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*The Federal Budget
in Brief*

*Executive Office
of the President*

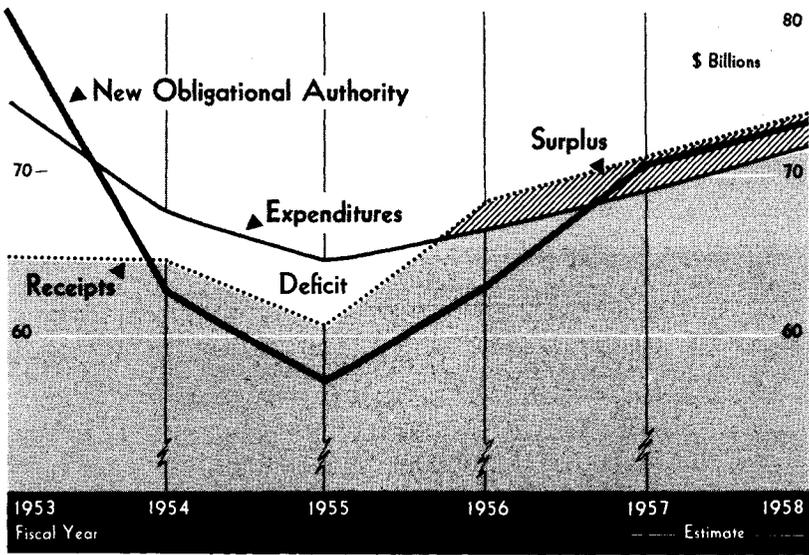
BUREAU OF THE BUDGET

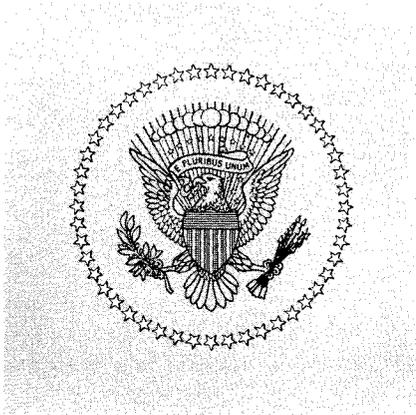


Fiscal Year

1958

Budget Summary





The Federal Budget in Brief

for the fiscal year 1958

In making plans for the coming year, I have been guided by the following national objectives:

1. Peace, justice, and freedom for our own and other peoples;
2. Powerful armed forces to deter and, if need be, to defeat aggression;
3. A healthy and growing economy with prosperity widely shared;
4. Enhancement of individual opportunity and the well-being of all our people;
5. Wise conservation, development, and use of our great natural resources;
6. Fiscal integrity;
7. A well-balanced choice of programs at home and abroad; and
8. Increasing international trade and investment essential to the growth of the economies of the United States and the rest of the free world.

We have made considerable progress toward these goals. We will continue this progress in the years ahead.

DWIGHT D. EISENHOWER.

From the Budget Message
January 16, 1957

Introduction

THE FEDERAL BUDGET IN BRIEF for the fiscal year 1958 summarizes the budget recommendations which President Eisenhower sent to the Congress on January 16, 1957. It includes summary financial data for earlier years.

The budget for the fiscal year 1958 presents the financial plan and program of the Federal Government for the fiscal year July 1, 1957, through June 30, 1958. It also reports the expenditures for Government activities in the fiscal year 1956 and the latest estimates for 1957.

The President presents his budget early in each session of the Congress in order to provide comprehensive information on the use of funds already appropriated by the Congress and on the activities for which appropriations are requested during the current session.

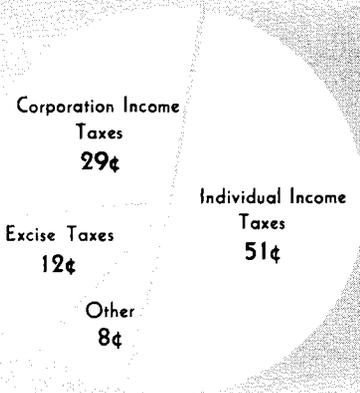
By the time the fiscal year ends, 18 months after the budget is presented and well over 2 years after work on it was started, many figures will inevitably have changed. The Congress may modify some proposals, and international and domestic conditions may not develop as the budget assumes. Also, the administration will constantly seek new opportunities for economies.

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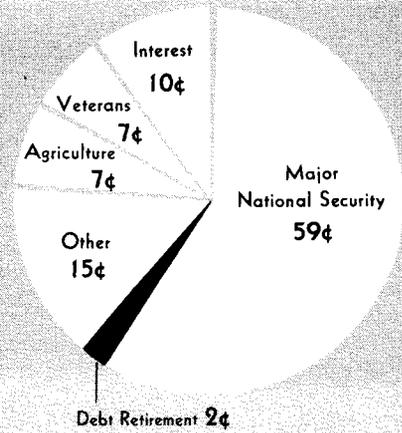
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The Budget Dollar

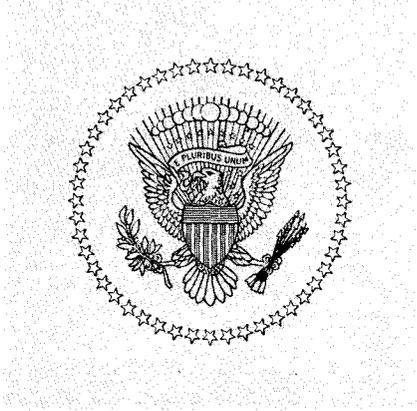
Where it comes from



Where it will go



Fiscal Year 1958 Estimate



Part 1 Budget Summary

Part 1 of this booklet briefly summarizes the significant totals in the 1958 budget—expenditures, receipts, authority to incur financial obligations, and unexpended balances carried forward. Most of these subjects are discussed in further detail in parts 2 and 3.

Summary of the 1958 Budget

THE PRESIDENT'S budget proposes that the Federal Government spend \$1.8 billion less than its estimated revenue in the fiscal year 1958. The Government spent \$1.6 billion less than its receipts in 1956 and expects to have a surplus of \$1.7 billion in the current fiscal year. Over the period of these 3 years, the public debt will have been reduced by more than \$5 billion.

By spending less than its income on well-balanced programs and by using the resulting surplus to reduce the public debt, the Government practices prudent financial management and helps restrain the inflationary pressures which often exist during periods of full employment and continuing economic growth. These actions help to maintain

the purchasing power of the dollar; that is, they help to avoid sharp rises in the prices paid for such things as food, homes, and machinery. To balance the budget and to provide for a strong national defense and other necessary services, the President has recommended that present tax rates be continued for another year. Although the President recommends no general tax reduction now, he believes that taxes are too high and should be reduced as soon as a sound budget policy will allow.

The budget receipts from taxes and other sources are estimated to be \$73.6 billion in the next fiscal year. From this income, the 1958 budget provides for expenditures totaling \$71.8 billion.

SUMMARY BUDGET INFORMATION

[Fiscal years. In billions]

Description	1953 actual	1954 actual	1955 actual	1956 actual	1957 esti- mate	1958 esti- mate
Budget receipts.....	\$64.8	\$64.7	\$60.4	\$68.1	\$70.6	\$73.6
Budget expenditures.....	74.3	67.8	64.6	66.5	68.9	71.8
Budget surplus (+) or deficit (-)	-9.4	-3.1	-4.2	+1.6	+1.7	+1.8
New authority to incur obligations.....	80.3	62.8	57.1	63.2	70.5	73.3
Total authority available (including amounts carried forward—see page 11)	179.5	168.8	148.5	143.1	143.9	143.3

Budget Expenditures by Purpose

OF THE \$71.8 billion estimated to be spent by the Federal Government in the fiscal year 1958, almost two-thirds will be used to deter and protect against aggression. Nearly one-fourth will go for civil benefits. Ten percent will be used to make interest payments on debts owed by the Government. The remaining 3 percent will be for civil operations and administration and for contingencies which may develop during the year.

Protection, including collective security.—The Government's spending for major national security and closely associated programs is estimated to be \$45.3 billion in the fiscal year 1958.

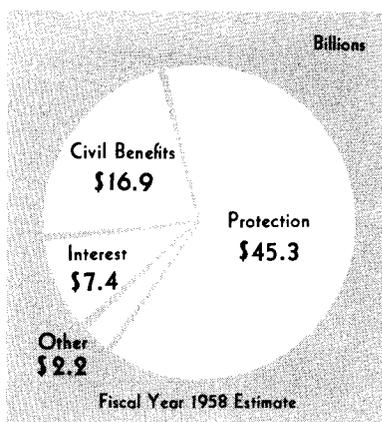
The bulk of this amount—\$38 billion—will be used for the military functions of the Department of Defense. These defense expenditures are estimated to be \$2 billion higher than in the current fiscal year because the modern jet aircraft, naval ships, guided missiles, and other new weapons are considerably more costly to produce, operate, and maintain than are the less powerful weapons they are replacing.

Approximately \$2.6 billion, the same as in the two preceding years, will be spent in the fiscal year 1958 for military assistance extended by the United States through the mutual security pro-

gram to the armed forces of other countries.

The budget provides for \$2.3 billion of expenditures by the Atomic Energy Commission in the next fiscal year; this amount is 20 percent greater than the estimate for 1957. The Commission will use these funds both for increasing the numbers and kinds of nuclear weapons available to our military forces and for developing the peaceful uses of atomic energy in this country and abroad.

Other programs related to the Nation's protection—the economic and technical assistance portion of the mutual security program, international information activities, stockpiling of strategic materials, civil defense, and the Selective Service System—will account for expenditures estimated at \$2.4 billion for the fiscal year 1958.



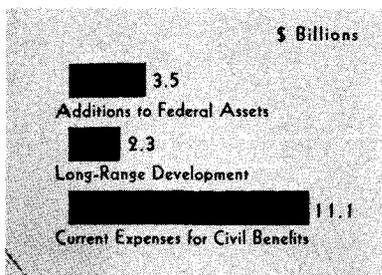
Civil benefits.—The Nation's economic and social progress is determined primarily by individuals and private enterprises, supported by their State and local governments. The Federal Government also makes an important contribution to national progress by helping to improve economic opportunity, by helping to provide safeguards against economic and physical hazards, and by helping to build needed public assets. Budget expenditures for such civil benefits, many of which are administered through State and local governments, are expected to be \$16.9 billion in the fiscal year 1958.

Part of the budget expenditures for benefits, such as those for loans or public works, will add to federally owned assets. In 1958, spending for these assets is estimated to be \$411 million higher than in 1957. Most of the loans will be made by the Export-Import Bank, the Housing and Home Finance Agency, and the Department of Agriculture. Civil public works projects will be undertaken by the Corps

of Engineers, the Bureau of Reclamation, and numerous other Federal agencies.

Budget expenditures in 1958 for other civil benefits which will aid in the long-range development of the Nation are expected to be \$510 million more than in 1957. These include grants to States and local governments for new schools; for hospital and for airport construction; payments to farmers for agricultural conservation; and certain expenditures for education and research. In addition to the payments for long-range development which are included in budget expenditures, grants of \$1,654 million for highways will be paid to the States from a trust fund which, by law, is separate from the budget. The receipts of this trust fund are from special taxes on motor fuels, tires, and vehicles.

Civil benefits also include such current expenses as merchant marine operating subsidies, services and benefits to veterans, and public assistance. While some of these current expenses are expected to increase in the fiscal year 1958, the total is estimated to decline \$564 million to \$11.1 billion. The expenditures for the Post Office Department to be met from the general revenues of the Treasury have been projected at a sharply reduced rate in 1958, in keeping with the President's recommendation that the Congress enact legislation to adjust



BUDGET EXPENDITURES BY PURPOSE

[Fiscal years. In billions]

Description	1953 actual	1954 actual	1955 actual	1956 actual	1957 esti- mate	1958 esti- mate
Protection, including collective security..	\$52.2	\$48.3	\$42.7	\$42.4	\$42.7	\$45.3
Civil benefits.....	13.4	11.4	13.7	15.3	16.5	16.9
Interest.....	6.6	6.5	6.4	6.8	7.3	7.4
Civil operations and other.....	2.1	1.6	1.7	2.0	2.5	2.2
Total.....	74.3	67.8	64.6	66.5	68.9	71.8

postal rates so that the Post Office will be more nearly on a pay-as-you-go basis.

Interest.—Interest payments on money borrowed by the Federal Government are estimated to increase \$100 million in the coming fiscal year as a result of the rise which has already occurred in the market rates of interest. These payments are expected to require expenditures of \$7.4 billion in 1958.

