305	2	2,303
Department of the Interior.....	643	28	616
Department of Justice.....	218		218
Department of Labor.....	494	2	492
Post Office Department.....	2,680	2,563	117
Department of State.....	167		167
Treasury Department.....	7,969	27	7,942
District of Columbia (Federal payment and loans).....	33		33
Reserve for contingencies.....	225		225
Total.....	76,914	11,049	65,865

¹ Less than 500,000 dollars.

NOTE.—Detail may not add to totals because of rounding.

Trust Funds

The budget receipts and expenditures discussed so far reflect transactions in funds belonging to the Federal Government. The Government also collects and pays out sizable sums for the various funds which it holds in trust for others.

Receipts of these trust funds come mainly from payroll taxes paid by employees, employers, and self-employed persons. In the case of veterans' life insurance, the receipts are primarily premiums. Expenditures of the trust funds are largely benefit payments.

The trust funds are currently accumulating surpluses because payments into them are being made by a great many more people than are now drawing benefits. This accumulation is estimated to be 1.7 billion dollars in the fiscal year 1957, mostly in the old-age and survivors insurance trust fund. The rate of accumulation is grad-

ually declining as more persons become entitled to benefits.

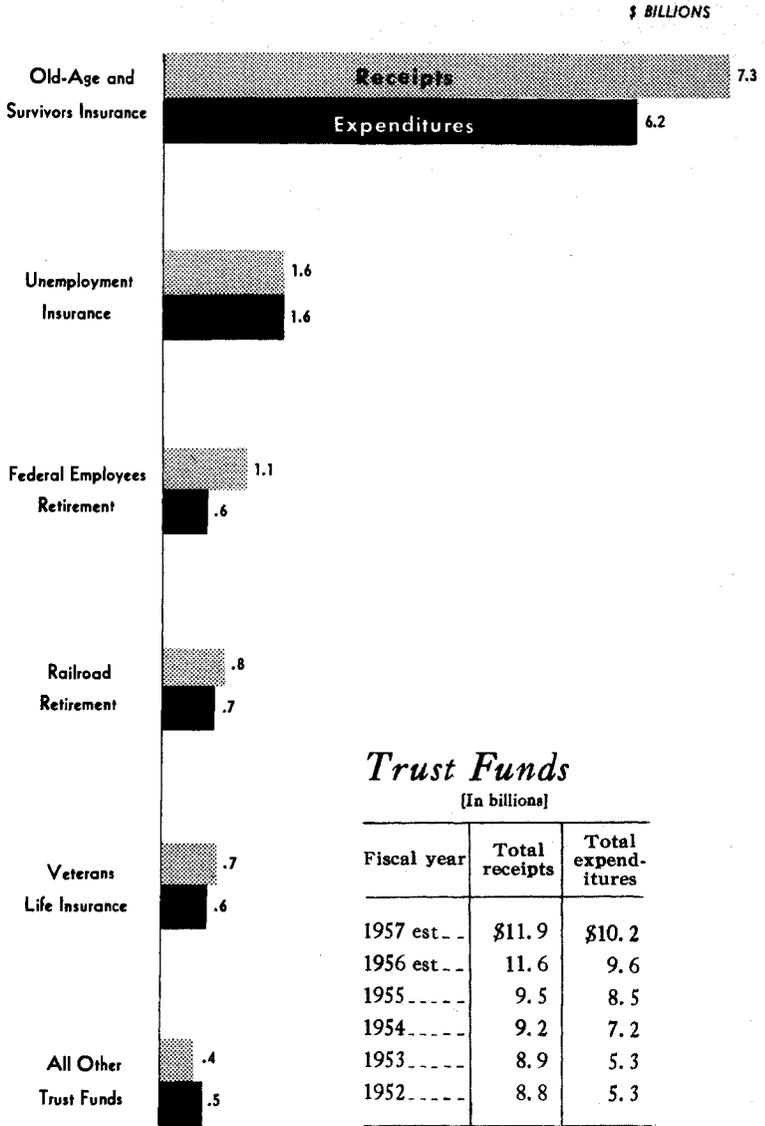
Most of the excess of trust fund income is invested in special issues of Government bonds, and the interest received is a source of trust fund income. By June 30, 1957, it is estimated that Government trust funds will hold 50 billion dollars in United States securities. Interest on these securities will amount to 1.3 billion dollars in the fiscal year 1957.

