82D CONGRESS
2d Session

SENATE

DOCUMENT
No. 104

THE FEDERAL BUDGET IN BRIEF
FISCAL YEAR 1953

(JULY 1, 1952–JUNE 30, 1953)

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET

PRESENTED BY MR. HUMPHREY

FEBRUARY 20 (legislative day, JANUARY 10), 1952.—Ordered to be printed with illustrations

UNITED STATES
GOVERNMENT PRINTING OFFICE
95405 WASHINGTON : 1952

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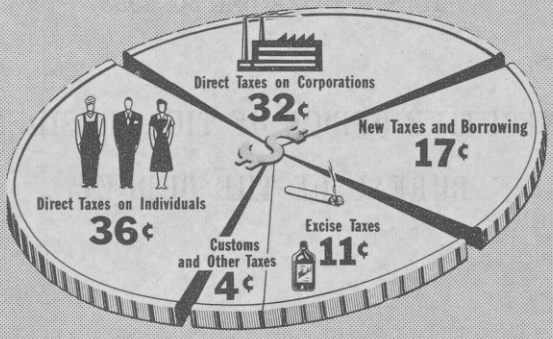
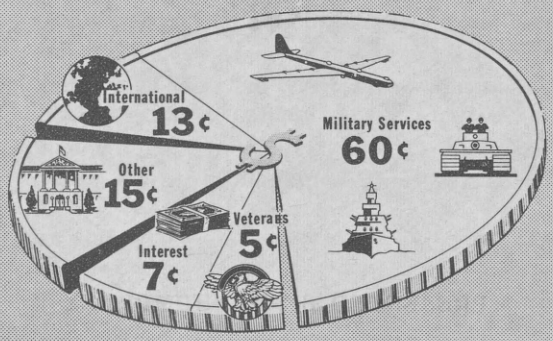
THE BUDGET DOLLAR

Where it comes from . . .



Where it will go . . .



Fiscal Year 1953 Estimated

THE FEDERAL BUDGET IN BRIEF

FISCAL YEAR 1953

(July 1, 1952–June 30, 1953)

This Budget represents the program I am recommending for promoting peace and safeguarding security.

In the current world crisis, the price of peace is preparedness. In terms of the sacrifices which this involves, it is a heavy price, but when freedom is at stake, it is a price which all of us will gladly pay.

HARRY S. TRUMAN.

The Budget Message
January 21, 1952

INTRODUCTION

Each January the President sends to the Congress the Budget of the United States, which contains his recommendations for the financial program of the Government in the coming fiscal year—the year beginning the following July 1.

In the Budget, the President estimates how much money will be received by the Government under existing tax laws and how much money will be needed to carry out the Government's activities. The estimated expenditures include the costs of new legislation which the President proposes.

The estimates of receipts and expenditures which appear in the Budget are subject to adjustment from the time they are submitted in January until the close of the fiscal year 18 months later. They may be affected by additional Presidential recommendations, by Congressional action on taxes and on appropriations recommended by the President, by the amount of taxes actually collected, and by the rate at which the appropriated money is actually spent by the agencies.

This issue of the Federal Budget in Brief summarizes the most important facts about the Budget for the fiscal year 1953, which will begin on July 1, 1952, and end on June 30, 1953.

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SUMMARY OF THE 1953 BUDGET

Federal expenditures in the fiscal year 1953 are estimated at 85.4 billion dollars, more than twice the amount the Government spent in 1950, the last fiscal year before the attack on Korea, and 20 percent higher than estimated expenditures for the current fiscal year.

More than three fourths of total expenditures in 1953 will be for major national security programs—military services, international security and foreign relations, atomic energy, defense production and economic stabilization, civil defense, and merchant marine activities. These programs not only dominate the 1953 Budget, but also account for practically all of the increase in total expenditures since 1950.

Expenditures for all other Government programs combined have declined since 1950, although some of these programs contribute directly to the defense effort and have been expanded—such as defense housing, aid for schools in defense areas, generation and transmission of power for atomic energy and defense plants, and the port security program of the Coast Guard.

Under present tax laws, Budget receipts in 1953 are estimated at 71.0 billion dollars. This is 8.3 billion dollars higher than estimated receipts in the current fiscal year, but it will fall short of meeting the increase in expenditures. A deficit of 14.4 billion dollars is in prospect for 1953 unless additional tax legislation is enacted.

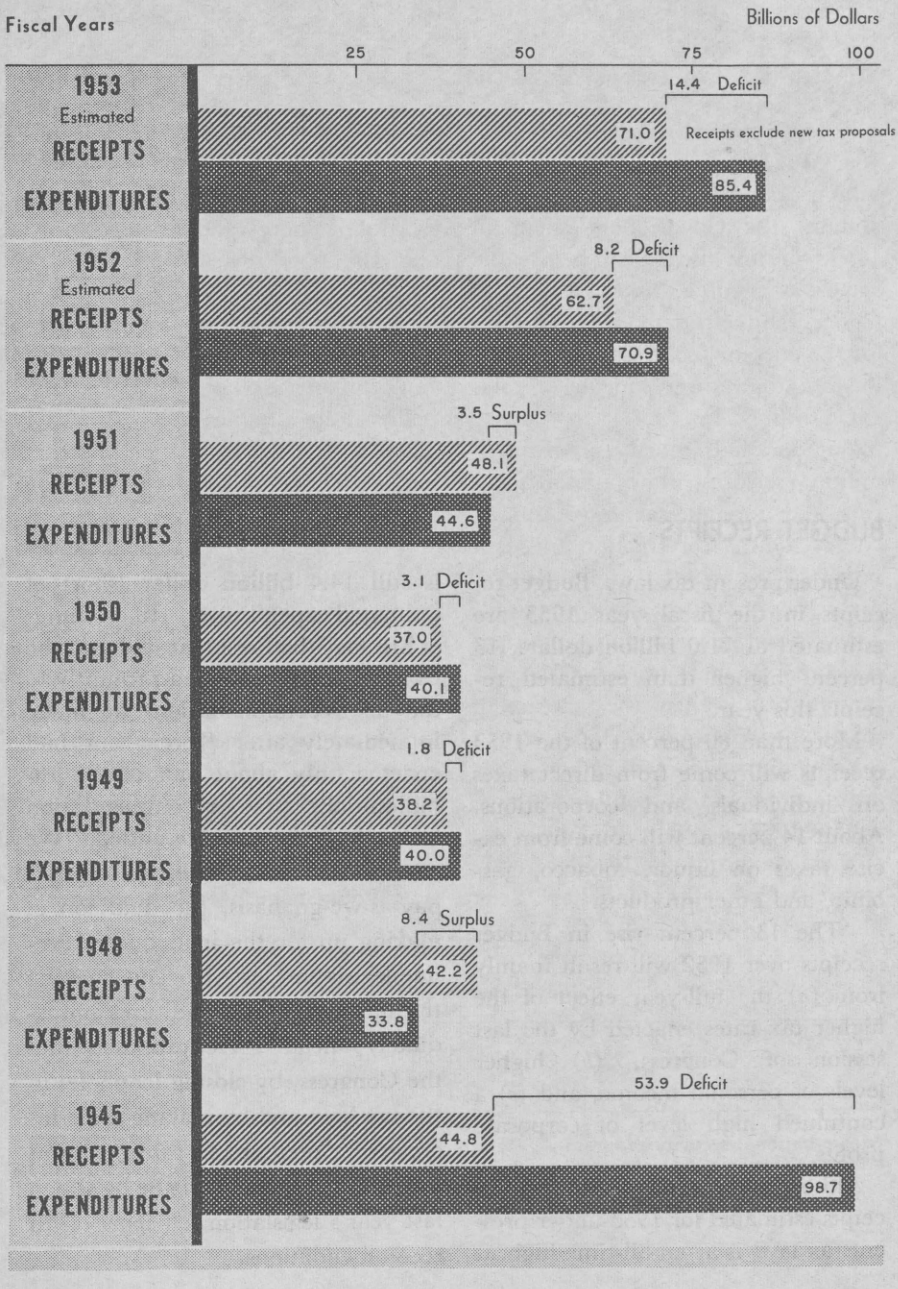
In his Budget Message, the President said that if new international tensions do not develop, and if no further aggressions are attempted, he hoped that Budget expenditures could be reduced after the fiscal year 1954. By then, he said, most of the currently planned military expansion should have been completed.

BUDGET EXPENDITURES

[Fiscal years. In billions]

	1950 actual	1951 actual	1952 estimated	1953 estimated
Major national security programs	$17.8	$26.4	$49.7	$65.1
All other Government programs	22.3	18.2	21.2	20.3
Total Budget expenditures	40.1	44.6	70.9	85.4

BUDGET RECEIPTS AND EXPENDITURES — SURPLUS OR DEFICIT



BUDGET RECEIPTS

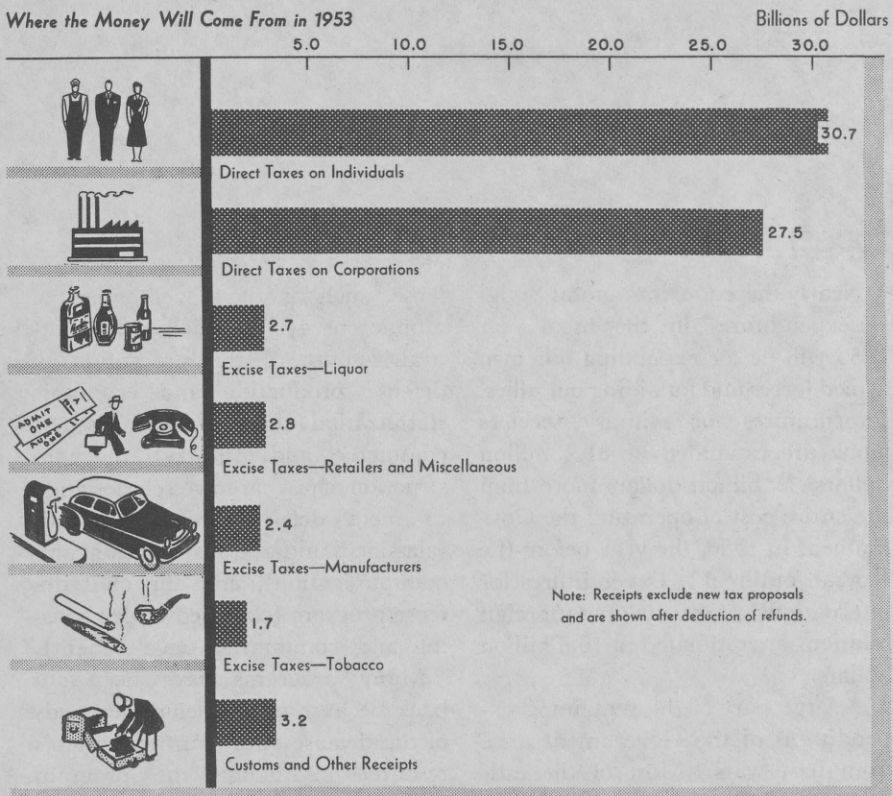
Under present tax laws, Budget receipts in the fiscal year 1953 are estimated at 71.0 billion dollars, 13 percent higher than estimated receipts this year.