Civil operations and other.—Expenditures for law enforcement and regulatory activities, tax collection, the legislative and judicial functions of the Federal Government, Federal responsibilities for the District of Co-

lumbia and the territories and possessions, maintenance and operation of Government buildings, and certain other governmentwide operations are estimated to total \$1.8 billion in the fiscal year 1958.

The 1958 expenditure estimates also include \$400 million as an allowance for contingencies which may arise during the coming fiscal year and for certain proposed new legislation for which the timing of expenditures is uncertain. This allowance is not an appropriation request. Before any of it may be spent, specific appropriation requests will be made and the Congress must act favorably on them.

Budget Receipts

SINCE the major tax reductions and reforms of the calendar year 1954, budget receipts have risen each successive year as the Nation's economy has continued to

grow. This trend is estimated to continue in the fiscal year 1958, with resulting budget receipts of \$73.6 billion, an increase of \$3 billion over 1957.

BUDGET RECEIPTS

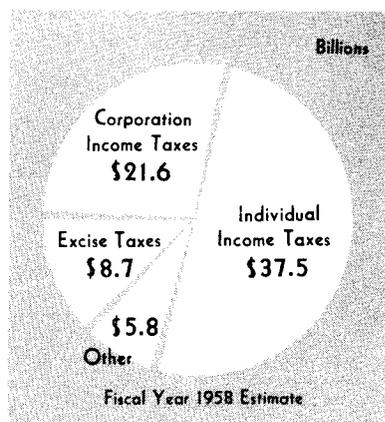
[Fiscal years. In billions]

Description	1953 actual	1954 actual	1955 actual	1956 actual	1957 esti- mate	1958 esti- mate
Individual income taxes.....	\$30.1	\$29.5	\$28.7	\$32.2	\$35.2	\$37.5
Corporation income taxes.....	21.2	21.1	17.9	20.9	21.0	21.6
Excise taxes.....	9.9	10.0	9.1	9.9	9.1	8.7
All other receipts.....	3.6	4.1	4.7	5.1	5.3	5.8
Total.....	64.8	64.7	60.4	68.1	70.6	73.6

These receipts are expected to be sufficient to cover the expenses of carrying on the Government's activities in 1958 and to provide a modest surplus with which to reduce the national debt. By living within its current income, the Government avoids obligating the taxpayers for the interest charges and principal of a larger debt in the future. By gradually reducing the debt already incurred, the Government helps maintain the purchasing power of the dollar during the present economic expansion with its accompanying inflationary pressures.

The largest source of receipts is taxes on individual and corporate incomes. With the continuation of the present corporation tax rates for 1 year as recommended by the President, income taxes are expected to yield 80 percent of the Government's budget receipts in the fiscal year 1958. An additional 12 percent will come from excise taxes,

assuming they are also continued at their present rates for a year beyond the current expiration date of April 1, 1957, as the President has recommended. The remaining 8 percent of receipts is expected to be raised from such other sources as estate and gift taxes, customs, repayments and interest on loans, earnings of certain Government enterprises, rents, fees, and sales of timber, power, and surplus property.



Authority to Incur Financial Obligations

PUBLIC funds may be spent only upon specific authorization by the Congress. Under such authorization, Government agencies may incur financial obligations by hiring workers, ordering supplies, and entering into contracts and may draw from the Treasury to pay these obligations when services are performed or goods are delivered. This authority usually takes the form of appropriations, but it may also take other forms. For example, the Congress in some instances authorizes agencies to enter into contracts and then later votes appropriations to pay for the work done under the contracts.

The total amount available to Government agencies in any particular fiscal year consists of the appropriations and other new obligational authority approved by the Congress for that year plus the still unspent authority carried over from prior years. Together, the new and old obligational authority which will be available for expenditure in the fiscal year 1958 are estimated to be \$143.3 billion. Nearly half of this amount will be authority enacted by the Congress for prior years and still available for expenditure in 1958.

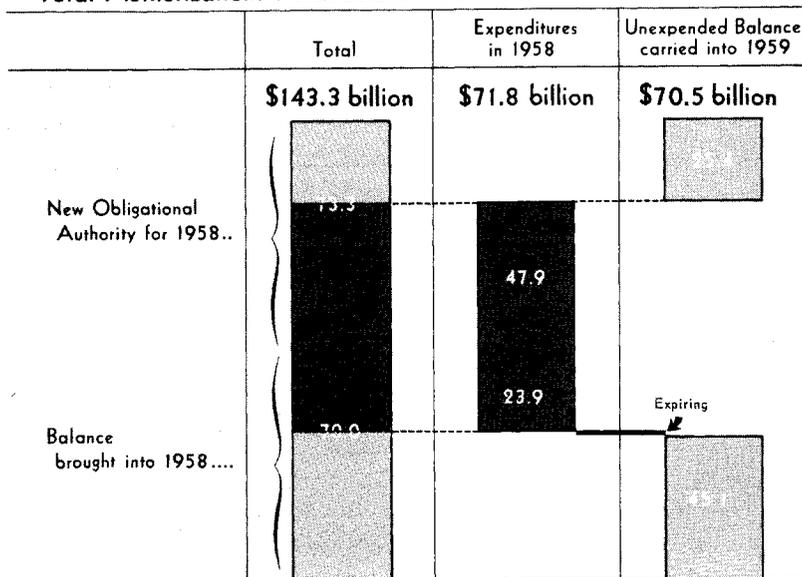
From the available \$143.3 billion, budget expenditures to be

made in 1958 are estimated at \$71.8 billion. Approximately \$47.9 billion of the expenditures will go to pay for obligations incurred under the new authority enacted for 1958. These obligations will be for such items as salaries earned and benefits paid during 1958 and for supplies and equipment which are both ordered and delivered in that year.

The rest of the expenditures, \$23.9 billion, will be mainly for construction and for major military equipment such as jet bombers and naval ships which were ordered under obligational authority enacted in prior years but which will not be delivered until 1958. Similarly, part of the new obligational authority enacted for the fiscal year 1958 will be committed to procure such items as new guided missiles and to contract for new buildings which will be completed perhaps 2 or 3 years hence.

Because obligational authority foreruns expenditures, it is necessary to exercise control over the amount of new authority voted for Government agencies in order to keep expenditures within receipts. If in any year the Government obligates itself to pay more money than it is receiving, it is courting future deficits.

Total Authorizations Available in 1958 - Estimate



Each year since 1953 the executive branch has kept its annual recommendations to the Congress for new obligational authority within the limits of its expected receipts. The budget proposes

that this policy be continued in the fiscal year 1958. The total new obligational authority recommended for 1958 is \$73.3 billion, \$279 million less than anticipated receipts.

Unexpended Balances Carried Forward

BALANCES of appropriations and other obligating authority carried forward from one fiscal year to the next represent authority to draw on the Treasury as needed to pay bills; they are not cash on hand. The total of such balances carried forward into the fiscal year 1958 is estimated to be \$70 billion.

In some cases such as the Federal Deposit Insurance Corporation, which insures deposits in private banks, the unspent balances represent standby or emergency obligational authority which the Government does not anticipate having to exercise in the foreseeable future. However, the major part of the un-

UNSPENT BALANCES CARRIED FORWARD AT END OF YEAR

[Fiscal years. In billions]

Description ¹	1953 actual	1954 actual	1955 actual	1956 actual	1957 esti- mate	1958 esti- mate
Appropriations	\$78.4	\$67.7	\$52.1	\$46.0	\$46.4	\$47.3
Other:						
Authorizations to spend from debt receipts	20.2	21.1	19.5	18.3	18.6	17.7
Contract authorizations	2.5	2.5	2.6	4.0	1.0	1.3
Revolving and management funds	1.7	2.9	5.4	4.6	4.0	4.2
Total	102.8	94.2	79.6	72.9	70.0	70.5

¹ See glossary for definitions of items.

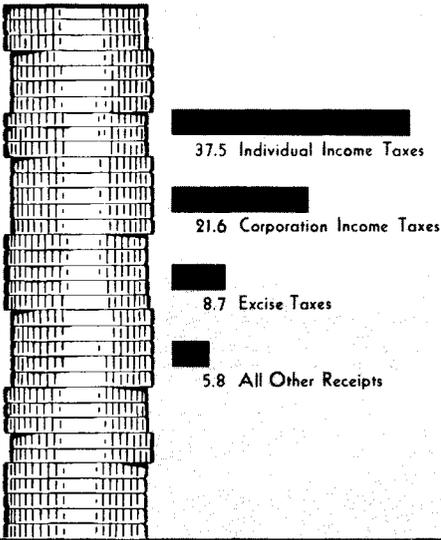
spent balances which are brought forward into a particular fiscal year are balances of appropriations for programs currently underway.

At the present time, most of the unspent balances of appropriations are obligated; they are committed to pay bills already owed by the Government or bills which will come due upon completion of contracts already signed. In order to diminish the upward

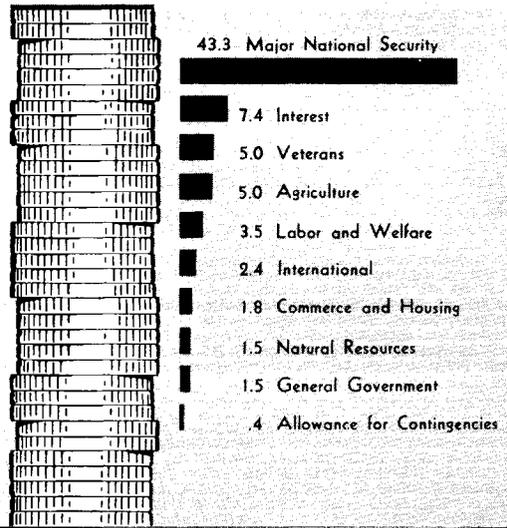
pressure on the annual rate of spending exerted by these unspent balances of appropriations, the present administration has acted to reduce their size to the extent sound management allows. They will have been reduced from \$78.4 billion at the close of the fiscal year 1953 to an estimated \$47.3 billion by the end of 1958, having reached a low point of \$46 billion at June 30, 1956.

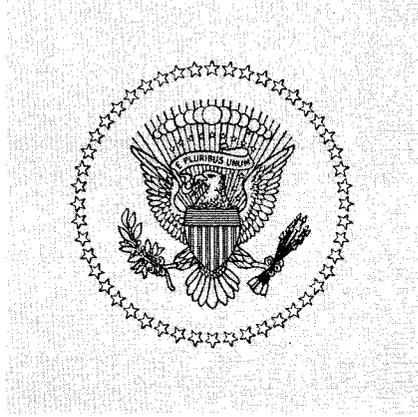
The 1958 Budget

1958 Estimated Receipts - \$73.6 billion



1958 Estimated Expenditures - \$71.8 billion





Part 2 Budget Information by Function

Part 2 of this booklet groups estimated budget expenditures by the nine major functions used in the President's analysis of the budget, which accompanied his budget message to the Congress.

The charts in this section show the 1958 estimates for the programs within each major function. Budget expenditures for these same programs over a 6-year period are shown on pages 50 and 51 of this booklet.

I. Major National Security

\$43,335 million . . . 60.3% of the 1958 budget

OUR MILITARY services collectively have four basic missions: (1) to maintain ready nuclear-air retaliatory forces designed to deter a potential aggressor from attack; (2) to build a defense system which will minimize the chances of possible attack on this continent being successful; (3) to maintain mobile, versatile armed forces ready for immediate action in case of aggression against the free world; and (4) to maintain control of sea areas and lines of communication in case of war.

New weapons constantly affect both the means of accomplishing these missions and the size of the military budget. Expenditures for the military functions of the Department of Defense in 1958 are estimated at \$38 billion, \$2 billion more than 1957.

Over one-fourth of the estimated increase will be for guided missiles. Expenditures for ship construction will rise \$112 million. Aircraft procurement will be at about the same level. Other procurement expenditures will decline \$54 million.

Some 2.8 million men and women will be on active duty in

the fiscal year 1958. The Army, Navy, and Marine Corps will hold to about their current numbers; Air Force strength will increase by several thousand men.

Operation and maintenance costs are expected to rise \$498 million, because of the larger number of bases and the growing complexity of new weapons.

Military public works will provide new facilities for continental defense, improved and dispersed heavy bomber bases, and other essential construction in the United States and overseas. The reserve forces will be improved through modernization of equipment and better selection and training of personnel.