The 1957 budget message included three recommendations with respect to old-age and survivors insurance: (1) extend coverage to certain groups now excluded, (2) adjust interest rates on securities held by the trust fund to reflect more closely the long-term nature of these investments, and (3) simplify procedures for employers' reports of withheld payroll taxes.

Trust Funds RECEIPTS AND EXPENDITURES

Fiscal Year 1957 Estimated

Based on Existing Legislation



Trust Funds

[In billions]

Fiscal year	Total receipts	Total expenditures
1957 est.	\$11.9	\$10.2
1956 est.	11.6	9.6
1955	9.5	8.5
1954	9.2	7.2
1953	8.9	5.3
1952	8.8	5.3

Receipts From and Payments to the Public

[In millions]

Description	Fiscal year 1957 estimated
Budget receipts (page 10).....	\$66,300
Trust fund receipts (page 40).....	11,890
Intragovernmental transactions.....	-2,810
Seigniorage on silver.....	-27
Total, Federal Government receipts from the public.....	75,354
Budget expenditures (page 7).....	65,865
Trust fund expenditures (page 40).....	10,200
Government-sponsored enterprise expenditures (net).....	45
Intragovernmental transactions.....	-2,810
Accrued interest and other noncash expenditures (net).....	-381
Total, Federal Government payments to the public.....	72,920
Excess of Federal Government receipts over payments.....	2,434

The flow of money between the public and the Federal Government as a whole is shown in the above table by consolidating budget transactions with those of the trust funds and certain Government-sponsored enterprises.

In this consolidation, intragovernmental receipts and payments are excluded because they are not cash transactions between the Government and the public. An example is the interest paid by the Treasury on United States se-

curities held by the trust funds. Certain other noncash transactions, such as the accrual of interest on savings bonds, are also eliminated, but interest actually paid on redeemed savings bonds is added.

It is estimated that receipts from the public will exceed payments to the public by 2.4 billion dollars in both the fiscal years 1956 and 1957. In the fiscal year 1955, there was an excess of payments to the public of 2.7 billion dollars.

Public Debt

The 1957 budget makes provision for reducing the public debt to an estimated 273.8 billion dollars by June 30, 1957. Because of the effect of the transactions of trust funds and Government enterprises on the Treasury's cash balances, the anticipated debt reductions in 1956 and 1957 are not precisely the same as the estimated budget surpluses.

The immediate economic effects of the public debt depend partly on the arrangements made to refinance issues of Government bonds which become due. The Treasury has been working closely with the Federal Reserve System to manage the debt in a way which helps sustain a growing economy without inflation or deflation.

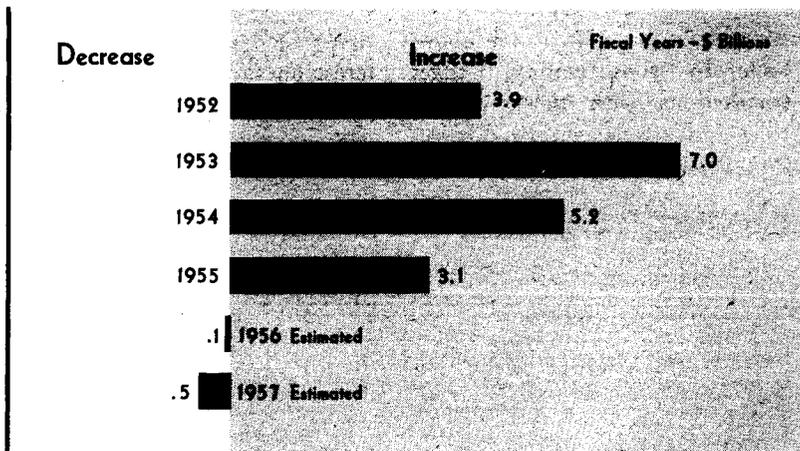
Interest rates have been rising recently as the private demand for credit has increased; the average maturity of the debt has been

lengthened; and the number of financing operations each year has been reduced.