More than 80 percent of the 1953 receipts will come from direct taxes on individuals and corporations. About 14 percent will come from excise taxes on liquor, tobacco, gasoline, and other products.

The 13 percent rise in Budget receipts over 1952 will result mainly from (*a*) the full-year effect of the higher tax rates enacted by the last session of Congress, (*b*) higher levels of personal income, and (*c*) a continued high level of corporate profits.

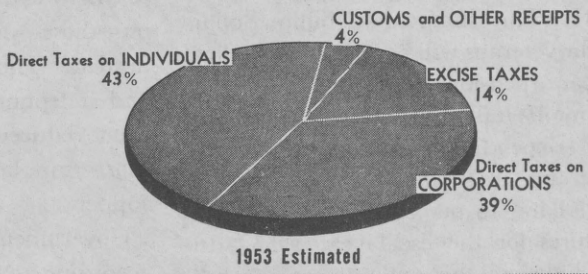
Although the level of Budget receipts estimated for 1953 under present tax laws is at an all-time high, it is still 14.4 billion dollars short of estimated expenditures. In his Budget Message the President said that the Congress had responded promptly to the tax recommendations he made immediately after Korea, but had enacted only about half of the 10-billion-dollar tax recommendation he made last year. He added, "We cannot now undertake, on a strict pay-as-we-go basis, the dual job of making up for the inadequate revenue legislation last year and meeting the increases in expenditures immediately ahead." He proposed that the Congress, by closing loopholes in the tax laws and by making some increases in present tax rates, raise at least the additional revenue by which last year's legislation fell short of his recommendations.

BUDGET RECEIPTS



Total Budget Receipts

Fiscal Year	Billions
1953 Est.	$71.0
1952 Est.	62.7
1951	48.1
1950	37.0
1949	38.2
1948	42.2
1945	44.8



BUDGET EXPENDITURES

Nearly three-fourths of total Budget expenditures in the fiscal year 1953 will be for expanding our own armed forces and for aiding our allies. Expenditures for military services alone are estimated at 51.2 billion dollars, 11 billion dollars more than the entire cost of operating the Government in 1950, the year before the Korean outbreak. Expenditures for international security and foreign relations are estimated at 10.8 billion dollars.

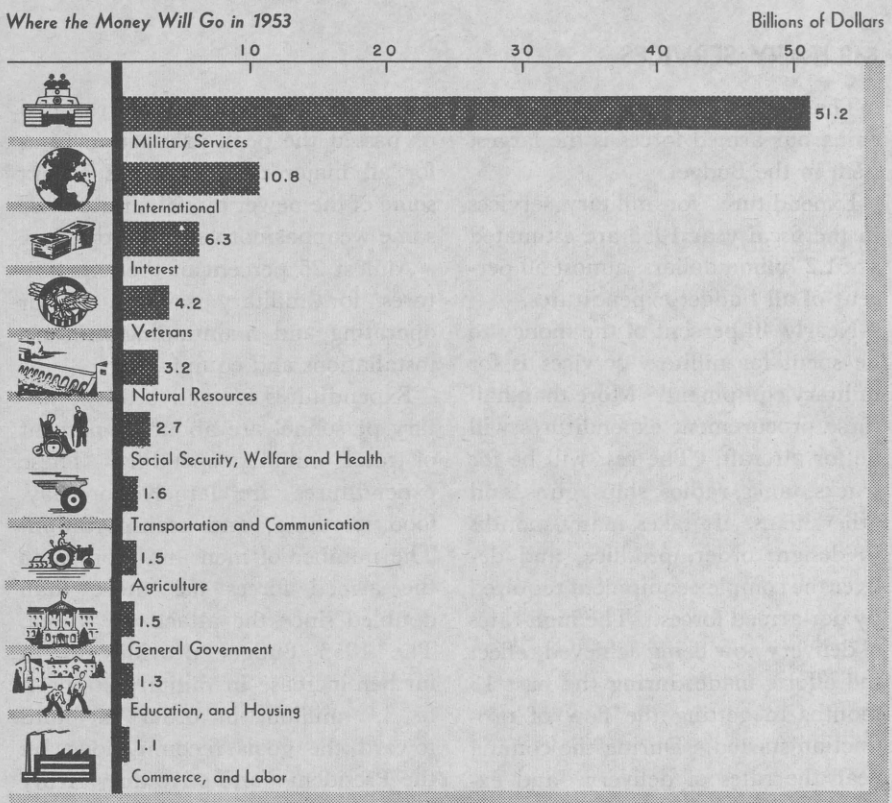
A large part of the remaining expenditures of the Government arise from past wars. Most of the estimated 6.3 billion dollars for interest is needed because of the 225-billion-dollar increase in the public debt which took place during World War II. The estimated 4.2 billion dollars for veterans will be spent for medical care, pensions, and other benefits to our 19 million veterans.

Expenditures for all other programs are estimated at 12.9 billion dollars, 15 percent of total expenditures for the fiscal year 1953. Included in this amount are expenditures for many activities which contribute directly to national defense, such as the development of atomic energy (classified under natural resources), the promotion of defense production and economic stabilization (classified under finance, commerce, and industry), the construction of fast cargo vessels designed to meet defense shipping needs (classified under transportation and communication), and the civil defense program (classified under housing and community development).

Many programs have been cut back because of the heavy demands of the defense effort on the Nation's resources. Although the program to provide housing in defense areas will be expanded, other housing programs will be curtailed. Federal aid to highways is being concentrated on those projects most urgently needed. The rural electrification and telephone loan program has been reduced, conserving critically short supplies of aluminum and copper.

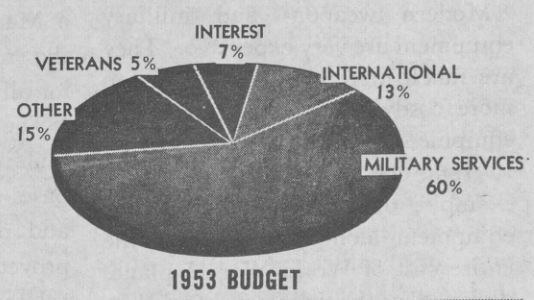
Government programs, classified according to the broad purposes or functions they are designed to serve, are discussed in the following pages.

BUDGET EXPENDITURES



Total Budget Expenditures

Fiscal Year	Billions
1953 Est.	$85.4
1952 Est.	70.9
1951	44.6
1950	40.1
1949	40.0
1948	33.8
1945	98.7



MILITARY SERVICES

The cost of expanding and strengthening our armed forces is the largest item in the Budget.

Expenditures for military services in the fiscal year 1953 are estimated at 51.2 billion dollars, almost 60 percent of all budget expenditures.

Nearly 40 percent of the money to be spent for military services is for military equipment. More than half these procurement expenditures will be for aircraft. The rest will be for trucks, tanks, radios, ships, guns, and other items. It takes many months to design, order, produce, and deliver the complex equipment required by our armed forces. The high rates of delivery now being achieved reflect the efforts made during the past 18 months in getting the flow of production started. During the coming year the rates of delivery—and expenditure—should continue to rise as more and more items move into large-scale production.

Modern weapons and military equipment are very expensive. They are much more complex and much more costly than the weapons and equipment used in World War II. In some of our new aircraft, for example, the cost of the electronic equipment alone is more than the entire cost of World War II planes designed for the same type of mission.

In his Budget Message, the President said that by the end of the fiscal year 1953 we will have reached or passed the peak production rates for all major military items except some of the newer model aircraft and some weapons not yet in production.

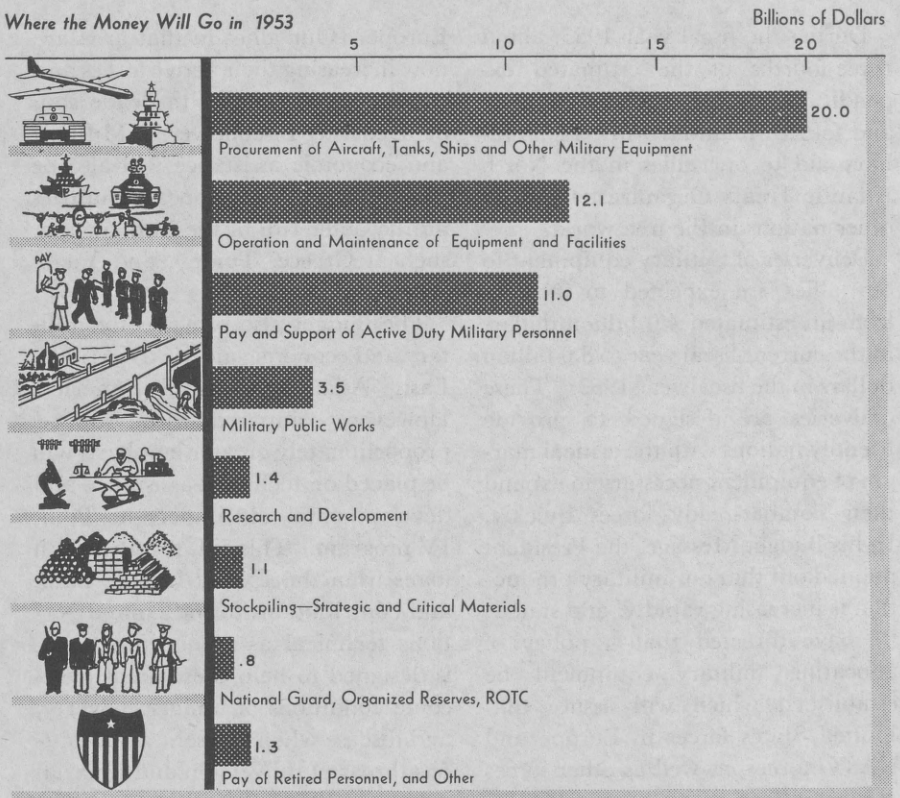
Almost 25 percent of the expenditures for military services is for operating and maintaining military installations and equipment.

Expenditures for active duty military personnel are about 20 percent of total military spending. These expenditures are largely for pay, food, clothing, and transportation. The number of men and women in the armed forces has more than doubled since the attack on Korea. The 1953 Budget provides for a further increase in military strength to 3.7 million, in order to build toward the goals recommended by the President—an active duty Army of 21 divisions, an Air Force of 143 wings, a Navy of 408 major combat ships and 16 large carrier air groups, a Marine Corps of 3 divisions, and the necessary supporting elements for all these services.