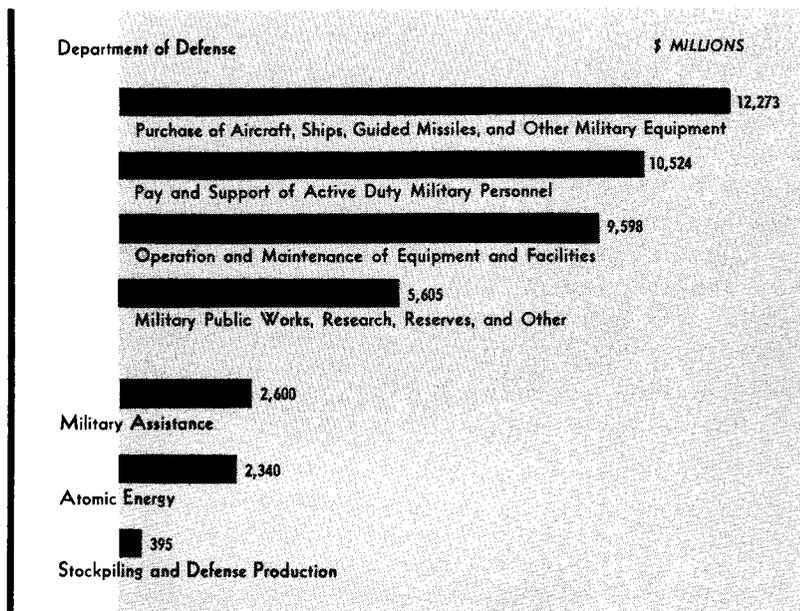
Thirty-eight countries now receive military equipment and training from the United States under the mutual security pro-

[In millions]

Fiscal year	Budget expenditures	New obligational authority
1958 est.	\$43,335	\$43,600
1957 est.	40,965	40,366
1956.	40,641	35,903
1955.	40,626	33,656
1954.	46,904	38,901
1953.	50,363	57,298

Major National Security

Budget Expenditures in 1958—Estimate



gram. This military assistance is related to our own military plans and will provide other countries with newer types of weapons, particularly for air defense. An increased proportion of military assistance equipment is to be sold rather than delivered on a grant basis.

Atomic Energy Commission expenditures in 1958 for both military and peaceful purposes are estimated to rise \$400 million. The major portion of this increase will be applied to the procurement of uranium ore and

the development and production of nuclear weapons.

The budget also provides for developing (1) new uses for atomic energy in biology, medicine, agriculture, and industry, and (2) the basic reactor technology needed for progress toward competitive atomic power.

For the fourth successive year, net expenditures for expansion of defense production and the stockpiling of strategic and critical materials are expected to decrease. Materials already in the stockpile are valued at well over \$6 billion.

II. *International Affairs and Finance*

\$2,444 million . . . 3.4% of the 1958 budget

ECONOMIC and technical assistance to other countries is carried on primarily through the mutual security program under the direction of the International Cooperation Administration in the Department of State. This assistance helps other countries strengthen their economies and meet the economic burdens of maintaining adequate military forces.

Expenditures for this portion of the mutual security program will be moderately higher in 1958 than in the current fiscal year. A significant part of the outlays will be in the form of loans. Part of the mutual security expenditures will be for our share of the cost of programs conducted by the United Nations and other international organizations.

The 1958 estimates for the mutual security program also include spending of the additional funds for the Middle East requested by President Eisenhower. While the specific forms of this assistance must be agreed upon with the recipient countries, it is anticipated that a part would be for economic and technical development.

Export-Import Bank loans to finance United States exports also contribute importantly to the economic development of other countries. Net expenditures by the Bank have increased in the current fiscal year. This has occurred as new development loans for countries in Latin America and in Southeast Asia have been negotiated and as competing demands for money have caused estimates of private participation in the Bank's loans to decline. Also, the Bank recently announced a substantial line of credit against pledged securities to the United Kingdom for the purchase of United States products.

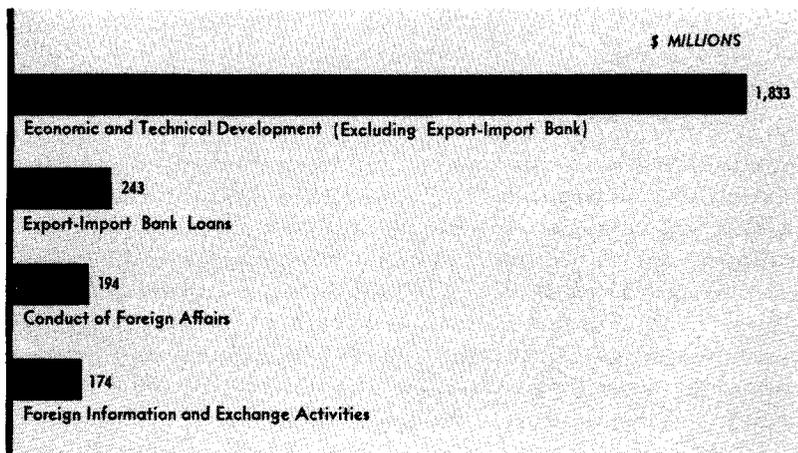
Expenditures for the conduct of foreign affairs are expected to be about 25 percent greater in

[In millions]

Fiscal year	Budget expenditures	New obligational authority
1958 est.....	\$2, 444	\$2, 460
1957 est.....	2, 382	2, 233
1956.....	1, 846	2, 123
1955.....	2, 181	2, 304
1954.....	1, 732	1, 838
1953.....	2, 216	2, 149

International Affairs and Finance

Budget Expenditures in 1958—Estimate



1958 than in 1957. The Department of State is strengthening the Foreign Service both in Washington and overseas in accordance with the recommendations of the Secretary of State's Public Committee on Personnel. Progress is also being made on construction of a major addition to the Department's headquarters building in Washington which will put in one place the personnel working in 30 separate buildings.

Confronted with an intensified worldwide conflict of ideas, the

United States has increased its information and personal exchange programs throughout the world. Expenditures for these programs carried on by the United States Information Agency and the Department of State have risen since the fiscal year 1954 and are expected to be \$174 million in 1958. Expansion of information activities in Asia and Africa and extension of United States participation in cultural programs and trade fairs will be given particular emphasis in the coming fiscal year.

III. Commerce and Housing

\$1,748 million . . . 2.4% of the 1958 budget

To KEEP pace with the rapid growth of air traffic and the need for traffic control, substantial increases are recommended in the 1958 budget for new equipment and for the expenses of operating the Federal airways system. Other expenditures for aviation cover grants to help finance local airport construction, research, and subsidies paid to airlines.

The Government encourages the purchase and construction of private housing through insurance and guaranties of private loans and through purchases of mortgages for groups having special difficulties in obtaining home financing. In addition, more than 500 urban renewal projects will be in various stages of planning and construction in 1958 with Federal assistance. Local agencies will also be helped to

finance 35,000 low-rent public housing units.

Subsidies and other aids are provided by the Maritime Administration (1) to offset the difference in operating costs between American and foreign ships on essential foreign-trade routes, and (2) to help ship operators finance replacement of older merchant ships and thus keep American shipbuilding and merchant marine industries sound. The Coast Guard provides navigation aids, trains reserves, and carries on other activities to develop and maintain water transportation.

New legislation enacted last year will provide Federal indemnities to help meet losses arising from flood damage.

Larger appropriations are recommended for 1958 to improve civil defense, particularly in metropolitan areas.

FISCAL YEAR 1958 ESTIMATED GROSS AND NET EXPENDITURES

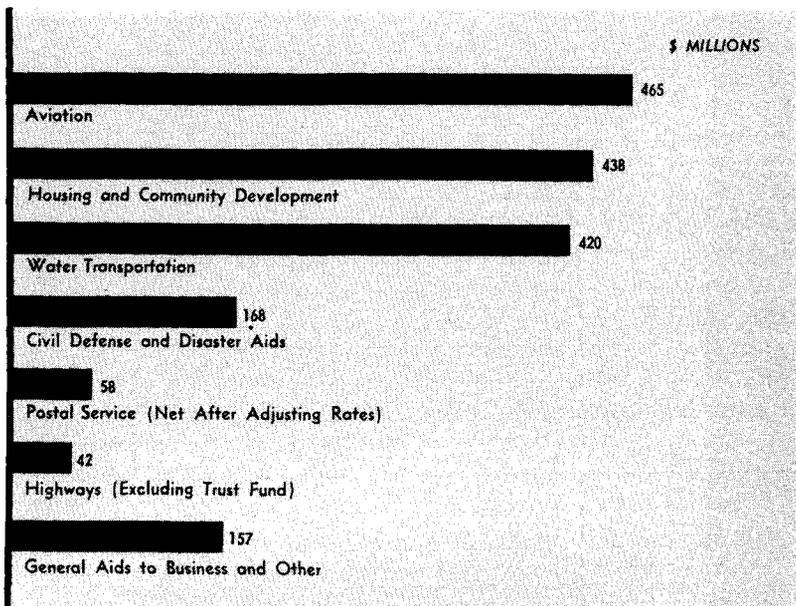
[In millions]

Program	Gross expenditures	Applicable receipts	Net expenditures
Aviation.....	\$465	(1)	\$465
Housing and community development.....	2,093	\$1,655	438
Water transportation.....	527	107	420
Civil defense and disaster aids.....	183	15	168
Postal service.....	3,354	3,296	58
Highways (excluding trust fund).....	42	-----	42
General aids to business and other.....	240	83	157
Total.....	6,904	5,156	1,748

¹ Less than one-half million dollars.

Commerce and Housing

Budget Expenditures in 1958—Estimate



Adjustments in postal rates of approximately \$650 million were recommended by the President to reduce the estimated postal deficit and to make the Post Office as nearly as possible a self-supporting enterprise. If these adjustments are enacted, additional appropriations are to be recommended for equipment.

The direct budget expenditures shown for highways are limited to Federal construction of roads in the national forests and on other public lands.

Reduced availability of private credit has led many small businesses to request Government

loans. The President proposed extension of the Small Business Act beyond its expiration date of June 30, 1957. A program to aid redevelopment of depressed areas was also recommended.

[In millions]

Fiscal year	Gross expenditures	Net expenditures	New obligational authority
1958 est....	\$6,904	\$1,748	\$2,791
1957 est....	6,574	2,269	3,992
1956.....	5,958	2,028	4,526
1955.....	6,018	1,502	2,815
1954.....	6,397	814	2,374
1953.....	7,267	2,502	3,486

IV. Agriculture and Agricultural Resources

\$4,965 million . . . 6.9% of the 1958 budget

AGRICULTURAL programs of the Federal Government are intended to facilitate improvements in the production and marketing of farm products and to help farm families share the benefits of the Nation's continued economic growth. Net expenditures for agricultural purposes in the fiscal year 1958 are estimated to be \$264 million higher than in 1957.

Net expenditures for the price support operations of the Commodity Credit Corporation are expected to be reduced in 1957 and 1958 from the fiscal year 1956 level. However, the reduction will be more than offset

by increased expenditures under the soil bank and other agricultural programs.

The new soil bank has two parts. Under the acreage reserve program, farmers are compensated for loss of income resulting from voluntary withdrawal of land from crop production. Under the conservation reserve program, they receive rent for cropland placed in cover crops and reforestation and also receive payments to share the cost of adopting conservation practices.