All but about one-half billion dollars of the public debt is subject to a legal limit of 275 billion dollars at the end of the fiscal year. Last year the Congress extended through June 1956 a law permitting the debt to rise temporarily to 281 billion dollars during the year. This enabled the Treasury to meet its heavy temporary borrowing needs during the first half of the fiscal year when tax collections are seasonally low.

Even with balanced budgets in 1956 and 1957, the seasonal needs for borrowing above the 275 billion dollar limit will continue. The budget therefore recommends a continuation of the law allowing a temporary increase in the debt limit during the year.

Change in Public Debt



Federal Public Works

Many Federal programs involve construction activities. These range from small buildings to large river basin developments and military installations.

State, local, and private interests are encouraged to undertake

projects on their own initiative, with Federal sharing of costs where national responsibilities are involved. Direct public works are undertaken for those essential projects which are clearly within the area of Federal responsibility.

BUDGET EXPENDITURES FOR PUBLIC WORKS

[Fiscal years. In billions]

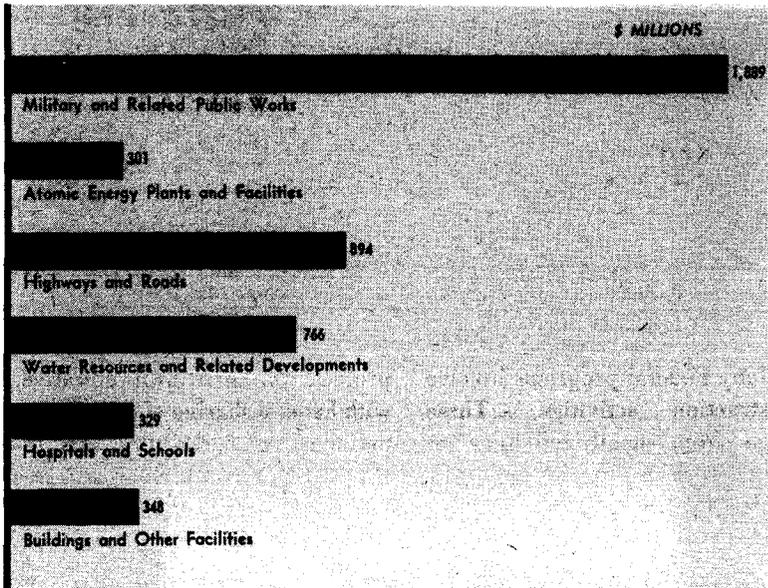
Program	1952 actual	1953 actual	1954 actual	1955 actual	1956 esti- mated	1957 esti- mated
Civil public works:						
Direct Federal projects	\$1.4	\$1.4	\$1.3	\$1.0	\$1.0	\$1.1
Grants for State and local projects6	.7	.7	.8	.9	1.1
Loans for State and local projects (net)2	(¹)	-.4	-.1	(¹)	.1
Subtotal, civil public works	2.1	2.2	1.6	1.7	2.0	2.3
Public works for national security:						
Military and related public works	1.8	1.9	1.7	1.6	1.9	1.9
Atomic energy plants and facilities	1.1	1.1	1.1	.8	.3	.3
Subtotal, national security	2.9	3.0	2.8	2.4	2.3	2.2
Total, Federal public works	5.0	5.2	4.4	4.1	4.2	4.5

¹ Less than 50 million dollars.

NOTE.—Detail may not add to totals because of rounding.

Federal Public Works

Budget Expenditures in 1957 — Estimated



At the present time, direct Federal public works amount to about 8 percent of total new construction in the Nation. State and local public construction aided by Federal loans and grants represents another 4 percent.