The 1953 Budget also provides for building and modernizing military bases and installations, for research and development of new and improved weapons, for stockpiling critical raw materials, and for strengthening and modernizing the reserve forces and National Guard units.

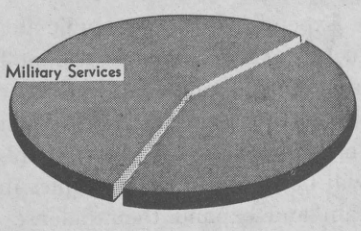
MILITARY SERVICES

Where the Money Will Go in 1953



Total Expenditures MILITARY SERVICES

Fiscal Year	Billions	% of Budget
1953 Est.	$51.2	59.9
1952 Est.	39.8	56.1
1951	20.5	45.8
1950	12.3	30.6
1949	11.9	29.7
1948	11.0	32.4
1945	84.6	85.7



PERCENT OF 1953 BUDGET

INTERNATIONAL SECURITY AND FOREIGN RELATIONS

During the fiscal year 1953, about three-fourths of the estimated expenditures for international security and foreign relations will be for military aid to our allies in the North Atlantic Treaty Organization and to other nations in the free world.

Deliveries of military equipment to our allies are expected to increase from an estimated 4.0 billion dollars in the current fiscal year to 8.0 billion dollars in the fiscal year 1953. These deliveries are designed to provide friendly nations with the critical margin of equipment necessary to expand their combat-ready forces quickly. In his Budget Message, the President pointed out that our military production is increasing rapidly, and stated: "I have directed that a policy of allocating military equipment be established which will assure that United States forces in Europe and NATO forces, as well as other forces of certain foreign countries which in the case of war are most likely to be first attacked, are adequately equipped."

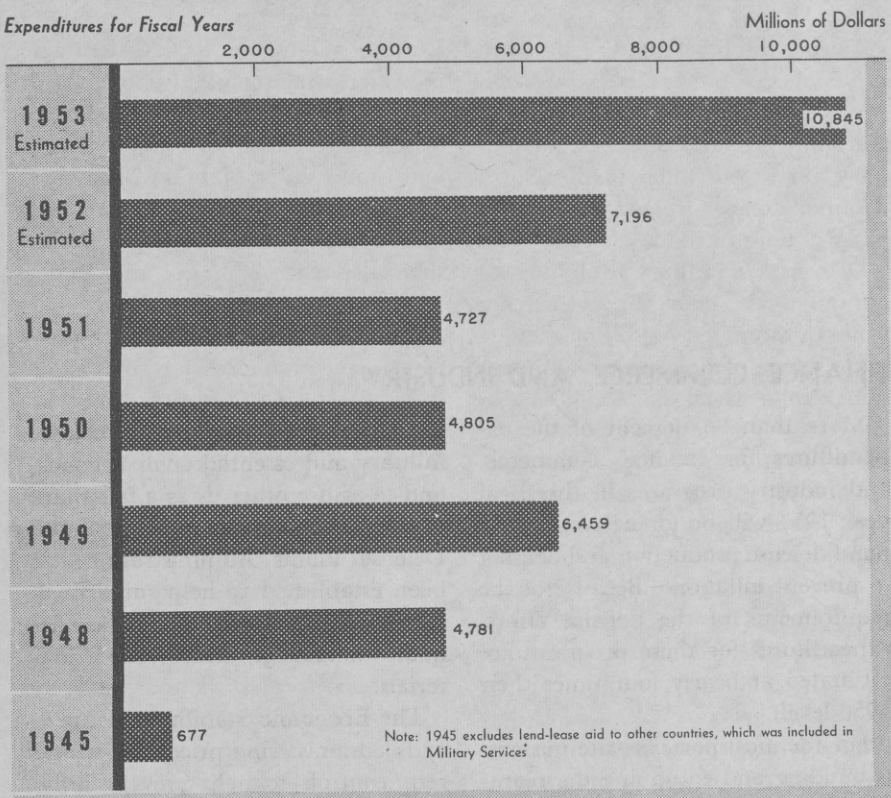
Expenditures for economic aid and technical assistance will decline from about 2.9 billion dollars in the current fiscal year to about 2.5 billion dollars in fiscal year 1953. Most of this aid will be used to help our allies maintain and expand their defense programs.

The bulk of the military and economic assistance will go to North Atlantic Treaty countries in Western Europe. Our allies in that area are now increasing their active forces and combat strength under the leadership of General Eisenhower. Military and economic assistance will also be provided to other European countries on the outer rim of the iron curtain, such as Greece, Turkey, and Yugoslavia.

The Budget also provides for military and economic aid for the Middle East, Asia, and Latin America. However, compared with Europe, proportionately greater emphasis will be placed on technical assistance and developmental aid under the Point IV program. This aid, together with loans from the Export-Import Bank and contributions to the United Nations technical assistance programs, is designed to help these areas overcome conditions of hunger, poverty, and disease which present a continuous threat of subversion and internal collapse.

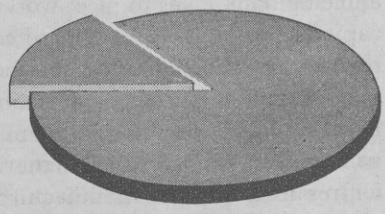
Expenditures for the conduct of foreign affairs are estimated at 319 million dollars, or about 3 percent of the total amount estimated for international security and foreign relations in 1953. Of this amount, about 50 percent is for the Voice of America and other overseas information programs. These programs are designed to expose the communist menace and carry the truth about the democratic way of life to people in all parts of the world—including those behind the iron curtain.

INTERNATIONAL SECURITY AND FOREIGN RELATIONS



Expenditures INTERNATIONAL SECURITY AND FOREIGN RELATIONS

Fiscal Year	Millions	% of Budget
1953 Est.	$10,845	12.7
1952 Est.	7,196	10.2
1951	4,727	10.6
1950	4,805	12.0
1949	6,459	16.1
1948	4,781	14.1
1945	677	.7



PERCENT OF 1953 BUDGET

FINANCE, COMMERCE, AND INDUSTRY

More than 96 percent of the expenditures for finance, commerce, and industry programs in the fiscal year 1953 will be for helping to expand defense production and helping to prevent inflation. Because of the requirements of the defense effort, expenditures for these programs are estimated at nearly four times their 1950 level.

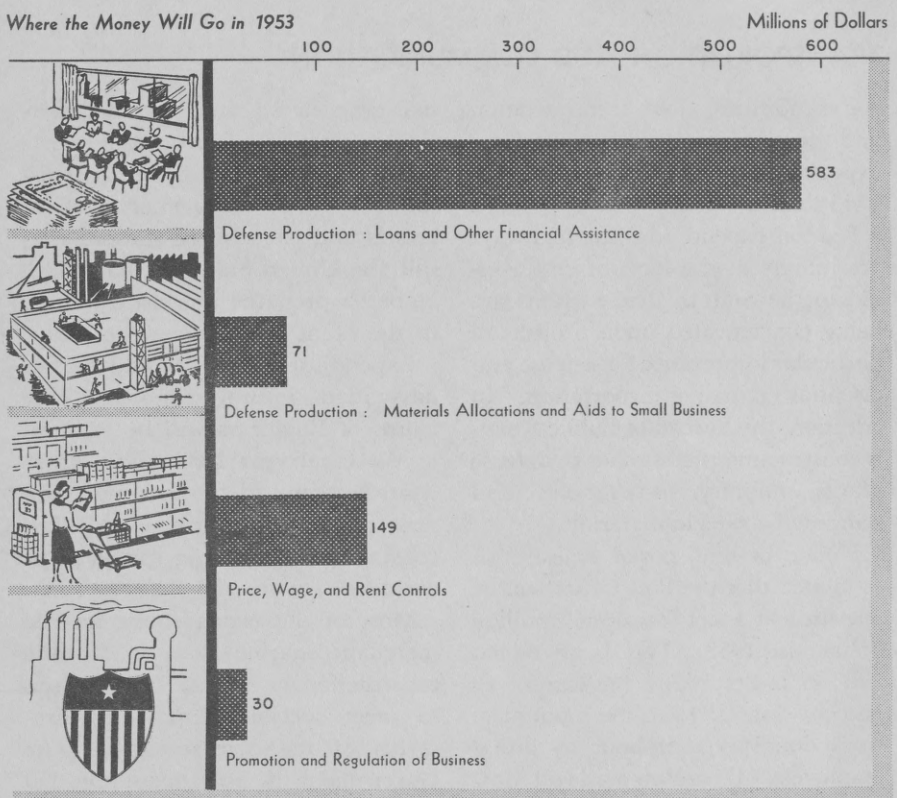
For the most part, private business is building and equipping the plants needed for defense production. The Government is helping by making loans to defense industries; by guaranteeing bank loans to meet working capital requirements of defense contractors and subcontractors; by making substantial purchases of rubber, magnesium, copper, aluminum, manganese, and other critical materials for resale to defense manufacturers; and by making advances and purchases to finance expanded production of machine tools.

Controls have been set up over the use of a number of critical materials to help direct them to producers of military and essential civilian goods, and to assure other users a fair share of the remaining supply. The Small Defense Plants Administration has been established to help small businesses obtain defense contracts, adequate financing, and needed materials.

The Economic Stabilization Agency is administering price, wage, and rent controls to help prevent inflation. Dollars-and-cents price ceilings are being established wherever practicable. Federal rent control has been restored in about 100 defense areas to protect military personnel and defense workers from excessive rent increases.

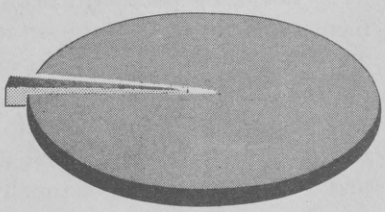
Other expenditures in this category include those for the continuing programs of the Government to promote effective competition and to aid business, such as administration of the patent and antitrust laws and loans to business by the Reconstruction Finance Corporation.

FINANCE, COMMERCE, AND INDUSTRY



Total Expenditures FINANCE, COMMERCE, AND INDUSTRY

Fiscal Year	Millions	% of Budget
1953 Est.	$833	1.0
1952 Est.	751	1.1
1951	176	.4
1950	213	.5
1949	127	.3
1948	132	.4
1945	236	.2



PERCENT OF 1953 BUDGET

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TRANSPORTATION AND COMMUNICATION

Expenditures for transportation and communication programs are expected to be lower in the fiscal year 1953 than in 1952.