Substantial Federal expenditures are also being made for

FISCAL YEAR 1958 ESTIMATED GROSS AND NET EXPENDITURES

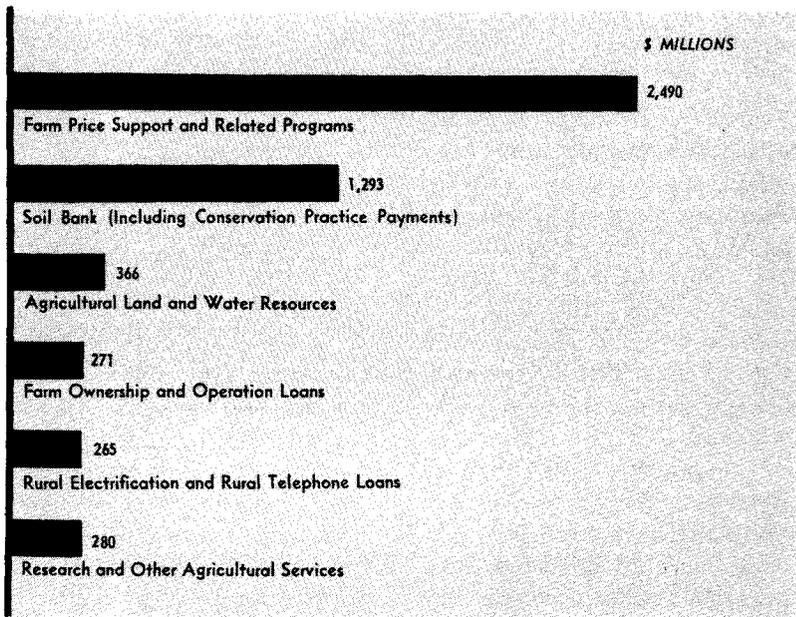
[In millions]

Program	Gross expenditures	Applicable receipts	Net expenditures
Farm price support and related programs ¹	\$5,564	\$3,074	\$2,490
Soil bank (including conservation practice payments).....	1,293	-----	1,293
Agricultural land and water resources.....	366	-----	366
Farm ownership and operation loans ¹	356	85	271
Rural electrification and rural telephone loans.....	265	-----	265
Research and other agricultural services.....	280	-----	280
Total.....	8,124	3,159	4,965

¹ Applicable receipts are mainly from sales of commodities and repayments on loans.

Agriculture and Agricultural Resources =====

Budget Expenditures in 1958—Estimate



other programs to develop agricultural land and water resources. These include the regular agricultural conservation program of the Department of Agriculture, special conservation activities for the Great Plains authorized by the Congress last year, technical assistance from the Soil Conservation Service, and aid to local projects under the Watershed Protection and Flood Prevention Act of 1954.

Provision is made in the budget for additional loans by the Farmers' Home Administration to re-finance farm debts, to assist

farmers suffering from drought, to help meet the credit needs of owners of farms of less than family size, and to satisfy other farm credit needs.

[In millions]

Fiscal year	Gross expenditures	Net expenditures	New obligational authority
1958 est.	\$8, 124	\$4, 965	\$4, 792
1957 est.	9, 560	4, 701	5, 096
1956	9, 060	4, 913	3, 310
1955	9, 324	4, 411	2, 672
1954	7, 497	2, 557	4, 010
1953	6, 448	2, 936	1, 333

V. *Natural Resources*

\$1,538 million . . . 2.1% of the 1958 budget

RESOURCE development is vital to the continued strength of our country and should be the responsibility of every citizen. It can best be accomplished through appropriate cooperation among private groups, State and local governments, and the Federal Government. Federal expenditures for natural resources in the fiscal year 1958 are estimated to be \$167 million more than in 1957, mostly for activities already authorized by the Congress.

The Corps of Engineers and the Bureau of Reclamation will continue work on 299 going projects for flood control, navigation, and irrigation in the fiscal year 1958; some of these have water supply and power features. Construction of 38 of these projects will be completed in 1958. The budget also provides funds for these agencies to start on a moderate scale some new Federal projects and to participate with State and local groups in partnership water resource projects.

Construction on the Saint Lawrence Seaway will go forward in 1958. The budget proposes additional borrowing authority for the Saint Lawrence Seaway Corporation to meet increased con-

struction costs and to perform more dredging work.

The Tennessee Valley Authority will continue work on additional steam-electric generating units started in 1956 and 1957. Pending a thorough review of future power needs, the 1958 budget includes \$30 million under proposed revenue-bond legislation for TVA to construct another new unit at an existing steam plant in order to meet power needs expected to develop in the area by the end of the calendar year 1960.

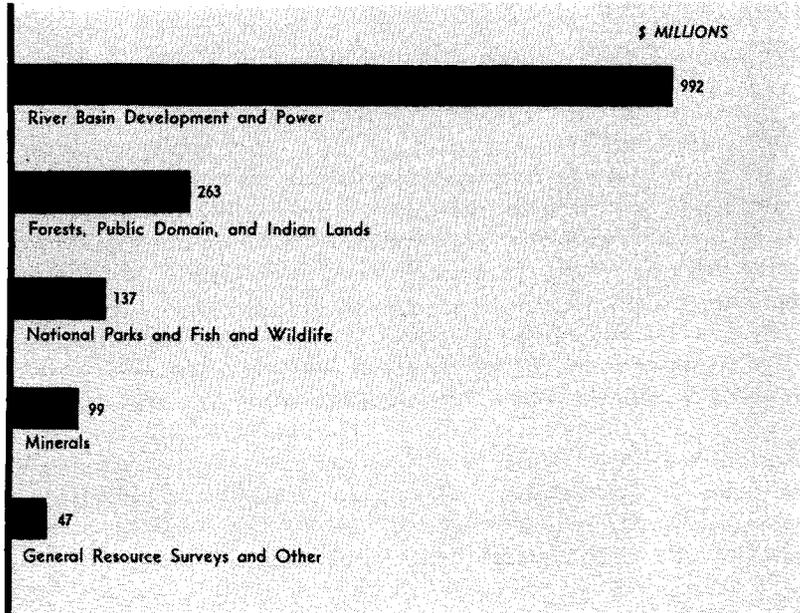
In the fiscal year 1958, soil conservation work will be increased on the lands in the national forests and parks, in the public domain, and on Indian lands. Also, the budget provides for necessary construction of schools for Indians.

[In millions]

Fiscal year	Budget expenditures	New obligational authority
1958 est.....	\$1, 538	\$1, 559
1957 est.....	1, 371	1, 391
1956.....	1, 104	1, 213
1955.....	1, 202	1, 070
1954.....	1, 315	1, 398
1953.....	1, 476	1, 503

Natural Resources

Budget Expenditures in 1958—Estimate



Our national parks, national forests, and fish and wildlife resources offer recreational opportunities for many millions of our citizens. The 10-year development program begun by the National Park Service in the current fiscal year is being undertaken to meet the needs of an estimated 80 million visitors to the parks in 1966. Also, addi-

tional campgrounds, picnic areas, and other facilities will be built in the national forests.

The Department of the Interior will assist commercial fisheries to improve their competitive position and will help segments of the mining industry to adjust from defense demands to normal market conditions.

VI. Labor and Welfare

\$3,538 million . . . 4.9% of the 1958 budget

OBJECTIVES of the Government's labor and welfare programs are to increase individual opportunity and provide safeguards against economic and health hazards while fostering self-reliance.

Of the \$3.5 billion estimated budget expenditures for these programs in the fiscal year 1958, 80 percent are to be in the form of grants-in-aid to State and local governments. In addition, estimated benefit payments of more than \$10 billion will be made by the Federal social insurance and retirement trust funds. A large part of all these expenditures is for the aged.

Public assistance grants to States in 1958 will help finance payments to 5 million persons—mostly persons over 65 and dependent children. Expenditures for this purpose include the cost of recent legislation which raised the Federal share of these payments and provided more assistance for medical care.

Research will take about one-third of the expenditures for promotion of public health in 1958. Grants for hospital construction and for facilities to abate water

pollution are estimated at \$162 million. Other public health expenditures are to (1) assist States and localities in providing community health services, including those for the aged, (2) provide health services for Indians, and (3) enforce the food and drug laws and carry on similar activities.

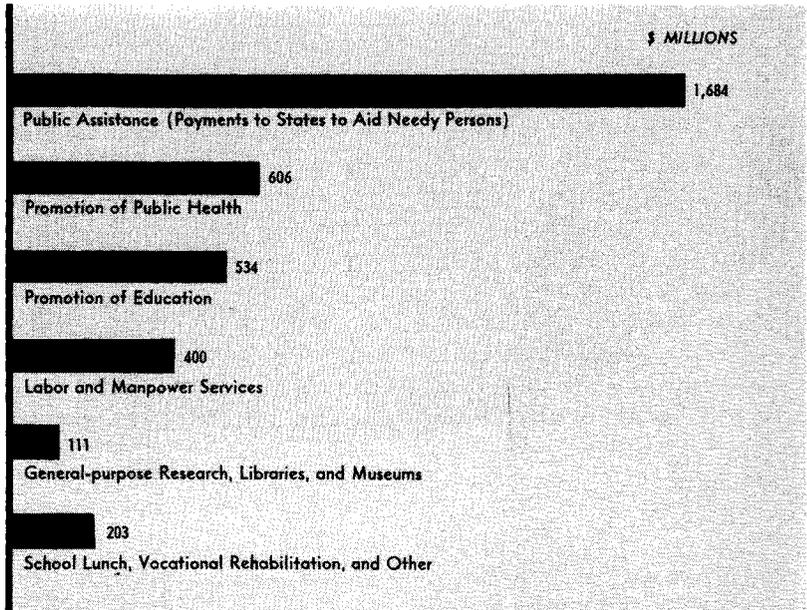
The budget includes the 1958 cost of the legislation proposed by the President to complete in 4 years general aid for school construction recommended as a 5-year program last year. It also includes the costs of existing programs for financial assistance to local school districts where enrollments are substantially increased by Federal activities, for vocational education grants, and for educational research and services.

[In millions]

Fiscal year	Budget expenditures	New obligational authority
1958 est.....	\$3, 538	\$3, 799
1957 est.....	3, 032	3, 196
1956.....	2, 776	2, 860
1955.....	2, 552	2, 614
1954.....	2, 485	2, 429
1953.....	2, 426	2, 456

Labor and Welfare

Budget Expenditures in 1958—Estimate



The 1958 budget provides support for the Federal-State employment service and unemployment insurance system. In addition, it covers the new legislation recommended to improve occupational safety and increase the coverage of the labor standards and unemployment compensation laws.

Grants made by the National

Science Foundation to promote basic research and training in the sciences account for the largest part of expenditures for general-purpose research. Amounts are also provided in the budget for the Bureau of the Census, the National Bureau of Standards, the Smithsonian Institution, and the Library of Congress.

VII. *Veterans Services and Benefits*

\$5,027 million . . . 7.0% of the 1958 budget

VETERANS benefits and services already account for nearly one-fifth of all budget expenditures other than for major national security. Federal spending for the wide range of aids and services provided for our 23 million veterans and for their dependents continues to increase.

The President's Commission on Veterans' Pensions last year recommended a number of changes to adjust the veterans programs to changing economic and social conditions. The President has indicated that a special message outlining legislative proposals in this field will be sent to the Congress in the current session. The 1958 budget includes \$100 million under compensation and pensions to cover the estimated additional cost of these proposals.

Compensation benefits of almost \$2 billion will be paid to 2.5 million individuals and families in 1958 for disability or death connected with military service. Pensions totaling more than \$1 billion will be paid to 1.2 million veterans and families of veterans for disabilities and deaths not resulting from military service.

The compensation rolls are stabilizing, while the pension rolls are rising and are expected to continue to increase for many years as veterans grow older.

Hospital and medical care will cost about \$797 million in the fiscal year 1958. An additional \$38 million will be spent for replacement and modernization of medical facilities. The operating expenditures will provide for 122,500 beds in Veterans Administration hospitals, for 3,000 beds in contract hospitals, for care of 25,700 veterans in domiciliary homes, and for outpatient medical and dental care.

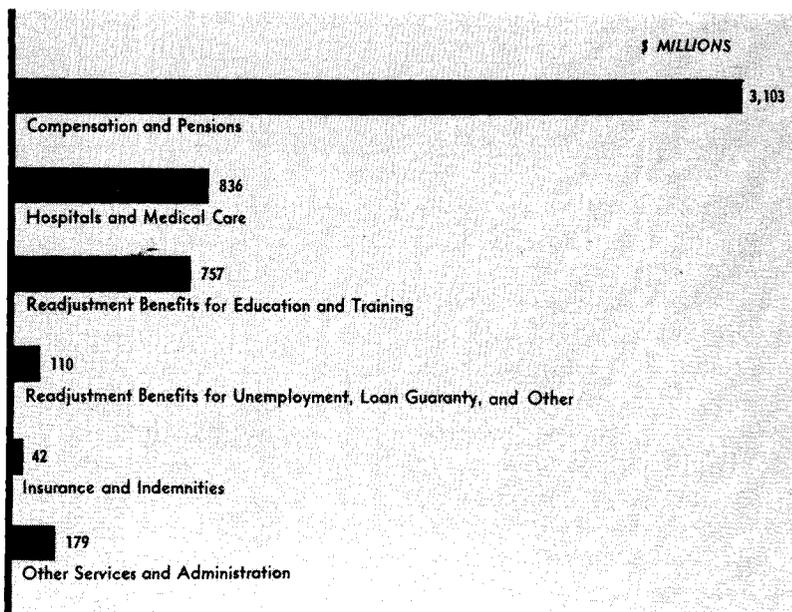
Education and training benefits for veterans of the Korean conflict now constitute the largest part of readjustment benefits.