A substantial portion of military public works in the fiscal year 1957 will be for aviation facilities, including those for the continental air defense system. Expenditures for the atomic energy program are

mostly to continue work on plants started in earlier years. They also cover some new research and development facilities.

The estimated increase in expenditures for civil public works in the fiscal year 1957 is primarily for federally aided State and local public works. The largest item in this increase is the proposed new Federal-aid program for general school construction.

Research and Development

Federal spending in the search for new scientific knowledge and new uses for existing knowledge amounts to about one-half the Nation's expenditures for research and development. Private industry accounts for the second largest amount of research expenditures. Lesser amounts are spent by foundations, universities, and State and local governments.

In the fiscal year 1957, 87 percent of the Federal expenditures will be for research work and 13 percent for acquiring land, buildings, and equipment. The research is done in Federal facilities and, through contracts and grants, in private industry, universities,

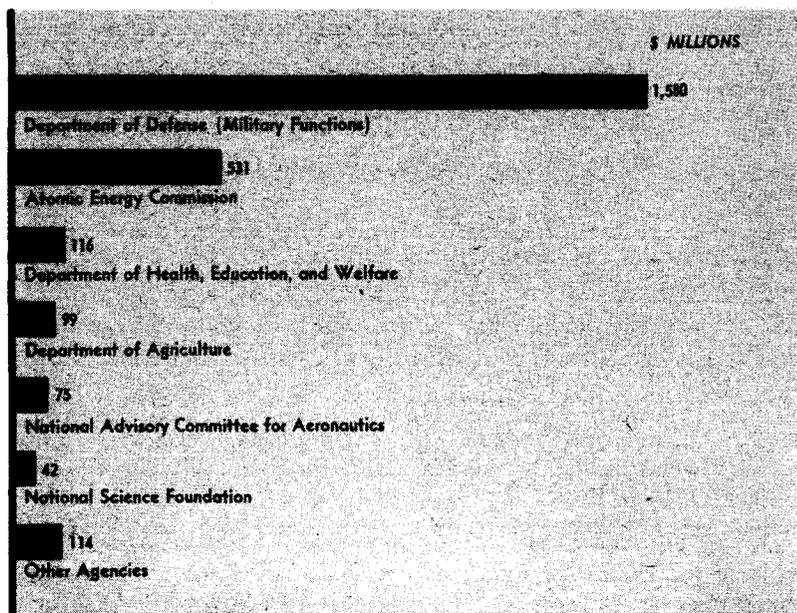
and other non-Federal research centers.

The bulk of Federal research and development expenditures is for applied research. However, the 1957 budget provides for a substantial increase in support of general-purpose research and scientific education, particularly through programs of the National Science Foundation. This increase in basic research should yield many future benefits to our national defense and to human well-being and economic progress.

Substantial increases in expenditures in 1957 are estimated for research and development in the major national security programs.

Research and Development

Budget Expenditures in 1957 — Estimated



The Department of Defense will emphasize research on guided missiles, nuclear-propelled aircraft and ships, and problems of special importance to continental defense. Although research in atomic energy also is chiefly for military needs, a growing amount is being directed to peaceful uses.

The 1957 budget also provides for expanding research in (1) the cause, treatment, and prevention of illness and (2) the production, use, and marketing of farm products.

The National Advisory Committee for Aeronautics contributes to

national defense through its research work on the problems of flight at faster speeds, higher altitudes, and longer ranges.

BUDGET EXPENDITURES FOR RESEARCH AND DEVELOPMENT

[In millions]

Fiscal year	Total	Major national security	Other
1957 est.	\$2, 557	\$2, 147	\$410
1956 est.	2, 256	1, 921	335
1955.....	2, 085	1, 804	281
1954.....	2, 085	1, 806	279
1953.....	2, 100	1, 830	270
1952.....	1, 815	1, 565	250

Federal Aid to State and Local Governments

Aid to State and local governments in the fiscal year 1957 is estimated to be 6 percent of total Federal budget expenditures. In recent years, Federal aid has been 8 to 10 percent of State and local revenues.

The aid is mainly in the form of

grants which require some State or local matching. Legislation proposed recently by the administration for some grants has sought more flexibility in matching formulas.