Federal expenditures for highways are mainly in the form of grants-in-aid to the States. These grants are being concentrated upon projects of particular importance for defense and essential civilian transportation. In addition, the Bureau of Public Roads is constructing access roads to defense plants, military installations, and sources of strategic materials.

Under present postal rates, it is estimated that the Post Office will be operated at a net loss of 669 million dollars in 1953. This large deficit will occur despite an increase of 10 percent since 1945 in the amount of work done per man-hour by postal employees. First-class mail will show a profit, but heavy losses will be incurred on other classes. These losses result from the fact that postal rates have not kept pace with postwar increases in wage, transportation, and other operating costs. The President has recommended immediate rate increases which would yield 225 million dollars in the fiscal year 1953, and 500 million dollars annually in later years. If enacted, the rate increases will reduce the postal deficit to about 444 million dollars in 1953.

The Coast Guard, which operates marine navigation aids and enforces maritime laws, now has the additional function of protecting ports against sabotage. It is also increasing the crew complements of its vessels and of its shore stations outside the United States so that it will be better prepared to assist the Navy in the event of a future emergency.

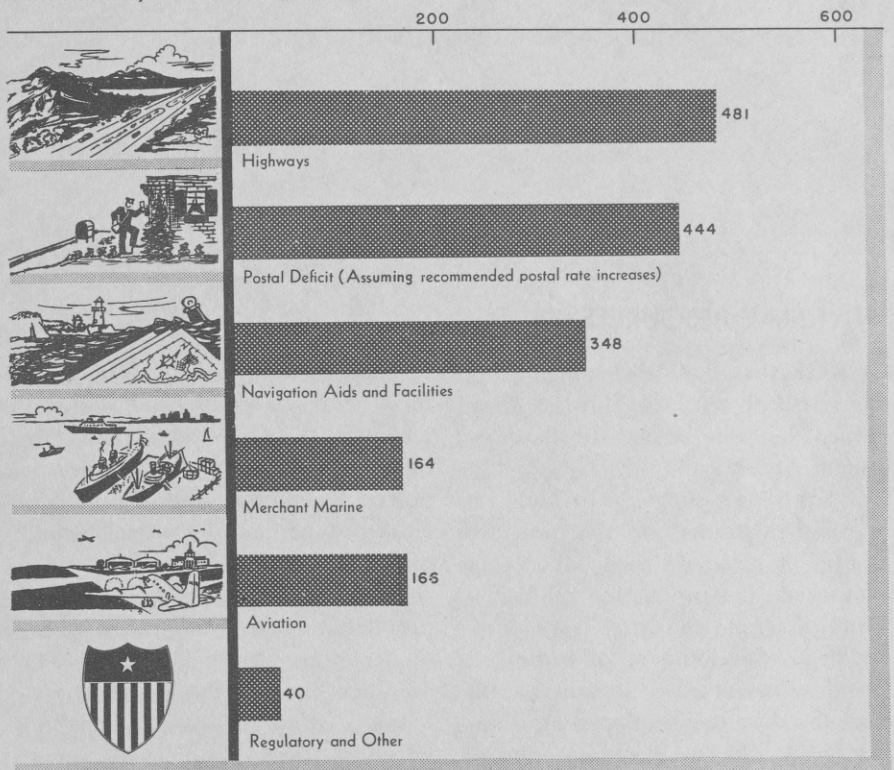
Expenditures for river and harbor navigation improvements by the Corps of Engineers will be reduced in the fiscal year 1953. The President recommended that only one new project be started, and that construction on going projects be curtailed.

Most of the expenditures for the merchant marine will be for the construction of 35 fast cargo vessels to meet special shipping requirements of the defense effort. The Government is also operating 470 merchant vessels reactivated from the reserve fleet to supplement privately owned shipping capacity in the defense emergency.

To promote safe and efficient aviation operations, the Civil Aeronautics Administration provides air navigation and landing aids, enforces safety regulations, and provides financial assistance for local airport construction. The Civil Aeronautics Administration is also responsible for the identification and control of air traffic for purposes of air defense.

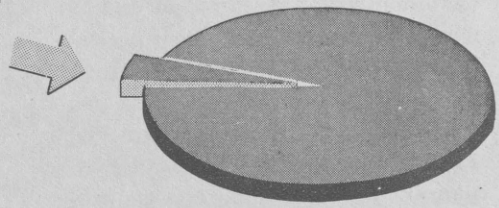
TRANSPORTATION AND COMMUNICATION

Where the Money Will Go in 1953



Total Expenditures TRANSPORTATION AND COMMUNICATION

Fiscal Year	Millions	% of Budget
1953 Est.	$1,643	1.9
1952 Est.	2,153	3.0
1951	1,685	3.8
1950	1,703	4.2
1949	1,600	4.0
1948	1,213	3.6
1945	3,364	3.4



PERCENT OF 1953 BUDGET

NATURAL RESOURCES

More than half the expenditures for natural resources in the fiscal year 1953 will be for the development of atomic energy.

The 1953 Budget provides increased amounts for the procurement of uranium ores and concentrates, the production of fissionable materials and atomic weapons, and the development of improved weapons. Increased emphasis will be placed on the development of nuclear reactors for the production of fissionable materials and for. the propulsion of submarines and aircraft. The Budget also provides for continuation of research in industrial and other peacetime applications of atomic energy, including those in biology and medicine.

Since transmitting the Budget, the President recommended a further expansion of the atomic energy program. This expansion is not expected to increase Budget expenditures until after the fiscal year 1953.

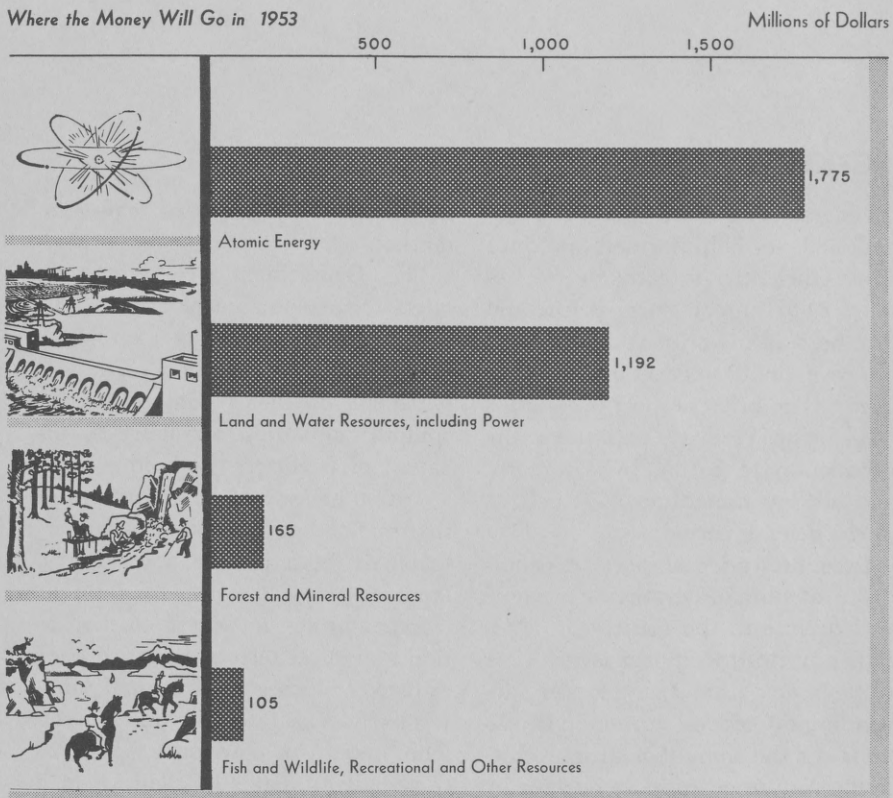
Most of the remaining expenditures for natural resources will be for multiple-purpose river development projects—for flood control, reclamation of arid land, and for furnishing urgently needed electric power for atomic energy and defense production. In order to hold down Budget expenditures and to conserve materials needed for defense production, many long-range developments are being deferred. The only new projects the President recommended for 1953 are those which will yield urgently needed power, such as the St. Lawrence seaway and power project, and 4 flood-control projects in the flood-devastated Kansas-Missouri area.

The Budget also includes funds for finding new sources of minerals, for research in the use and conservation of existing supplies, and for the development of substitutes.

Other resource programs in the Budget are for development and use of the valuable timber, range, and mineral resources of national forests and public lands.

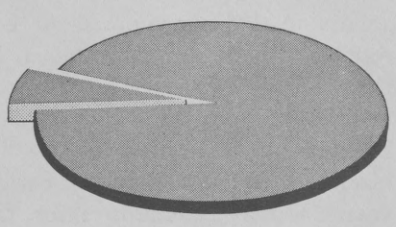
NATURAL RESOURCES

Where the Money Will Go in 1953



Total Expenditures NATURAL RESOURCES

Fiscal Year	Millions	% of Budget
1953 Est.	$3,237	3.8
1952 Est.	3,082	4.3
1951	2,051	4.6
1950	1,624	4.0
1949	1,536	3.8
1948	1,113	3.3
1945	247	.3



PERCENT OF 1953 BUDGET

AGRICULTURE AND AGRICULTURAL RESOURCES

Federal agricultural programs are designed to help farmers produce more efficiently, to conserve soil resources, to support farm prices and income, and in various other ways to improve living conditions on the farm. The price support program is now being used to encourage the production of cotton, wheat, corn, and other commodities most needed in the defense period.

Except for price supports, expenditures for farm programs as a whole will decline in the fiscal year 1953. Expenditures to support farm prices vary greatly from year to year, depending on general economic conditions and the amount of farm production. Net price support outlays by the Commodity Credit Corporation are estimated at 240 million dollars in the fiscal year 1953 and 70 million dollars in 1952, compared to net receipts of 782 million dollars in 1951. The 1951 net receipts resulted mainly from the sale of 3,300,000 bales of cotton and 130,000,000 bushels of wheat acquired in earlier years. Other expenditures for the support of farm prices and farm income include those made under the International Wheat Agreement, the Sugar Act, and the permanent legislation for the removal of surplus agricultural commodities from the market.