[In millions]

Fiscal year	Budget expenditures	New obligational authority
1958 est.-----	\$5,027	\$5,042
1957 est.-----	4,851	4,890
1956-----	4,756	4,823
1955-----	4,457	4,369
1954-----	4,256	4,272
1953-----	4,298	4,132

Veterans Services and Benefits

Budget Expenditures in 1958—Estimate



Average enrollment of this group is expected to reach a peak in the fiscal year 1957 and then drop about 4 percent to 569,000 in 1958.

In the fiscal year 1958, the Veterans Administration expects to guarantee loans to 540,000 veterans for homes, farms, and businesses. Budget expenditures resulting from defaults on guaranteed loans are largely offset by

recoveries from the sale of properties. Under present law World War II veterans will be able to apply for loan benefits until July 1958 and veterans of the Korean conflict will continue eligible until 1965.

Only those persons who entered military service between June 27, 1950, and January 31, 1955, may currently claim veterans unemployment compensation.

VIII. Interest

\$7,360 million . . . 10.2% of the 1958 budget

INTEREST rates paid on Government securities and the size of the public debt determine the amount of annual interest payments.

The public debt was reduced in the fiscal year 1956, and further modest reductions are expected in 1957 and 1958. However, as a result of the active competition for available credit, interest payments are estimated to increase, because the Treasury is paying higher rates of interest on the new public debt securities issued to refinance maturing securities.

The average rate paid on the outstanding interest-bearing public debt has risen during the calendar year 1956 from 2.49 to 2.67 percent. Interest rates on the public debt cannot be expected to decline substantially until there is a more favorable balance between the supply of savings and credit, on the one hand, and the total demand for credit, on the other.

Interest payments on marketable obligations, mainly held by financial institutions, are over one-half of all interest payments.

Most of the estimated increase in total interest expenditures for the fiscal year 1958 is accounted for by these obligations, since the refinancing of short-term maturities promptly reflects changes in market rates of interest.

United States savings bonds bear an interest rate that is higher than the rate usually paid on the total public debt and carry favorable redemption privileges. More than one-fifth of the interest on the public debt is payable to the investors who hold these bonds, mostly individuals.

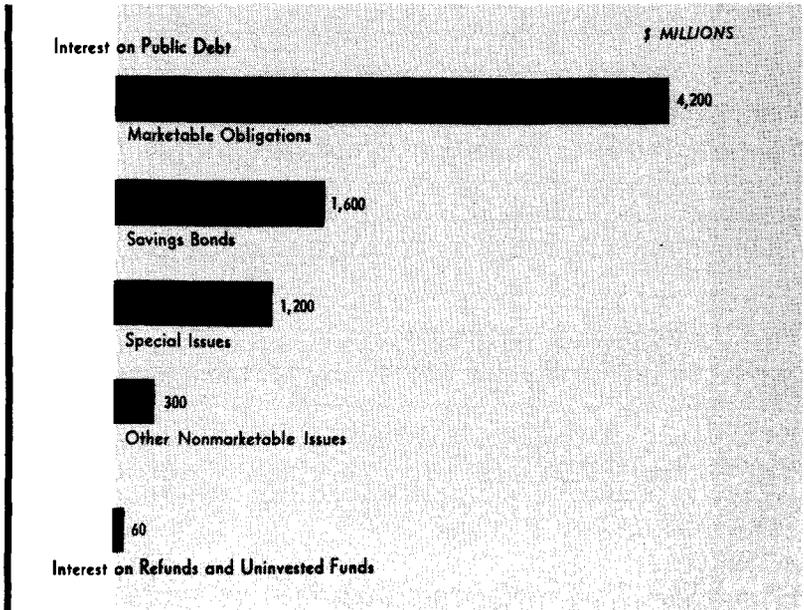
Special issues of nonmarketable securities are owned by Government trust funds and certain Government corporations which invest their reserves against possible future claims. The in-

[In millions]

Fiscal year	Budget expenditures
1958 est.-----	\$7,360
1957 est.-----	7,260
1956-----	6,846
1955-----	6,438
1954-----	6,470
1953-----	6,583

Interest

Budget Expenditures in 1958—Estimate



Interest rate on a large portion of these issues is the average rate for longer-term marketable securities. For a few special issues the rates are specified by law.

The Congress does not make

annual appropriations for interest payments. Since these payments are fixed obligations of the Government, expenditures for interest have been authorized by permanent law.

IX. General Government

\$1,451 million . . . 2.0% of the 1958 budget

GENERAL government activities consist primarily of central management operations, law making, and law enforcement.

The Treasury Department carries on the Government's revenue and debt management activities. These activities include collecting taxes and customs, managing the public debt, writing most of the checks to pay the Government's bills, and making the coins and currency.

The 1958 budget provides for continuing improvements in Federal buildings to protect them against deterioration and to contribute to working efficiency. Some additional space will be needed to eliminate overcrowding in certain offices.

Expenditures for legislative functions in both 1957 and 1958 include amounts for the additional office buildings that are being built for the Senate and the House of Representatives. In addition, the Capitol is being remodeled.

Accident and unemployment compensation payments for Federal employees, together with administration of the civil service

system, account for practically all of the personnel costs not separately allocated to other major functions in the 1958 budget. Starting in 1958, the Government's payments as employer to the Federal employees retirement fund will be included as part of each agency's payroll costs. Previously this payment has been made from a lump sum appropriation to the Civil Service Commission.

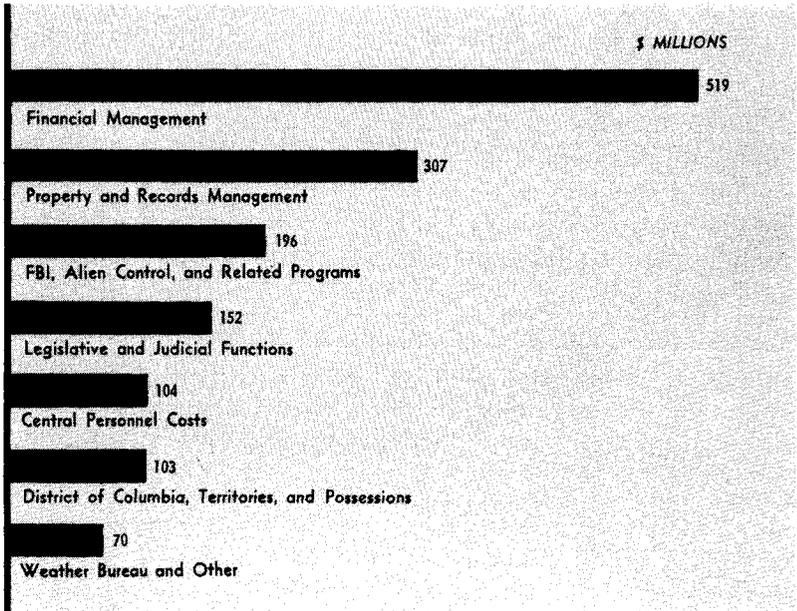
Recently enacted legislation authorized an increase in the payment made by the Federal Government to help defray annual operating costs of the District of Columbia government. This increase plus the loans for public works construction which were authorized in 1954 are

[In millions]

Fiscal year	Budget expenditures	New obligatory authority
1958 est.	\$1,451	\$1,438
1957 est.	1,870	1,851
1956.	1,629	1,595
1955.	1,201	1,138
1954.	1,239	1,074
1953.	1,474	1,368

General Government

Budget Expenditures in 1958—Estimate

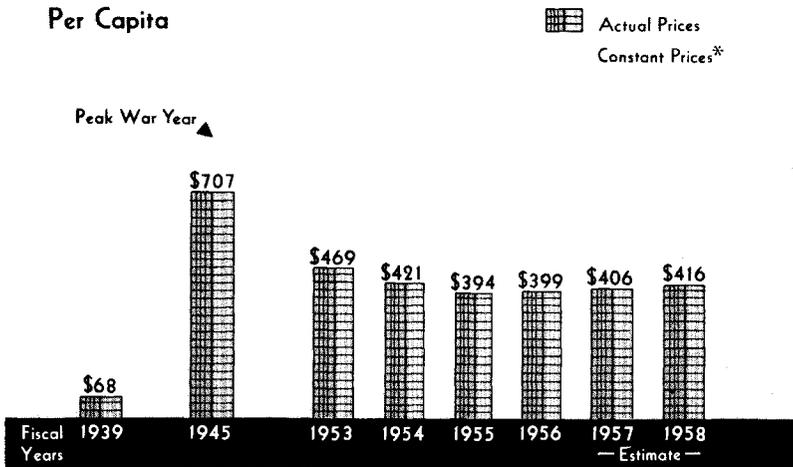
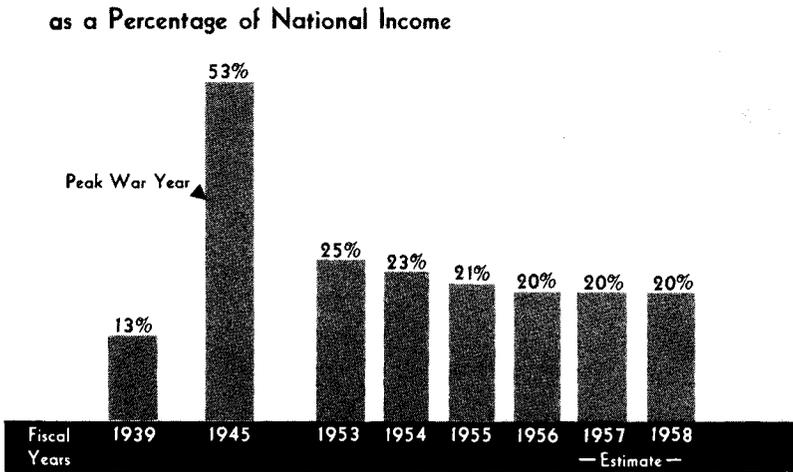


expected to raise Federal expenditures for the District to \$43 million in 1958.

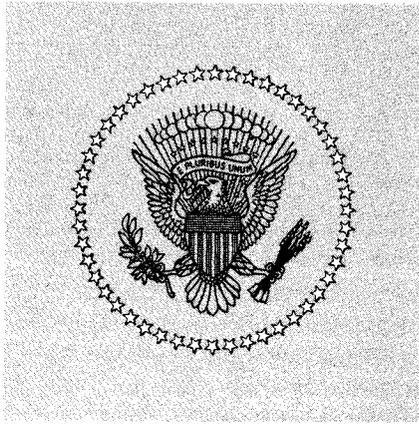
Under legislation enacted last year, each agency now pays the bills presented against its expired appropriations; formerly,

such claims were paid from a single Treasury Department account. Payments for this purpose are now distributed among the several major functions rather than included entirely under general government.

Budget Expenditures



*Adjusted to December 1956 Wholesale Prices



Part 3 Supplementary Information

Part 3 of this booklet summarizes budget information by agency. It also presents summary data for certain Federal activities, such as public works and aid to States and local governments, which are common to many of the agencies and are parts of the functions discussed in part 2.

In addition, part 3 provides information on other aspects of Government financial operations, such as the Federal trust funds and credit programs, and includes historical data on the public debt and Federal receipts and expenditures.

Budget Information by Agency

New obligational authority by agency.—For the most part, new obligational authority consists of appropriations made directly to the individual Federal agencies. In a few instances, such as the mutual security program for which major responsibility is shared by two or more agencies, appropriations are made to the President and are then allocated by him among the agencies.

The Department of Defense will be granted more than half of all new obligational authority recommended for the fiscal year 1958. The next largest amount is for the Treasury Department, largely authority for paying interest on the public debt. Other agencies for which new obligational authority of more than \$3 billion has been recommended for 1958 are the Department of Agriculture, the Veterans Administration, and the Department of Health, Education, and Welfare.

New obligational authority recommended by the President for each of the major Federal agencies for the fiscal year 1958 is shown in the last column of the table on the opposite page.

Gross and net expenditures by agency.—In addition to the funds

they receive under appropriations from the Congress, a number of agencies engaged in business-type operations collect funds—called public enterprise receipts—directly from private individuals and businesses. For example, the Post Office Department collects money from the sale of stamps and other services, and the Department of Agriculture receives reimbursements or payments for farm commodities it disposes of or sells.