The Federal Government helps fill the gap between the need for

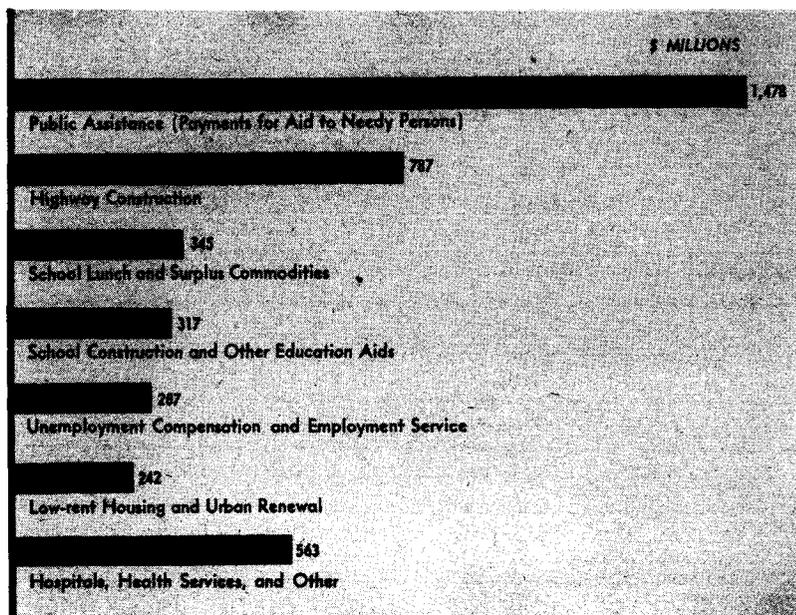
BUDGET EXPENDITURES FOR FEDERAL AID

[In millions]

Fiscal year	Gross budget expenditures				Collections on loans (5)	Net budget expenditures (6) = (1) - (5)
	Total	Grants-in-aid	Shared revenues	Loans		
	(1)	(2)	(3)	(4)		
1957 est.	\$4,523	\$3,853	\$90	\$581	\$504	\$4,019
1956 est.	4,150	3,584	84	483	433	3,717
1955	3,492	3,126	78	288	368	3,124
1954	3,683	2,986	66	631	1,026	2,657
1953	3,818	2,781	50	987	961	2,857
1952	3,096	2,393	38	665	492	2,604

Federal Aid to State and Local Governments

Budget Expenditures in 1957 - Estimated



essential services and the present ability of State and local governments to meet those needs. Wherever possible and logical, responsibility and costs are shared by State and local governments.

Public assistance grants in 1957 will comprise more than one-third of net budget expenditures for Federal aid.

Grant expenditures for highway construction in 1957 will come from authorizations made available in previous years under the Highway Act of 1954.

About one-half of the estimated grants for education is for the

recommended new program of general assistance for school construction. Most of the rest is for schools in federally affected areas.

Grants and loans for low-rent housing, urban renewal, public works planning, and related programs entail gross expenditures estimated at 746 million dollars, but collections on previous loans are expected to be 504 million dollars.

The amounts shown in the chart above omit Federal administrative costs and thus differ slightly from the related figures in Part 2 of this booklet.

Federal Credit Programs

Federal credit programs consist of both direct Government loans and the guaranty or insurance of private loans. These programs exert a powerful influence on economic activity. For example, Federal insurance or guaranties cover about 40 percent of all outstanding home mortgages in the Nation.

Federal credit aids are intended to supplement and encourage private credit rather than to substitute for it. In line with the policy of minimizing the role of the Government, the entire increase since 1953 in Federal commitments for major credit programs has been for insurance or guaranties of private loans. This type of commitment helps borrowers obtain funds

from private lenders at reasonable rates of interest or over periods long enough to make repayment easier.

Federal credit programs have a small effect on the budget compared with the large amount of credit extended or guaranteed. This is because insurance and guaranties do not normally involve budget expenditures and because collections on direct loans in most cases offset disbursements on new loans. In 1957, as in 1956, collections are expected to exceed disbursements, resulting in net receipts.