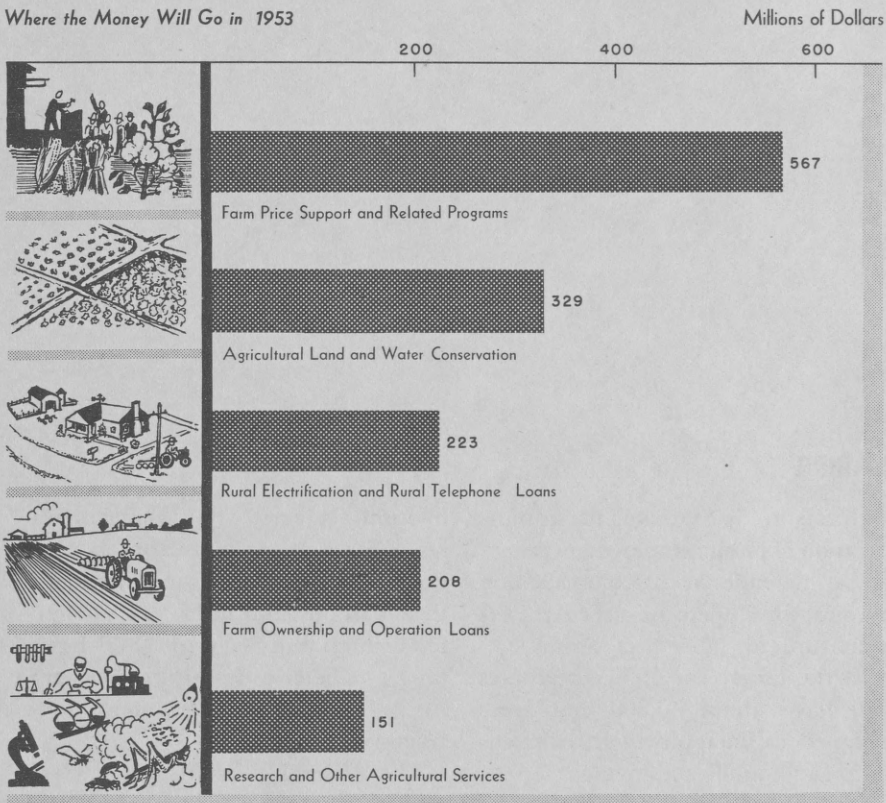
The Department of Agriculture offers farmers technical advice and assistance on farm management practices and soil conservation. The Department also helps farmers pay for contour cultivation, terracing, application of fertilizers, and other conservation measures. In addition, upstream flood-control work is undertaken on both private and Federal lands.

Expenditures for rural electrification and rural telephones have been reduced, conserving critical materials such as aluminum and copper. The amount of new loans approved in the fiscal year 1953 will be held to the 1952 level, substantially below the 1950 and 1951 levels.

Through other loan programs the Department of Agriculture helps finance farm operations and encourages farm ownership. The Department also carries on basic research in farm production and marketing problems, assists in the control of insects and plant and animal diseases, and makes grants to States for education, training, and other extension work designed to improve the efficiency of farm operations.

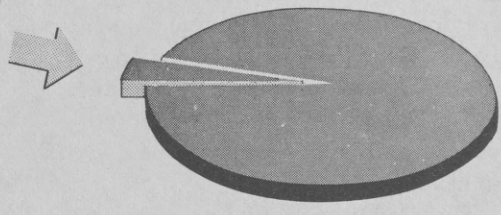
AGRICULTURE AND AGRICULTURAL RESOURCES

Where the Money Will Go in 1953



Total Expenditures AGRICULTURE AND AGRICULTURAL RESOURCES

Fiscal Year	Millions	% of Budget
1953 Est.	$1,478	1.7
1952 Est.	1,408	2.0
1951	650	1.5
1950	2,783	6.9
1949	2,512	6.3
1948	573	1.7
1945	1,602	1.6



PERCENT OF 1953 BUDGET

LABOR

Grants to the States for the administration of public employment offices and of unemployment compensation account for 80 percent of Federal expenditures for labor programs.

In the fiscal year 1953, the States will have about 40,800 employees assigned to unemployment compensation and public employment service work. These State employees will be paid from the Federal grants.

The public employment offices provide an important means of recruiting workers for defense plants. In the fiscal year 1953, more placements and fewer claims for unemployment benefits are expected despite increases in unemployment in some localities.

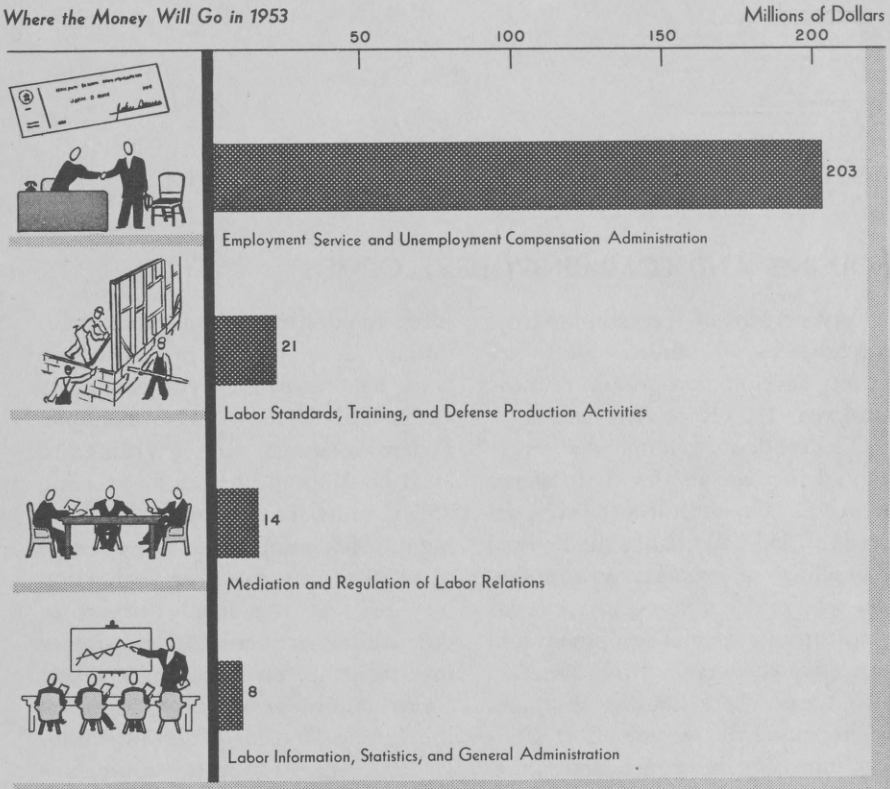
The Department of Labor assists employers, especially those in defense industries, to set up apprenticeship training for skilled craftsmen, and skill-improvement programs for production workers. The Department helps State safety inspectors to conduct accident-prevention campaigns in hazardous industries. It also enforces minimum-wage and child-labor laws, and determines minimum wages to be paid by Government contractors.

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

Information on such subjects as the cost of living, wages, employment, industrial injuries, and housing construction is collected and published by the Bureau of Labor Statistics.

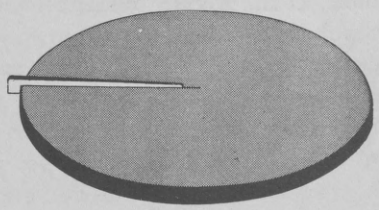
LABOR

Where the Money Will Go in 1953



Total Expenditures LABOR

Fiscal Year	Millions	% of Budget
1953 Est.	$246	.3
1952 Est.	240	.3
1951	228	.5
1950	262	.6
1949	193	.5
1948	183	.5
1945	204	.2



PERCENT OF 1953 BUDGET

HOUSING AND COMMUNITY DEVELOPMENT

Fifty percent of the estimated net expenditures for housing and community development programs in the fiscal year 1953 is for civil defense.

The President recommended a substantial increase in the civil defense program. Expenditures for civil defense in 1953 will finance the Federal stockpiling of emergency supplies, and will match State and local expenditures for special equipment and protective shelters in urban areas.

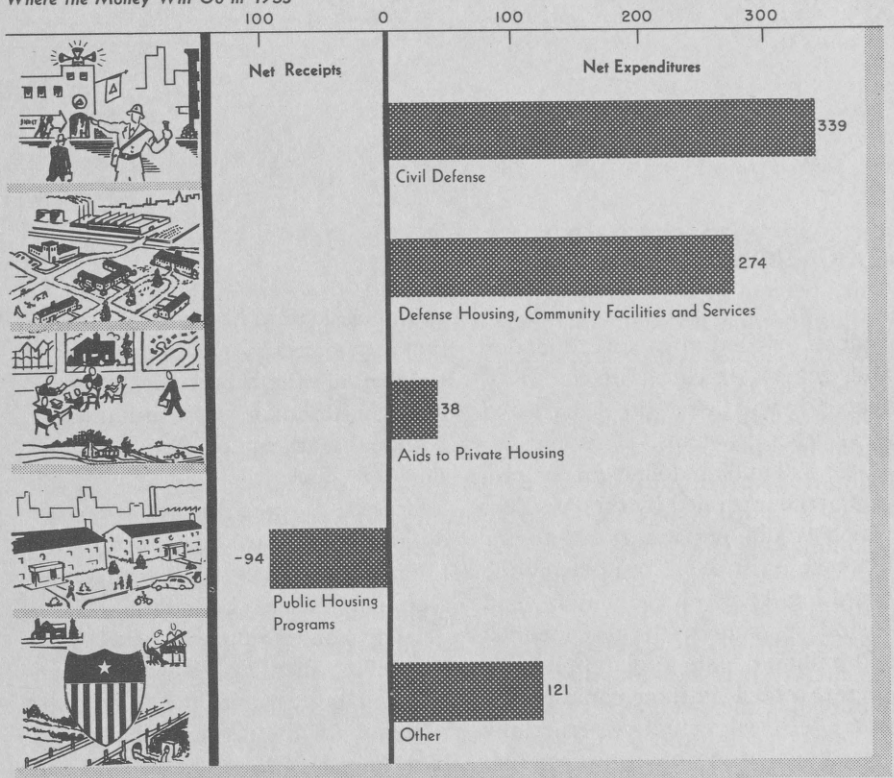
In areas where housing shortages are impeding the defense effort, Federal mortgage insurance and mortgage purchases are being used to help builders obtain financing for the construction of houses. In addition, when private builders cannot supply adequate housing at prices or rentals which defense workers or military personnel can afford, the Federal Government is authorized to construct housing. The Government will also make loans and grants to help communities in these areas finance water and sewer systems and related facilities.

In order to conserve critical materials and restrain inflationary pressures, nondefense housing and community development programs are being held below the levels previously authorized by law. For example, Federal assistance will be granted to local housing authorities for starting 75,000 units of low-rent public housing in 1953, compared to the average of 135,000 units per year authorized by law. As the local authorities obtain long-term credit from private investors, they are expected to repay construction loans made to them by the Public Housing Administration. In 1953 receipts from this source are expected to exceed expenditures for new loans.

The Federal Government makes loans to assist cities in eliminating slums and redeveloping blighted areas. At the present time cities may acquire sites, but may not demolish existing structures or build new ones unless such measures are consistent with defense needs. Loans for housing at educational institutions are confined to colleges with housing shortages resulting directly from defense activities.