These agencies are authorized to spend both their appropriated funds and their applicable public enterprise receipts. The true scale of their activities, therefore, can be measured by their gross expenditures. However, their net expenditures, calculated by subtracting the applicable receipts from gross expenditures, are the amounts which directly influence the size of the budget deficit or surplus. Gross expenditures, applicable receipts, and net expenditures which appear in the 1958 budget estimates are shown in the first three columns of the table on the opposite page.

Receipts by the Post Office Department are expected to be more than one-third of the re-

EXPENDITURES AND NEW OBLIGATIONAL AUTHORITY BY AGENCY

[Fiscal year 1958 estimate. In millions]

Agency	Gross expenditures	Public enterprise receipts	Net expenditures	New obligational authority
Legislative branch.....	\$122		\$122	\$95
The judiciary.....	44		44	45
Executive Office of the President.....	12		12	12
Funds appropriated to the President:				
Mutual security.....	4,363	\$6	4,356	4,400
Other.....	344	255	89	35
Independent offices:				
Atomic Energy Commission.....	2,340	(¹)	2,340	2,520
Export-Import Bank.....	670	427	243	
Tennessee Valley Authority.....	310	282	27	45
Veterans Administration.....	5,186	118	5,068	4,990
Other.....	728	112	616	799
General Services Administration.....	657	3	654	447
Housing and Home Finance Agency.....	1,937	1,546	391	1,194
Department of Agriculture.....	8,481	3,151	5,330	5,158
Department of Commerce.....	801	29	772	944
Department of Defense:				
Military functions.....	38,031	31	38,000	38,500
Civil functions.....	784	85	700	703
Department of Health, Education, and Welfare.....	2,834	3	2,831	3,071
Department of the Interior.....	737	32	704	718
Department of Justice.....	226		226	235
Department of Labor.....	422	4	418	438
Post Office Department.....	3,354	3,296	58	67
Department of State.....	230		230	230
Treasury Department.....	8,149	16	8,132	8,154
District of Columbia.....	43		43	42
Allowance for contingencies.....	400		400	500
Total.....	81,203	9,396	71,807	73,341

¹ Less than one-half million dollars.

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

ceipts of all public enterprises in the fiscal year 1958. Postal receipts are estimated to be higher in the coming fiscal year than in 1957, mainly because of the adjustments in postal rates recommended by the President to cover more nearly the costs of providing postal service.

The next largest amount of enterprise receipts is estimated

for the Department of Agriculture, primarily for collections on loans and sales of commodities acquired under price-support operations of the Commodity Credit Corporation. Another major portion of public enterprise receipts in the fiscal year 1958 will be realized from repayment of loans previously made by the Housing and Home Finance Agency.

Trust Funds

VARIOUS funds which the Federal Government collects are held in trust for later payment to private individuals or to State and local governments. Because these funds are not available for the general purposes of government, they are not included in the Federal budget, and their transactions do not directly affect the budget surplus or deficit.

In the fiscal year 1958, trust receipts are estimated to total \$15.9 billion, \$1.5 billion more than payments. These amounts include new trust funds which were established in the fiscal year 1957 for Federal disability insurance which is now a part of social security, for Federal-aid highways, and for Federal intermediate credit banks.

The newly established social security benefits for disabled workers between the ages of 50 and 65 are financed from a one-half percent increase in the social security tax. Other social insurance and retirement trust funds are also financed mainly from payroll taxes paid by employers and employees. Expenditures from these insurance trust funds are for benefits to the aged, the unemployed, and the survivors of insured persons.

The Federal-aid highway trust

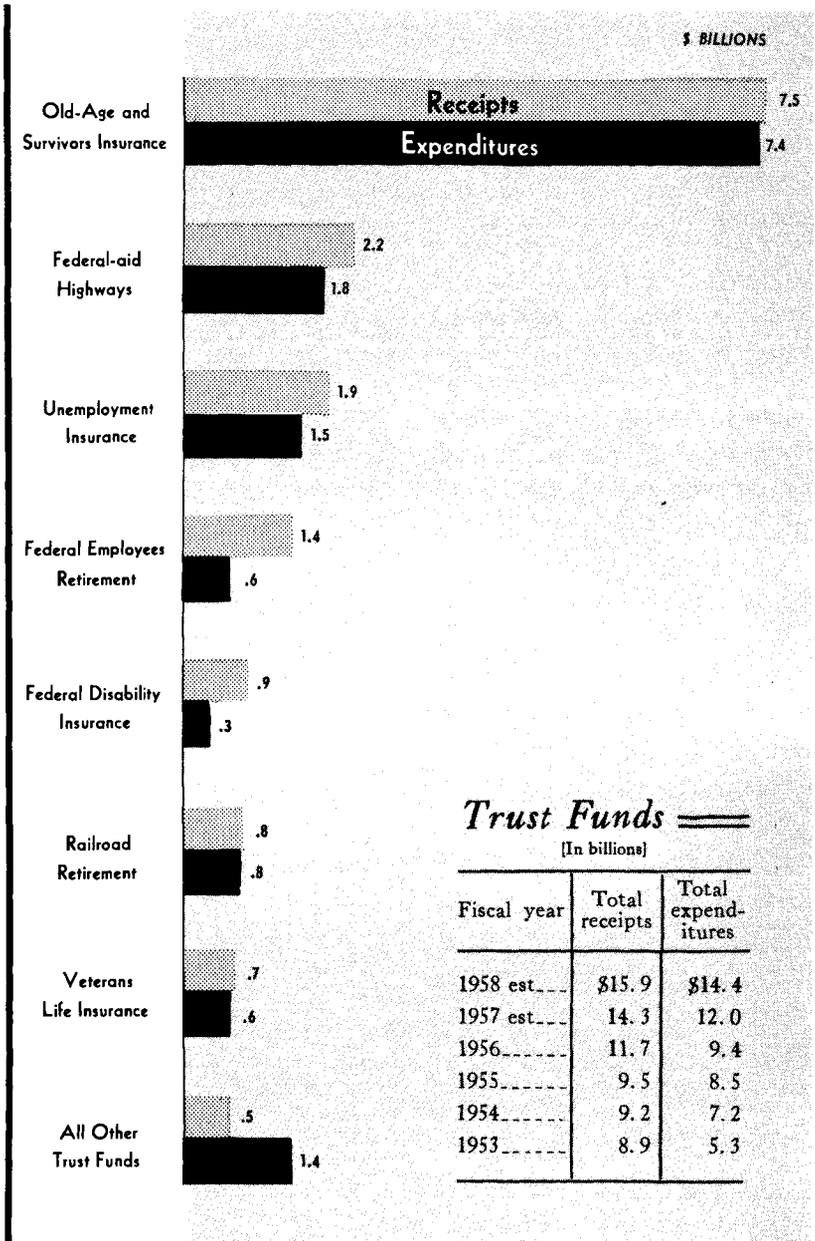
fund is expected to receive \$2.2 billion in 1958 from excises on motor fuels, tires, and vehicles. Expenditures of \$1.8 billion are primarily grants to the States to assist in building the interstate highway system. Receipts will exceed payments during the early part of this 13-year program, and the accumulated balances will be spent in later years.

Other trust funds administered by the Government include the secondary market operations of the Federal National Mortgage Association. The estimated excess of expenditures over receipts for the fiscal year 1958 in the category of "all other trust funds" is largely attributable to the secondary market purchases of mortgages by the Association. These purchases are expected to result in net trust expenditures of \$500 million.

Starting January 1, 1957, the financial transactions of the Federal intermediate credit banks have been accounted for as trust fund rather than regular budget transactions. This change in accounting occurred as a result of legislation enacted in 1956 which provided for retirement of the Government's capital and the eventual private ownership of these banks.

Trust Funds RECEIPTS AND EXPENDITURES

Fiscal Year 1958 Estimate



Federal Public Works

CONSTRUCTION for the Federal Government accounts for about 7.5 percent of all new construction in the United States. Public works of the State and local governments carried on with aid from the Federal Government represent another 5.5 percent.

A major portion of military public works expenditures will be for new air defense installations for all services and for further

work on dispersing Strategic Air Command bases to lessen their vulnerability to attack.

In the next fiscal year the Atomic Energy Commission will continue the construction already underway and will begin work on some new facilities for producing fissionable materials, nuclear weapons, and propulsion equipment as well as for the development of atomic power for civilian use.

BUDGET AND TRUST FUND EXPENDITURES FOR PUBLIC WORKS

[Fiscal years. In billions]

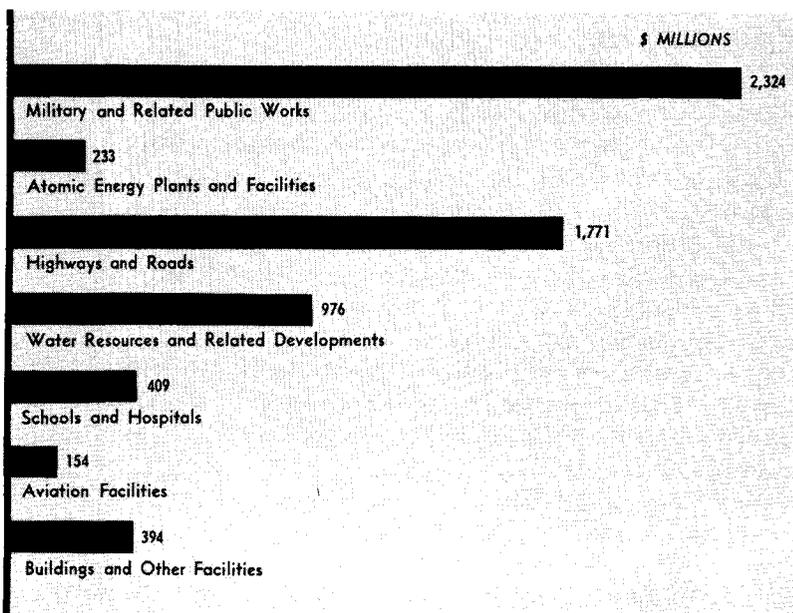
Program	1953 actual	1954 actual	1955 actual	1956 actual	1957 esti- mate	1958 esti- mate
Major national security public works:						
Budget expenditures:						
Military and related public works.....	\$1.9	\$1.7	\$1.6	\$2.1	\$2.0	\$2.3
Atomic energy plants and facilities.....	1.1	1.1	.8	.3	.2	.2
Total, major national security public works...	3.0	2.8	2.4	2.3	2.3	2.6
Civil public works:						
Budget expenditures:						
Federal projects.....	1.4	1.3	1.0	.9	1.2	1.4
Grants to State and local governments.....	.7	.7	.8	.9	.2	.5
Loans to State and local governments (net).....	(¹)	-.4	-.1	(¹)	.1	.1
Trust fund expenditures:						
Federal projects.....	(¹)	(¹)				
Grants to State and local governments.....					1.1	1.7
Total, civil public works.....	2.2	1.6	1.7	1.8	2.6	3.7
Total, Federal public works.....	5.2	4.4	4.1	4.1	4.9	6.3

¹ Less than \$50 million.

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

Federal Public Works

Budget and Trust Fund Expenditures in 1958—Estimate



New Federal-aid highways will be the largest of the civil public works programs in the fiscal year 1958. The President's proposal to aid school construction and the continuation of work on water resource development projects started in earlier years are other significant parts of the estimated budget and trust fund expenditures of \$3.7 billion for civil public works next year.

Most of the Government's current demand for construction

labor, materials, and equipment results from military and civil public works projects already underway. The President has directed that each agency of the Government regulate the rate of work on these projects and defer new work which may be appropriately delayed. In this way the Government is seeking to avoid excessive competition for labor and supplies in areas where these resources are being fully used.

Research and Development

ABOUT one-half of the Nation's total spending for research and development is by the Federal Government. Federal expenditures directly apportioned for this purpose are estimated to be \$2.9 billion in the fiscal year 1958, with an additional \$435 million to be spent for research facilities. A somewhat broader concept of the activities defined as research and development, particularly in the military, would bring these expenditures close to \$6 billion in total.

Most Federal research and development is related to national security, largely under Department of Defense appropriations specifically for this purpose. The substantial amounts included here in the category of research and development are supplemented by expenditures from regular procurement appropriations for additional weapons and equipment to be used in development and testing. The more than \$5 billion programmed by the Department of Defense for these purposes in 1958 will provide for developing and testing ballistic missiles and a variety of other new weapons.

Greater amounts are to be spent for research by the Atomic Energy Commission in the

coming fiscal year than in 1957. The Commission will emphasize development of reactors for both military and civilian uses.