Nearly 75 percent of the estimated total new commitments for major Federal credit programs in the fiscal year 1957 will be for

Federal Credit Programs

[In billions]

Fiscal year	New commitments during fiscal year			Outstanding and committed at end of fiscal year		
	Loans	Guaranties	Total	Loans	Guaranties	Total
1957 est	\$4.6	\$16.7	\$21.3	\$19.0	\$52.0	\$71.0
1956 est.....	4.8	16.5	21.3	18.8	45.9	64.7
1955.....	4.1	14.8	18.9	18.9	40.3	59.2
1954.....	4.1	11.8	15.9	17.8	35.5	53.3
1953.....	5.3	10.6	15.9	19.1	30.9	50.0
1952.....	5.2	9.7	14.9	17.4	27.2	44.6

housing and related programs, and 20 percent will be for agriculture.

Housing programs supervised by the Housing and Home Finance Agency account for 9.2 billion dollars of the new commitments estimated for 1957. These include (1) insurance of private loans for buying, building, or improving homes; (2) purchase of mortgages insured or guaranteed by Federal agencies; (3) direct loans and guaranties of private loans to local public agencies for low-rent housing, prevention or removal of slums, and public facilities; and (4) direct loans to colleges for dormitories and faculty houses.

New commitments for loans to veterans to be guaranteed or made directly by the Veterans Administration are expected to be 6.7 billion dollars in 1957. These loans

are almost entirely to purchase or improve houses.

Credit aids for agricultural programs, supervised by the Department of Agriculture and the Farm Credit Administration, will total 4.4 billion dollars. Major programs are (1) price support loans and guaranties; (2) farm production loans; (3) electrification and telephone loans; and (4) loans and insurance for farm operation and for farm ownership and improvement.

Other major Federal credit programs are to promote foreign trade, to expand defense production, and to aid small businesses and victims of disasters. Additional credit aids are recommended in the budget as part of new legislation to aid construction of schools and health facilities and to help redevelop areas with chronic unemployment.

DETAIL OF BUDGET EXPENDITURES BY FUNCTION

[Fiscal years. In millions of dollars]

Description	1952 actual	1953 actual	1954 actual	1955 actual	1956 esti- mated	1957 esti- mated
Major national security:						
Department of Defense:						
Procurement of aircraft, ships, tanks, and other military equipment.....	11, 478	17, 123	15, 958	12, 997	11, 823	11, 719
Pay and support of active duty military personnel.....	11, 152	11, 556	10, 961	10, 643	10, 341	10, 336
Operation and maintenance of equipment and facilities.....	11, 682	10, 379	9, 357	7, 905	8, 351	9, 100
Military public works, research, reserves, and other.....	4, 586	4, 553	4, 059	3, 987	4, 060	4, 392
Military assistance and support.....	2, 442	3, 954	3, 629	2, 292	2, 464	2, 500
Atomic energy.....	1, 670	1, 791	1, 895	1, 857	1, 715	1, 945
Stockpiling and defense production.....	966	1, 008	1, 045	944	713	378
Total, major national security.....	43, 976	50, 363	46, 904	40, 626	39, 467	40, 370
International affairs and finance:						
Economic and technical development.....	2, 584	1, 960	1, 511	1, 960	1, 813	1, 841
Conduct of foreign affairs.....	142	150	130	121	131	143
Foreign information and exchange activities.....	99	106	91	100	110	124
Total, international affairs and finance.....	2, 826	2, 216	1, 732	2, 181	2, 053	2, 108
Veterans' services and benefits:						
Compensation and pensions.....	2, 178	2, 420	2, 482	2, 681	2, 818	2, 937
Hospitals and medical care.....	784	757	782	727	797	815
Readjustment benefits for education and training.....	1, 326	659	546	664	725	726
Readjustment benefits for unemployment, loan guaranty, other.....	122	138	158	150	161	168
Insurance and indemnities.....	216	102	100	57	110	55
Other services and administration.....	238	223	188	178	182	178
Total, veterans' services and benefits.....	4, 863	4, 298	4, 256	4, 457	4, 793	4, 879
Labor and welfare:						
Public assistance (payments to States to aid needy persons).....	1, 180	1, 332	1, 439	1, 428	1, 490	1, 480
Promotion of public health.....	330	318	290	275	381	441
Labor and manpower services.....	275	281	277	328	395	420
Promotion of education.....	175	288	271	321	277	394
General-purpose research, libraries, and museums.....	40	36	35	56	64	90
School lunch, vocational rehabilitation, and other.....	169	171	173	143	160	170
Total, labor and welfare.....	2, 168	2, 426	2, 485	2, 552	2, 767	2, 995
Agriculture and agricultural resources:						
Farm price support and related programs.....	46	2, 125	1, 689	3, 508	2, 413	1, 964
Soil bank and accompanying proposals.....						407
Agricultural land and water resources.....	341	317	244	286	314	330