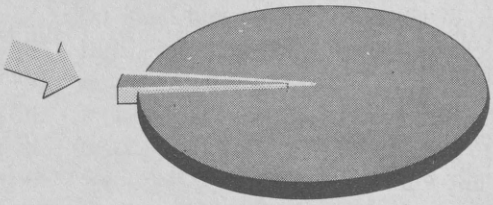
HOUSING AND COMMUNITY DEVELOPMENT

Where the Money Will Go in 1953



Total Expenditures HOUSING AND COMMUNITY DEVELOPMENT

Fiscal Year	Millions	% of Budget
1953 Est.	$678	.8
1952 Est.	881	1.2
1951	602	1.3
1950	262	.6
1949	282	.7
1948	82	.2
1945	–193	–.2



PERCENT OF 1953 BUDGET

EDUCATION AND GENERAL RESEARCH

Almost 90 percent of estimated Federal expenditures for education and general research in the fiscal year 1953 will be for aid to State and local school systems. This aid includes 290 million dollars for the program recommended by the President which would provide grants to the States to assist them in financing the operating costs of elementary and secondary schools. It also includes 220 million dollars to help build and operate schools in those communities where Federal activities—especially defense activities—have imposed special burdens.

Other activities to promote education include a proposed new program of general scholarships and loans for college students, a long-established program of grants to aid the States in providing vocational education, continued aid for the operation of land-grant colleges, and assistance to certain special institutions such as Howard University, the Columbia Institution for the Deaf, and the American Printing House for the Blind.

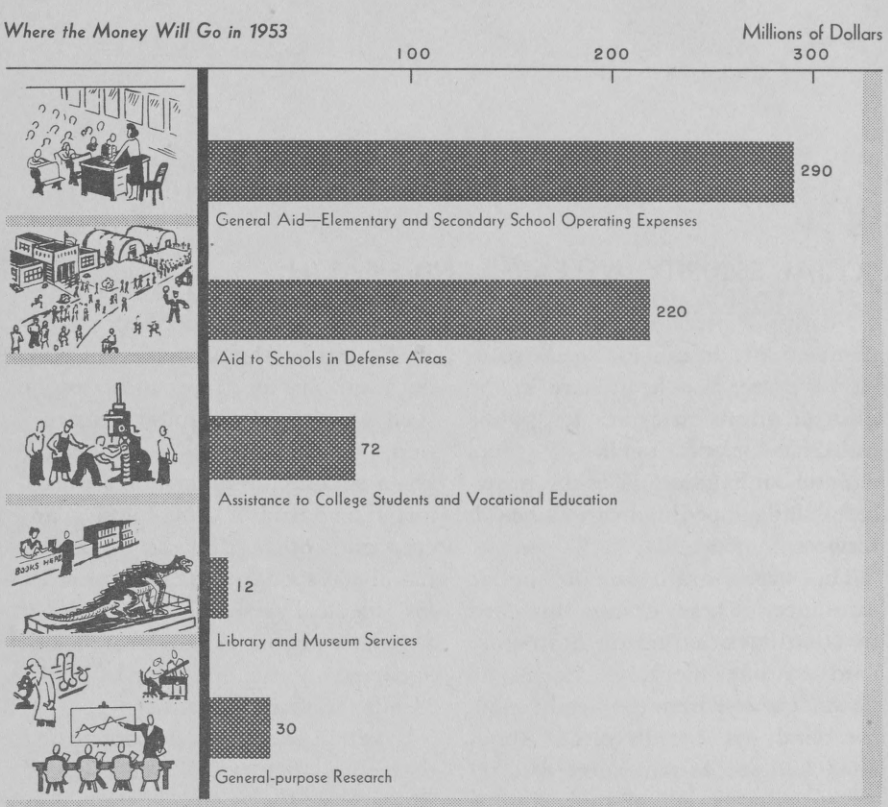
Among general libraries and museums supported by the Federal Government are the Library of Congress, the Smithsonian Institution, the National Gallery of Art, and the Botanic Gardens.

General-purpose research is carried on by the Census Bureau, the National Bureau of Standards, and the National Science Foundation. The Science Foundation will study ways in which scientific knowledge can be used better, and the best paths to follow for the discovery of further basic knowledge. It will also provide financial support for basic scientific research, and has already established a small number of graduate fellowships for a selected group of promising young scientists.

The foregoing activities cover only the general-purpose educational and research activities of the Government. Related activities, involving much larger expenditures, are included elsewhere in this booklet. Examples are educational benefits for veterans, military research, and atomic energy research.

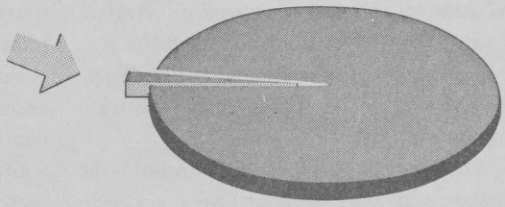
EDUCATION AND GENERAL RESEARCH

Where the Money Will Go in 1953



Total Expenditures EDUCATION AND GENERAL RESEARCH

Fiscal Year	Millions	% of Budget
1953 Est.	$ 624	.7
1952 Est.	238	.3
1951	115	.2
1950	123	.3
1949	75	.2
1948	65	.2
1945	158	.2



PERCENT OF 1953 BUDGET

SOCIAL SECURITY, WELFARE, AND HEALTH

Nearly 60 percent of the Government's expenditures for social security, welfare, and health are in the form of grants to States for public assistance benefits, lunches for school children, rehabilitation of the physically handicapped, and various health services.

The largest grants are for public assistance. These grants, matched by contributions from the States, are used to pay monthly benefits to dependent children, the needy aged, the blind, and the disabled. About 4,600,000 people are expected to receive this form of assistance in the fiscal year 1953. Public assistance should not be confused with old-age and survivors insurance, which is financed through a trust fund and is not included in Budget expenditures. More than 5,000,000 people will receive old-age and survivors insurance payments in 1953.

Since 1937, the Government has operated a retirement and insurance system for railroad workers, financed by payroll taxes. The transfer of these taxes to a trust fund is counted as a Budget expenditure.

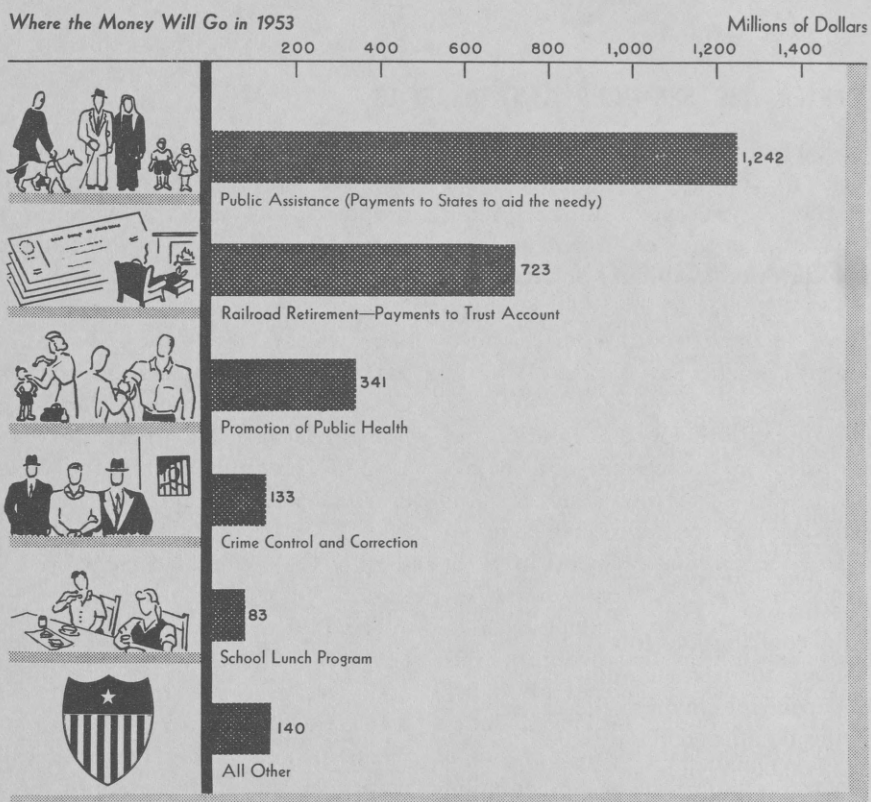
More than half the Federal expenditures for the promotion of public health are for grants to States for such activities as hospital construction, maternal and child health, general community health services, and the control of tuberculosis, cancer, and other diseases. The remaining expenditures are primarily for medical research, professional assistance to State and local health agencies, and the operation of Public Health Service hospitals.

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

Federal grants help the States to provide low-priced lunches for more than 7 million school children.

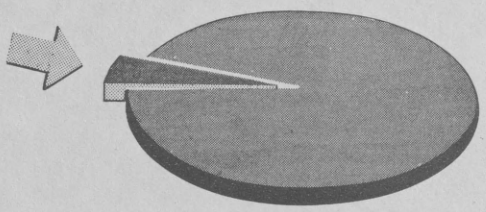
Other health and welfare programs include special assistance given to defense communities, accident compensation for Government workers, and services provided by the Bureau of Indian Affairs.

SOCIAL SECURITY, WELFARE, AND HEALTH



Total Expenditures SOCIAL SECURITY, WELFARE, AND HEALTH

Fiscal Year	Millions	% of Budget
1953 Est.	$2,662	3.1
1952 Est.	2,679	3.8
1951	2,380	5.3
1950	2,214	5.5
1949	1,907	4.8
1948	1,869	5.5
1945	1,046	1.0



PERCENT OF 1953 BUDGET

VETERANS' SERVICES AND BENEFITS

Expenditures for benefits and services to veterans in the fiscal year 1953 are estimated at 4.2 billion dollars, a decline of 43 percent from the peak of 7.4 billion dollars spent in 1947. This decline reflects a sharp drop in Budget outlays for readjustment benefits to World War II veterans.

Expenditures for compensation and pensions are increasing. On the average, 3,179,000 individuals or families are expected to receive compensation or pension payments in 1953, an increase of 84,000 cases over 1952. It is expected that under existing laws expenditures for these programs will continue to increase for many years. The Budget for 1953 includes 100 million dollars to cover proposed increases in the rates of compensation for deaths or injuries resulting from service in the armed forces.