The 1958 budget also provides for greater effort on research for improving human welfare, particularly under the programs of the Public Health Service of the Department of Health, Education, and Welfare.

In the fiscal year 1958, the Department of Agriculture will continue research on means for increasing the utilization of farm products and for achieving more balanced agricultural production.

Research conducted by the National Advisory Committee for Aeronautics is primarily con-

BUDGET EXPENDITURES FOR RESEARCH AND DEVELOPMENT

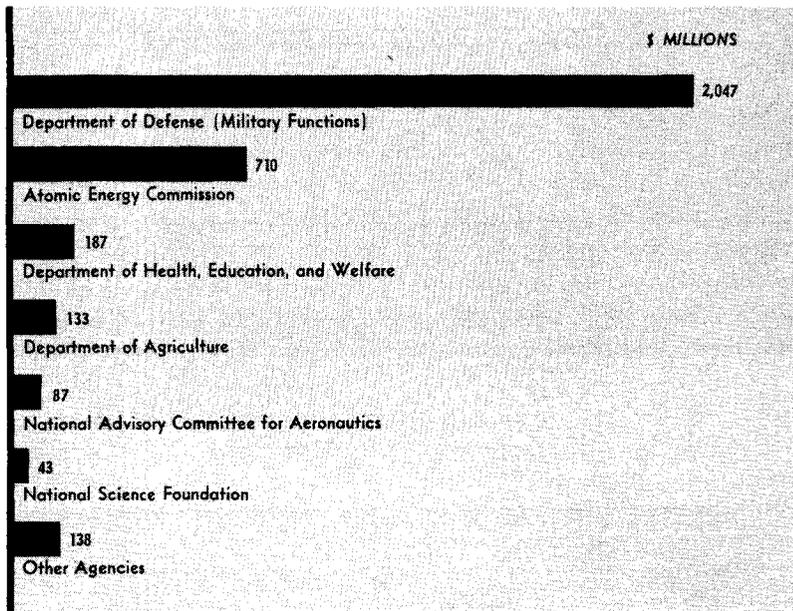
[In millions]

Fiscal year	Total	Major national security	Other
1958 est ¹ ----	\$3,345	\$2,793	\$552
1957 est ¹ ----	2,981	2,516	465
1956 ¹ -----	2,538	2,202	336
1955-----	2,085	1,804	281
1954-----	2,085	1,806	279
1953-----	2,100	1,830	270

¹Includes pay and allowances of military personnel assigned to research and development activities: 1958, 239; 1957, 196; 1956, 188.

Research and Development

Budget Expenditures in 1958—Estimate



cerned with the problems of military aviation. In the coming fiscal year, emphasis will be given to research on higher-speed flight and on nuclear power for aircraft.

About one-half of federally supported research and development is conducted in Government installations; the rest, in industrial plants and laboratories,

universities, and other research centers through contracts and grants.

Of the total Federal research and development expenditures budgeted for the fiscal year 1958, over 90 percent will be for applied research. The remainder is for basic research such as that financed through grants by the National Science Foundation.

Federal Aid to State and Local Governments

FEDERAL payments to State and local governments are made principally through grants which require some matching expenditures by these other units of government. Additional payments are in the form of shared revenues and loans. In the fiscal year 1958, Federal aid to State and local governments is expected to be about 7 percent of the Federal Government's total payments to the public from budget and trust funds.

Over 60 percent of the Federal grants to States and localities are made for two programs—public assistance and highways. Federal-aid highway grants also account for almost one-half of the estimated \$1 billion increase in

total Federal aid spending from 1957 to 1958. Another \$100 million of this increase results from the recent legislation which reduced the State share in the matching formulas used for public assistance grants.

A major part of the grants for education in 1958 will continue to be for schools in areas where Federal activities have greatly burdened school facilities and operations. In addition, an estimated \$185 million will be spent in the first year for the new 4-year program of general assistance for school construction which has been recommended by the President.

The Department of Agriculture makes payments and grants-in-

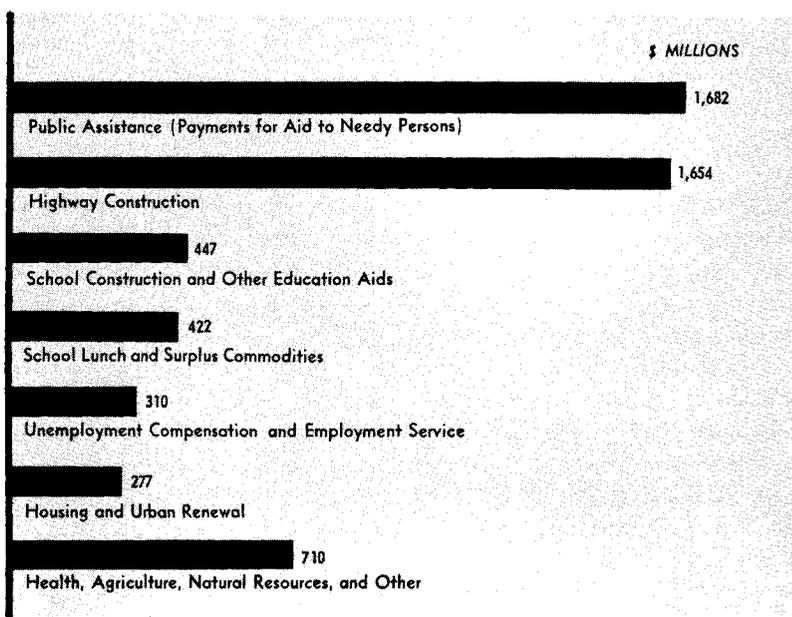
BUDGET AND TRUST FUND EXPENDITURES FOR FEDERAL AID

[In millions]

Fiscal year	Gross expenditures				Collections on loans (5)	Net expenditures (6)=(4)-(5)
	Grants-in-aid (1)	Shared revenues (2)	Loans (3)	Total (4)		
1958 est.	\$5,273	\$102	\$532	\$5,908	\$406	\$5,502
1957 est.	4,272	98	577	4,947	493	4,454
1956.....	3,642	82	289	4,013	260	3,753
1955.....	3,126	78	288	3,492	368	3,124
1954.....	2,986	66	631	3,683	1,026	2,657
1953.....	2,781	50	987	3,818	961	2,857

Federal Aid to State and Local Governments—

Budget and Trust Fund Expenditures in 1958—Estimate



kind to schools, welfare departments, and other public agencies, partly in the form of surplus agricultural commodities.

Gross expenditures for grants and loans for low-rent housing, urban renewal, college dormitories, and community facilities are estimated to be \$683 million in the fiscal year 1958. These expenditures will be partly offset by collections amounting to an estimated \$406 million from loans made earlier.

The Commission on Intergov-

ernmental Relations has recommended that the Government make payments in lieu of taxes to local governments in areas where recent Federal acquisition of industrial and commercial property has created undue fiscal difficulties. The President has proposed that this principle be enacted into law.

NOTE.—The amounts discussed in this section exclude the Government's costs for administering Federal aid to States and localities. Therefore, the figures differ somewhat from those cited elsewhere in this booklet.

Federal Credit Programs

BY MAKING direct loans and guaranteeing private loans, the Federal Government helps to assure a flow of credit adequate for sound economic growth. In the fiscal year 1958, about 80 percent of new Federal credit commitments will be for guaranties rather than for loans. This will continue the Government's policy of allowing maximum opportunity for private sources to supply the credit needed by businesses and individuals.

The net effect of the Government's credit activities on the Federal budget is limited even though their effect on certain segments of the economy is great. Guaranties usually require budget expenditures only when loans are defaulted. Repayments of direct loans offset a significant part of the disbursements for new loans. For these reasons, estimated net budget expenditures in the fiscal year 1958 of \$1.4 billion, while substantial in themselves, are only a fraction of the new commitments of \$21.4 billion.

Four-fifths of new credit commitments in the coming fiscal year are estimated to be made for

housing. The Housing and Home Finance Agency will make \$10.8 billion of these commitments. Direct loans will be made for college housing and public facilities, and both direct loans and guaranties will be extended for low-rent housing and urban renewal projects financed by local governments. The Agency will also insure loans for private homes and will purchase housing mortgages insured or guaranteed by Federal agencies.

Virtually all new commitments to be made by the Veterans Administration in 1958 will be for buying and improving homes. These loans and guaranties are expected to total \$6.1 billion.

The Department of Agriculture will extend new credit amounting to about \$3.2 billion in the fiscal year 1958. The largest part will be for loans and guaranties to support farm prices. Direct loans for rural electrification and telephones will continue. Loans made for farm operation and ownership will include assistance to drought victims.

The remainder of new Federal credit commitments in 1958 will be for such purposes as the pro-

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
1958 est	\$4.3	\$17.1	\$21.4	\$23.2	\$53.6	\$76.8
1957 est.....	4.8	16.3	21.1	21.5	47.9	69.4
1956	2.5	15.9	18.4	19.2	43.8	63.0
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

motion of foreign trade, aid to small businesses, and expansion of defense production.

The President again recommended legislation authorizing in certain cases purchases of local bonds issued for school construction and loans to help redevelop

areas where unemployment persists. He also asked for a review of the interest rates charged by the Government for different kinds of loans, some of which have statutory maximums that were fixed when interest costs were much lower than today.

Receipts From and Payments to the Public

[In millions]

Description	Fiscal year 1958 estimate
Budget receipts (page 9).....	\$73, 620
Trust fund receipts (page 38).....	15, 859
Deduct—	
Intragovernmental transactions.....	3, 515
Seigniorage on silver.....	41
Total, Federal Government receipts from the public.....	85, 923
Budget expenditures (page 7).....	71, 807
Trust fund expenditures (page 38).....	14, 351
Government-sponsored enterprise expenditures (net).....	144
Cash payments for previously accrued items (net).....	183
Deduct intragovernmental transactions.....	3, 515
Total, Federal Government payments to the public.....	82, 970
Excess of receipts over payments.....	2, 953

A MEASURE of the net impact on the national economy of Federal receipts and payments is obtained by consolidating budget transactions with trust fund and other Government financial transactions not included in the budget. Transactions between Federal agencies are excluded from these calculations because they do not affect the flow of money between the Government and the public.

According to present estimates for 1958, the restraint on inflationary pressures which the budget will exert by withdrawing

more funds from the economy than it pays out will be reinforced by net accumulations in the trust funds.

The excess of budget and trust fund receipts over payments is expected to be offset to some extent by such items as (1) the estimated net expenditures of Federal land banks, whose lending operations are sponsored by the Government, and (2) the payments to the International Monetary Fund to redeem Treasury notes which were part of the United States subscription to the Fund.

Public Debt

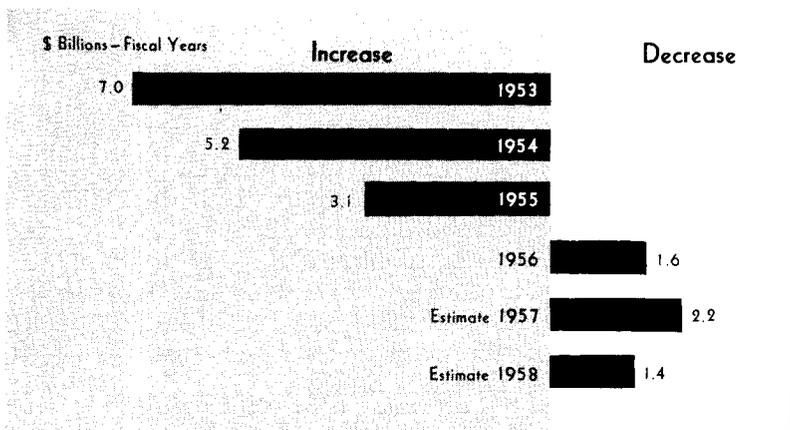
THE BUDGET surplus of \$1.6 billion in the fiscal year 1956 was used to reduce the public debt. The surpluses estimated for 1957 and 1958 will also be used for this purpose. Based on present estimates, the public debt will have been reduced \$5.2 billion in the 3 years to \$269.2 billion by June 30, 1958.

The annual change in the public debt is affected not only by the budget surplus or deficit position but also by such factors as changes in the Government's cash balances. Mainly because the trust funds are expected to withdraw uninvested cash from the Treasury, the reduction in the debt during the fiscal year 1958 will be less than the \$1.8 billion

budget surplus. However, over the 3-year period 1956 through 1958, the total debt reduction will closely approximate the sum of the budget surpluses. By repaying its borrowing, the Government is enlarging the supply of funds available for private financing requirements without increasing the total supply of money.