DETAIL OF BUDGET EXPENDITURES BY FUNCTION—Con.

[Fiscal years. In millions of dollars]

Description	1952 actual	1953 actual	1954 actual	1955 actual	1956 esti- mated	1957 esti- mated
<i>Agriculture and agricultural resources—Continued</i>						
Rural electrification and rural telephone loans.....	243	239	217	204	223	239
Farm ownership and operation loans.....	272	109	256	236	214	213
Research and other agricultural services.....	143	145	150	177	212	211
Total, agriculture and agricultural resources.....	1,045	2,936	2,557	4,411	3,376	3,364
<i>Natural resources:</i>						
River basin development and power.....	998	1,078	914	765	667	624
Forests, parks, and other public lands.....	138	151	165	169	211	228
Fish and wildlife.....	30	34	38	43	44	47
Indian lands resources.....	30	29	32	33	42	41
Minerals and other.....	68	72	71	71	80	91
Total, natural resources.....	1,264	1,364	1,220	1,081	1,045	1,031
<i>Commerce and housing:</i>						
Highways.....	470	572	586	647	790	844
Water transportation.....	522	567	466	469	567	629
Aviation.....	237	239	275	253	263	309
Community development and public housing.....	163	74	-364	-60	103	180
Other aids to housing.....	511	413	-142	270	-62	-221
Postal service.....	740	659	312	356	483	117
Civil defense, business aids, and other.....	79	87	-224	-312	39	213
Total, commerce and housing.....	2,722	2,612	909	1,622	2,182	2,071
<i>General government:</i>						
Financial management.....	438	442	449	431	482	479
Retirement and other central personnel costs.....	368	387	93	115	335	398
Property and records management.....	232	185	155	164	171	224
FBI, alien control, and related programs.....	176	147	160	157	189	185
Claims and relief acts.....	76	137	213	142	168	185
Legislative and judicial functions.....	80	78	78	91	126	153
Territories, Weather Bureau, and other.....	94	98	91	101	140	133
Total, general government.....	1,464	1,474	1,239	1,201	1,611	1,757
<i>Interest:</i>						
Interest on public debt:						
Marketable obligations.....	2,750	3,300	3,101	3,127	3,600	3,800
Savings bonds.....	1,664	1,678	1,667	1,656	1,700	1,700
Special issues.....	940	1,044	1,128	1,115	1,100	1,200
Other nonmarketable obligations.....	499	482	487	473	400	300
Interest on refunds and uninvested funds.....	81	80	87	67	75	66
Total, interest.....	5,934	6,583	6,470	6,438	6,875	7,066
<i>Adjustments and reserve for contingencies</i>	-857				100	225
Total, net budget expenditures.....	65,408	74,274	67,772	64,570	64,270	65,865

NOTE.—Detail may not add to totals because of rounding.