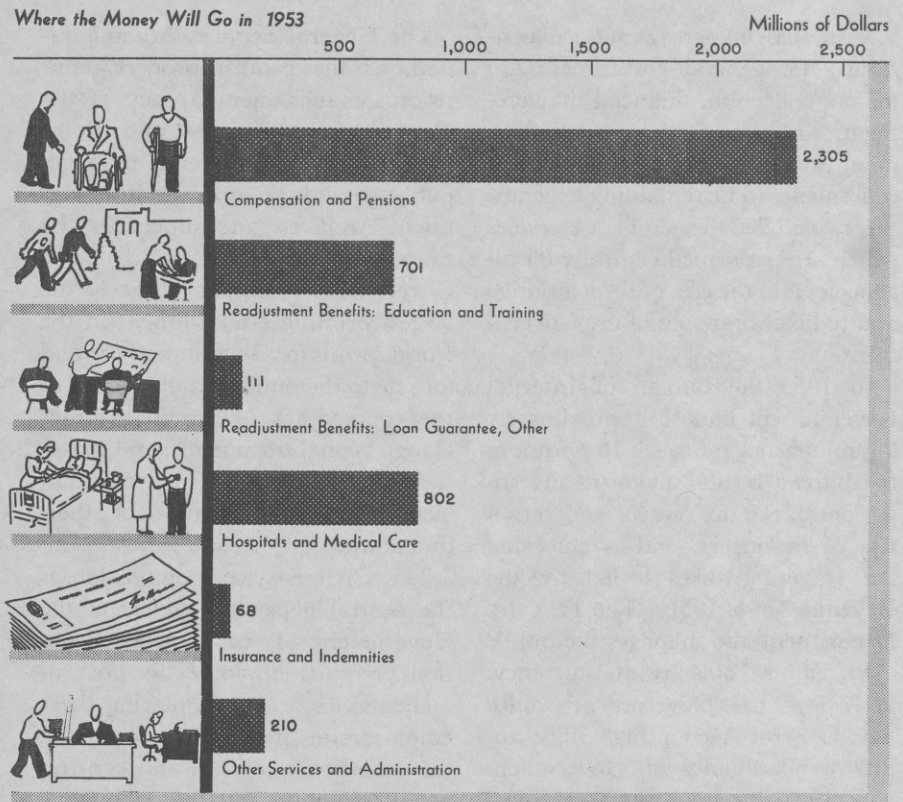
Readjustment benefits for education and training of World War II veterans are declining rapidly. The 1953 Budget includes funds for an average expected enrollment of 491,000 in school, job, and farm training courses—less than half the number in the current year. By the end of 1953 about half of the 15,800,000 veterans of World War II will have received these benefits. The 1953 Budget also includes 75 million dollars for the first year cost of a new education and training program which the President has proposed for veterans who have served since the start of the Korean conflict.

Other readjustment benefits in 1953 will be largely the payment of part of the first year's interest on Government-guaranteed loans for homes, farms, and businesses. In 1953 it is estimated that the Government will guarantee, under the "G. I. bill," 391,000 new loans, slightly below the current year's level.

The Budget provides for an average of 134,000 veterans in hospitals and veterans' homes in 1953 and for 3,468,000 outpatient visits and treatments. Twenty new hospitals will be opened and construction of three hospitals will be started in 1953, as the program begun in 1945 to provide 36,500 additional beds nears completion.

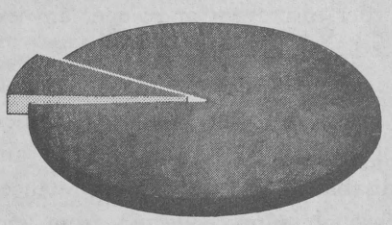
Other expenditures are for death claims under the new servicemen's indemnity program begun in 1951, reimbursements to the veterans insurance trust funds for deaths traceable to war hazards, and the costs of administration. The Veterans Administration will employ an estimated 174,000 people in 1953, about three-fourths in medical and hospital work.

VETERANS SERVICES AND BENEFITS



Total Expenditures VETERANS' SERVICES AND BENEFITS

Fiscal Year	Millions	% of Budget
1953 Est.	$4,197	4.9
1952 Est.	5,165	7.3
1951	5,339	12.0
1950	6,645	16.6
1949	6,725	16.8
1948	6,653	19.7
1945	2,096	2.1



PERCENT OF 1953 BUDGET

GENERAL GOVERNMENT

More than 60 percent of the expenditures for general government are for tax collection, financial management, and the Government's payment toward civil service employees' retirement. The remaining expenditures include the cost of services which are performed centrally for all agencies and the cost of the legislative and judicial branches of the Government.

In 1953 the Bureau of Internal Revenue will handle approximately 90 million tax returns. In addition, the Bureau is intensifying its investigations of the tax returns and activities of racketeers, and is enforcing the wagering taxes levied by the Revenue Act of 1951. The Treasury Department also manages the public debt, mints coins, prints currency, and pays the Government's bills. The General Accounting Office audits the accounts of Government agencies. The recently established Renegotiation Board reviews profits made under defense contracts in order to prevent or recover any excessive Government payments.

About two-thirds of the civilian Government employees are members of the civil service retirement and disability system, which is financed through sums collected from employees and from the Government as employer. The Government payment in the fiscal year 1953 is estimated at 458 million dollars.

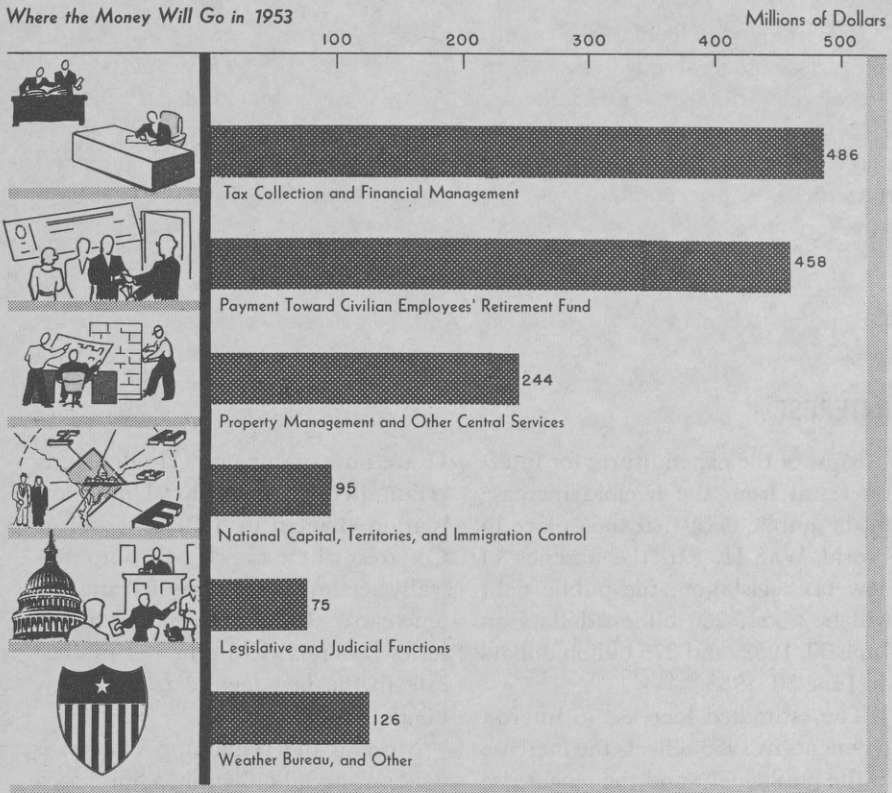
The General Services Administration, as the central property and records management agency of the Government, purchases and stores supplies and equipment, manages public buildings, operates the National Archives, and supervises the storage of Government records. The Government Printing Office, the largest printing establishment in the world, prints for Government use and for sale to the public a daily record of the proceedings of Congress, other Congressional documents, and materials prepared by Government agencies in the performance of their functions.

The Civil Service Commission is the central personnel agency of the Government. It conducts examinations, recruits employees for government service, assists in placing these employees in the positions for which they are best qualified, and controls promotion and discharge policies.

The Immigration and Naturalization Service administers laws controlling the entrance of aliens into the United States and the naturalization of candidates for citizenship. The Department of the Interior supervises or governs our Territories, island possessions, and the Pacific islands for which we are responsible under a United Nations mandate. The Federal Government also makes an annual payment to help finance local government in the District of Columbia.

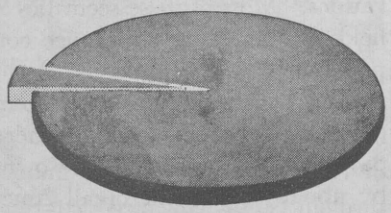
GENERAL GOVERNMENT

Where the Money Will Go in 1953



Total Expenditures GENERAL GOVERNMENT

Fiscal Year	Millions	% of Budget
1953 Est.	$1,484	1.7
1952 Est.	1,353	1.9
1951	1,209	2.7
1950	1,094	2.7
1949	1,006	2.5
1948	1,303	3.9
1945	781	.8



PERCENT OF 1953 BUDGET

INTEREST

Most of the expenditures for interest result from the fivefold increase in the public debt that took place in World War II. In the absence of new tax legislation, the public debt will be about 260 billion dollars on June 30, 1952, and 275 billion dollars on June 30, 1953.

The estimated increase in interest payments in 1953 reflects the increase in the public debt and the recent rise in average interest rates.

About half the interest on the public debt is paid on marketable obligations. Most of these securities are held by banks and insurance companies.

Interest on savings bonds amounts to about 25 percent of total interest payments. These bonds are owned by about 40 percent of all American families. Interest on them is included in Budget expenditures as it accrues.

Many series E savings bonds which were purchased during World War II are now maturing. Holders may retain them if they wish. Under legislation enacted in the last session of Congress, these bonds will automatically accumulate interest for another ten years. If held beyond maturity, series E bonds yield a higher interest rate in the first few years than new bonds.