Although a temporary increase in the \$275 billion legal debt limit has been necessary in recent years to cover seasonal borrowing variations, it is hoped that an increased limit will not be needed in 1958, because of the estimated reduction in the public debt and the collection of corporation taxes on a more current basis.

Change in Public Debt



BUDGET EXPENDITURES BY FUNCTION

[Fiscal years. In millions of dollars]

Description	1953 actual	1954 actual	1955 actual	1956 actual	1957 esti- mate	1958 esti- mate
<i>Major national security:</i>						
Department of Defense:						
Purchase of aircraft, ships, guided missiles, and other military equipment.....	17,123	15,958	12,997	12,204	11,731	12,273
Pay and support of active duty military personnel.....	11,556	10,961	10,643	10,666	10,321	10,524
Operation and maintenance of equipment and facilities.....	10,379	9,357	7,905	8,519	9,100	9,598
Military public works, research, reserves, and other.....	4,553	4,059	3,988	4,402	4,848	5,605
Military assistance.....	3,954	3,629	2,292	2,611	2,600	2,600
Atomic energy.....	1,791	1,895	1,857	1,651	1,940	2,340
Stockpiling and defense production.....	1,008	1,045	944	588	425	395
Total, major national security.....	50,363	46,904	40,626	40,641	40,965	43,335
<i>International affairs and finance:</i>						
Economic and technical development (ex- cluding Export-Import Bank).....	1,843	1,412	2,061	1,706	1,698	1,833
Export-Import Bank loans.....	117	99	-101	-90	397	243
Conduct of foreign affairs.....	150	130	121	120	155	194
Foreign information and exchange activities.....	106	91	100	111	132	174
Total, international affairs and finance.....	2,216	1,732	2,181	1,846	2,382	2,444
<i>Commerce and housing:</i>						
Aviation.....	239	275	253	251	339	465
Housing and community development.....	487	-506	210	54	785	438
Water transportation.....	455	370	349	420	418	420
Civil defense and disaster aids.....	63	61	54	99	112	168
Postal service.....	659	312	356	463	459	1 58
Highways (excluding trust fund).....	572	586	647	783	44	42
General aids to business and other.....	26	-285	-366	-42	111	157
Total, commerce and housing.....	2,502	814	1,502	2,028	2,269	1,748
<i>Agriculture and agricultural resources:</i>						
Farm price support and related programs.....	2,125	1,689	3,508	3,942	2,420	2,490
Soil bank (including conservation practice payments).....				4	1,247	1,293
Agricultural land and water resources.....	317	244	286	305	343	366
Farm ownership and operation loans.....	109	256	236	231	216	271
Rural electrification and rural telephone loans.....	239	217	204	217	234	265
Research and other agricultural services.....	145	150	177	215	241	280
Total, agriculture and agricultural resources.....	2,936	2,557	4,411	4,913	4,701	4,965
<i>Natural resources:</i>						
River basin development and power.....	1,191	1,009	887	743	871	992
Forests, public domain, and Indian lands.....	150	164	167	198	234	263
National parks and fish and wildlife.....	64	71	78	89	140	137
Minerals.....	38	37	37	38	88	99
General resource surveys and other.....	34	35	34	35	39	47
Total, natural resources.....	1,476	1,315	1,202	1,104	1,371	1,538

BUDGET EXPENDITURES BY FUNCTION—Continued

[Fiscal years. In millions of dollars]

Description	1953 actual	1954 actual	1955 actual	1956 actual	1957 esti- mate	1958 esti- mate
<i>Labor and welfare:</i>						
Public assistance (payments to States to aid needy persons).....	1,332	1,439	1,428	1,457	1,584	1,684
Promotion of public health.....	318	290	275	351	501	606
Promotion of education.....	288	271	321	275	283	534
Labor and manpower services.....	281	277	328	475	381	400
General-purpose research, libraries, and museums.....	36	35	56	60	98	111
School lunch, vocational rehabilitation, and other.....	171	173	143	157	185	203
Total, labor and welfare.....	2,426	2,485	2,552	2,776	3,032	3,538
<i>Veterans services and benefits:</i>						
Compensation and pensions.....	2,420	2,482	2,681	2,798	2,896	3,103
Hospitals and medical care.....	757	782	727	788	816	836
Readjustment benefits for education and training.....	659	546	664	767	791	757
Readjustment benefits for unemployment, loan guaranty, and other.....	138	158	150	123	121	110
Insurance and indemnities.....	102	100	57	105	49	42
Other services and administration.....	223	188	178	176	177	179
Total, veterans services and benefits.....	4,298	4,256	4,457	4,756	4,851	5,027
<i>Interest:</i>						
Interest on public debt:						
Marketable obligations.....	3,300	3,101	3,127	3,659	4,100	4,200
Savings bonds.....	1,678	1,667	1,656	1,635	1,600	1,600
Special issues.....	1,044	1,128	1,115	1,138	1,200	1,200
Other nonmarketable issues.....	482	487	473	354	300	300
Interest on refunds and uninvested funds.....	80	87	68	60	60	60
Total, interest.....	6,583	6,470	6,438	6,846	7,260	7,360
<i>General government:</i>						
Financial management.....	442	449	431	475	478	519
Property and records management.....	185	155	164	164	248	307
FBI, alien control, and related programs.....	147	160	157	188	186	196
Legislative and judicial functions.....	78	78	91	115	136	152
Central personnel costs.....	387	93	115	334	627	104
District of Columbia, territories, and possessions.....	55	53	67	69	78	103
Weather Bureau and other.....	179	250	176	283	118	70
Total, general government.....	1,474	1,239	1,201	1,629	1,870	1,451
<i>Allowance for contingencies</i>					200	400
Total, budget expenditures.....	74,274	67,772	64,570	66,540	68,900	71,807

¹ Net after adjusting rates.

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	1940	5,144	9,062	-3,918	42,968
1916	762	713	+48	1,225	1941	7,103	13,262	-6,159	48,961
1917	1,100	1,954	-853	2,976	1942	12,556	34,046	-21,490	72,422
1918	3,630	12,662	-9,032	12,244	1943	21,987	79,407	-57,420	136,696
1919	5,085	18,448	-13,363	25,482	1944	43,636	95,059	-51,423	201,003
1920	6,649	6,357	+291	24,299	1945	44,475	98,416	-53,941	258,682
1921	5,567	5,058	+509	23,977	1946	39,772	60,448	-20,676	269,422
1922	4,021	3,285	+736	22,963	1947	39,786	39,032	+754	258,286
1923	3,849	3,137	+713	22,350	1948	41,488	33,069	+8,419	252,292
1924	3,853	2,890	+963	21,251	1949	37,696	39,507	-1,811	252,770
1925	3,598	2,881	+717	20,516	1950	36,495	39,606	-3,111	257,357
1926	3,753	2,888	+865	19,643	1951	47,568	44,058	+3,510	255,222
1927	3,992	2,837	+1,155	18,512	1952	61,391	65,408	-4,017	259,105
1928	3,872	2,933	+939	17,604	1953	64,825	74,274	-9,449	266,071
1929	3,861	3,127	+734	16,931	1954	64,655	67,772	-3,117	271,260
1930	4,058	3,320	+738	16,185	1955	60,390	64,570	-4,180	274,374
1931	3,116	3,578	-462	16,801	1956	68,165	66,540	+1,626	272,751
1932	1,924	4,659	-2,735	19,487	1957 est.	70,628	68,900	+1,728	270,600
1933	2,022	4,623	-2,602	22,539	1958 est.	73,620	71,807	+1,813	269,200
1934	3,065	6,694	-3,630	27,053					
1935	3,730	6,521	-2,791	28,701					
1936	4,069	8,494	-4,425	33,779					
1937	4,979	7,756	-2,777	36,425					
1938	5,615	6,792	-1,177	37,165					
1939	4,996	8,858	-3,862	40,440					

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 by certain Government enterprises.

BUDGET EXPENDITURES BY FUNCTION

[Fiscal years. In millions of dollars]

Function	Actual								Estimate	
	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
Major national security	12,907	13,009	22,444	43,976	50,363	46,904	40,626	40,641	40,965	43,335
International affairs and finance	6,053	4,674	3,736	2,826	2,216	1,732	2,181	1,846	2,382	2,444
Commerce and housing	1,904	1,991	2,217	2,623	2,502	814	1,502	2,028	2,269	1,748
Agriculture and agricultural resources	2,512	2,783	650	1,045	2,936	2,557	4,411	4,913	4,701	4,965
Natural resources	1,049	1,206	1,267	1,366	1,476	1,315	1,202	1,104	1,371	1,538
Labor and welfare	1,563	1,963	2,065	2,168	2,426	2,485	2,552	2,776	3,032	3,538
Veterans services and benefits	6,726	6,646	5,342	4,863	4,298	4,256	4,457	4,756	4,851	5,027
Interest	5,445	5,817	5,714	5,934	6,583	6,470	6,438	6,846	7,260	7,360
General government	1,076	1,186	1,327	1,464	1,474	1,239	1,201	1,629	1,870	1,451
Allowance for contingencies									200	400
Adjustment to daily Treasury statement basis	+272	+341	-705	-857						
Total	39,507	39,617	44,058	65,408	74,274	67,772	64,570	66,540	68,900	71,807

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

Glossary of Selected Budget Terms

Fiscal year.—A year running from July 1 through June 30 which is designated by the calendar year in which it ends.

New obligational authority.—Authorizations enacted by the Congress which allow Federal agencies to incur obligations for the payment of money. These authorizations must precede all budget obligations and expenditures. They are enacted in several forms, including:

Appropriation.—Authorization to spend money for a stated purpose. This is the most common form of new obligational authority.

Contract authorization.—Authorization to make a contract before an appropriation is made to cover it, usually for construction which will extend over a considerable time. A subsequent appropriation to pay for the contract is necessary.

Authorization to expend from debt receipts.—Authority granted Government enterprises to spend money they borrow from the Treasury or from the public.

Obligation.—Commitment made to pay out money. This includes approval of loans and contracts for equipment or construction, as well as current commitments such as salaries or benefit payments.

Budget expenditures.—Net amounts paid to liquidate obligations. Expenditures may follow obligations by a few weeks or in some cases by as many as three or more years. Most expenditures are made in the form of checks and are reported for the fiscal year in which the checks are issued. Exceptions are: (a) payments made in currency instead of by check are reported as expenditures when the disbursements are made, (b) payments made by issuing bonds or notes are reported as expenditures when they are issued, and (c) interest on the public debt is reported as an expenditure in the year in which the interest accrues rather than when it is paid. Receipts of public enterprise funds are deducted from the total sums disbursed by these funds in arriving at budget expenditures. Budget expenditures exclude payments from funds held in trust and repayments of borrowing.

Budget receipts.—Money received by the Treasury from taxes and customs (less refunds of previous overpayments) and from miscel-

Glossary—continued

laneous sources such as collections on certain loans, rents, fines, fees, and sales. Tax and customs receipts are stated on the basis of collections reported by collecting officers and miscellaneous receipts on the basis of confirmed deposits. Budget receipts exclude funds received in trust and money obtained from borrowing.

Budget surplus.—Excess of budget receipts over budget expenditures in any fiscal year. A surplus may be added to the cash held by the Government or used to retire part of the debt.

Budget deficit.—Excess of budget expenditures over budget receipts in any fiscal year. A deficit may be financed by increasing the debt, by decreasing the cash held by the Government, or both.

Unexpended balances carried forward.—Portions of obligational authority enacted in prior years in the several forms mentioned above which are still available in the succeeding year(s). These balances consist of authority to incur obligations or to draw cash from the Treasury as needed to pay for obligations; they are not cash on hand.

Revolving funds.—Funds which finance a cycle of operations, in which expenditures generate receipts that are available for continuing use. Revolving funds may be for public enterprises with receipts primarily from outside the Government, such as the postal fund, or for performance of services, such as printing, to meet the Government's own needs.

Management funds.—Funds created to permit pooling of advance payments under two or more appropriations in order to carry out closely related activities.

Trust funds.—Funds established for receipts held in trust by the Government for use in carrying out specific purposes in accordance with an agreement or statute.

Guaranty.—A credit aid in which the Government pledges to repay loans made by others in case the borrower defaults or, in some cases, pledges to take over loans from private lenders at their option.

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