BUDGET RECEIPTS AND EXPENDITURES AND PUBLIC DEBT

[Fiscal years. In millions of dollars]

Fiscal year	Budget receipts	Budget expenditures	Surplus or deficit	Public debt at end of year	Fiscal year	Budget receipts	Budget expenditures	Surplus or deficit	Public debt at end of year
1915	683	746	-63	-1,191	1937	4,979	7,756	-2,777	36,425
1916	762	713	+48	1,225	1938	5,615	6,792	-1,177	37,165
1917	1,100	1,954	-853	2,976	1939	4,996	8,858	-3,862	40,440
1918	3,630	12,662	-9,032	12,455	1940	5,144	9,062	-3,918	42,968
1919	5,085	18,448	-13,363	25,485	1941	7,103	13,262	-6,159	48,961
1920	6,649	6,357	+291	24,299	1942	12,556	34,046	-21,490	72,422
1921	5,567	5,058	+509	23,978	1943	21,987	79,407	-57,420	136,696
1922	4,021	3,285	+736	22,963	1944	43,636	95,059	-51,423	201,003
1923	3,849	3,137	+713	22,350	1945	44,475	98,416	-53,941	258,682
1924	3,853	2,890	+963	21,251	1946	39,772	60,448	-20,676	269,422
1925	3,598	2,881	+717	20,516	1947	39,786	39,032	+754	258,286
1926	3,753	2,888	+865	19,643	1948	41,488	33,069	+8,419	252,292
1927	3,992	2,837	+1,155	18,512	1949	37,696	39,507	-1,811	252,770
1928	3,872	2,933	+939	17,604	1950	36,495	39,606	-3,111	257,357
1929	3,861	3,127	+734	16,931	1951	47,568	44,058	+3,510	255,222
1930	4,058	3,320	+738	16,185	1952	61,391	65,408	-4,017	259,105
1931	3,116	3,578	-462	16,801	1953	64,825	74,274	-9,449	266,071
1932	1,924	4,659	-2,735	19,487	1954	64,655	67,772	-3,117	271,260
1933	2,022	4,623	-2,602	22,539	1955	60,390	64,570	-4,180	274,374
1934	3,065	6,694	-3,630	27,053	1956 est.	64,500	64,270	+230	274,300
1935	3,730	6,521	-2,791	28,701	1957 est.	66,300	65,865	+435	273,800
1936	4,069	8,494	-4,425	33,779					

NOTE.—The change in the public debt from year to year reflects not only the budget surplus or deficit, but also changes in the Treasury's cash balances, the effect of certain trust fund transactions, and direct borrowing from the public of certain Government enterprises.

BUDGET EXPENDITURES BY FUNCTION

[Fiscal years. In millions of dollars]

Function	1948	1949	1950	1951	1952	1953	1954	1955	1956 est.	1957 est.
Major national security	11,771	12,907	13,009	22,444	43,976	50,363	46,904	40,626	39,467	40,370
International affairs and finance	4,566	6,053	4,674	3,736	2,826	2,216	1,732	2,181	2,053	2,108
Veterans' services and benefits	6,654	6,726	6,646	5,342	4,863	4,298	4,256	4,457	4,793	4,879
Labor and welfare	1,322	1,563	1,968	2,065	2,168	2,426	2,485	2,552	2,767	2,995
Agriculture and agricultural resources	575	2,512	2,783	650	1,045	2,936	2,557	4,411	3,376	3,364
Natural resources	638	908	1,065	1,143	1,264	1,364	1,220	1,081	1,045	1,031
Commerce and housing	1,406	2,044	2,133	2,338	2,722	2,612	909	1,622	2,182	2,071
General government	1,276	1,076	1,186	1,330	1,464	1,474	1,239	1,201	1,611	1,757
Interest	5,248	5,445	5,817	5,714	5,934	6,583	6,470	6,438	6,875	7,066
Reserve for contingencies									100	225
Adjustment to daily Treasury statement basis	-388	+272	+330	-705	-857					
Total	33,069	39,507	39,606	44,058	65,408	74,274	67,772	64,570	64,270	65,865

NOTE.—Detail may not add to totals because of rounding.

**UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1956**

**For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington 25, D. C. - Price 25 cents**

EXECUTIVE BRANCH OF THE GOVERNMENT