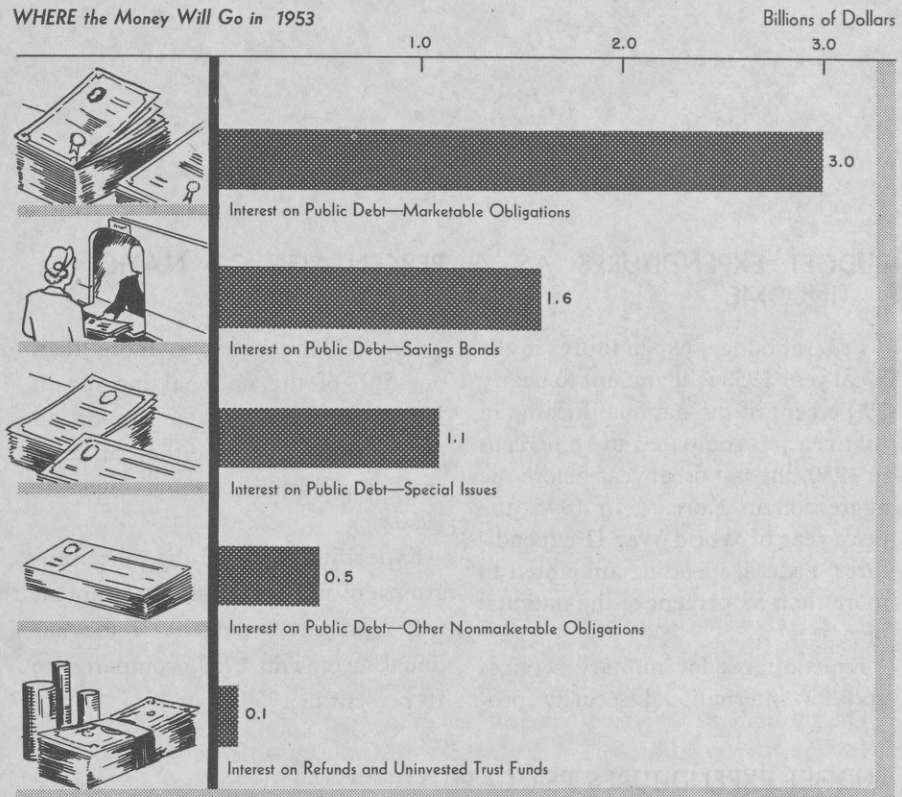
Most of the remaining interest is paid on special obligations purchased by Government trust funds.

Other nonmarketable obligations are mainly investment bonds bought by insurance companies and other private institutions for long-term investment, and short-term savings notes generally bought by corporations for temporary investment of tax reserves.

Interest payments are fixed obligations of the Federal Government. Unlike most Budget expenditures, they do not require annual authorization by the Congress.

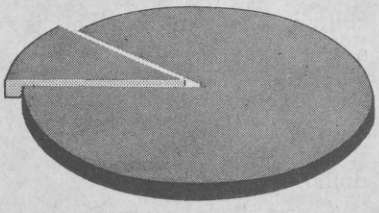
INTEREST

WHERE the Money Will Go in 1953



Total Expenditures INTEREST

Fiscal Year	Millions	% of Budget
1953 Est.	$6,256	7.3
1952 Est.	5,955	8.4
1951	5,714	12.8
1950	5,817*	14.5
1949	5,445	13.6
1948	5,248	15.5
1945	3,662	3.7



PERCENT OF 1953 BUDGET

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

BUDGET EXPENDITURES AS A PERCENTAGE OF NATIONAL INCOME

Federal budget expenditures in the fiscal year 1953 will amount to nearly 29 percent of the national income in that year, as compared to 18 percent in 1950, the last fiscal year before the aggression in Korea. In 1945, the peak year of World War II expenditures, Federal spending amounted to more than 52 percent of the national income.

Expenditures for military services and for international security programs will be equal to more than one-fifth of the national income in 1953. This is a greater proportion of the national income than all Federal expenditures represented in 1950.

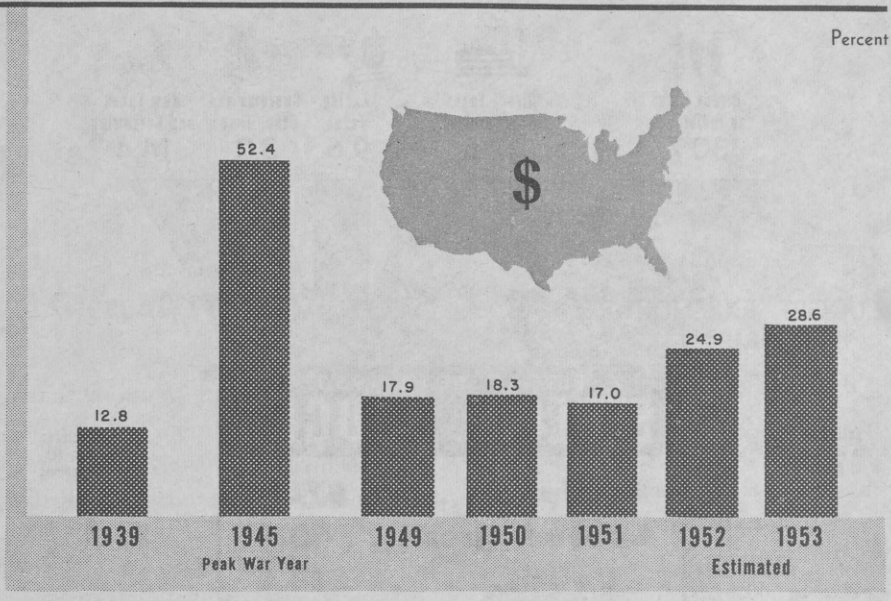
Expenditures for all the other programs of the Federal Government will represent 8 percent of the national income in 1953, compared to 10 percent in 1950.

BUDGET EXPENDITURES PER CAPITA

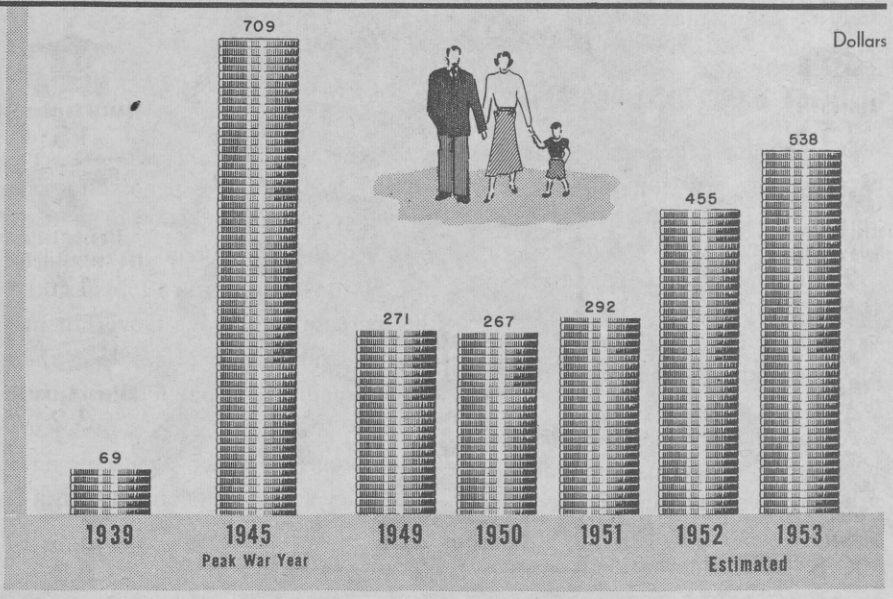
During the fiscal year 1953, Federal expenditures will amount to 538 dollars for each man, woman, and child in the country. This is twice as much as per capita expenditures in 1950. In 1945, the peak year of World War II expenditures, Government spending amounted to 709 dollars per capita.

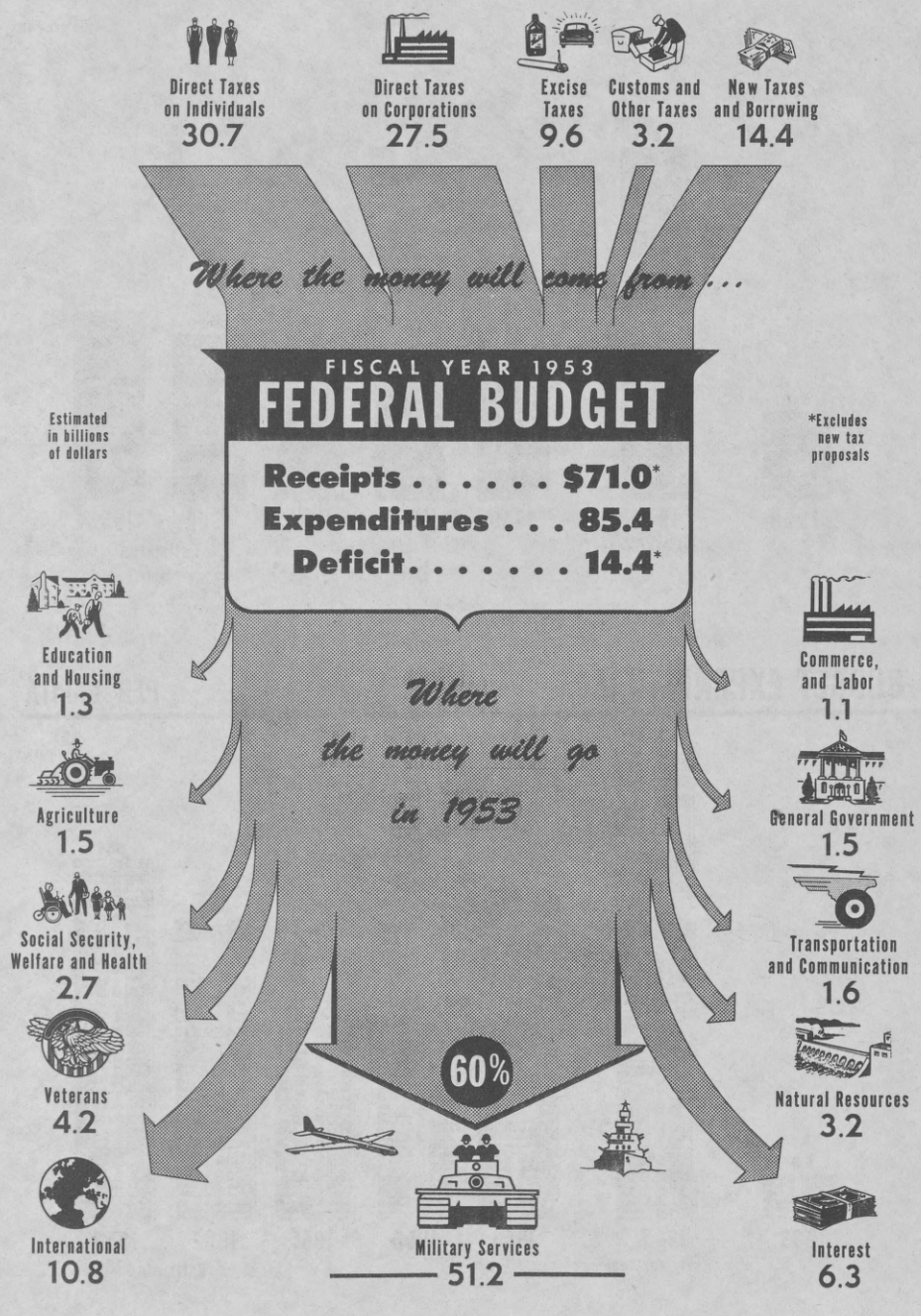
Almost all of the increase since 1950 has been in programs to expand the armed forces and to help strengthen our allies overseas. In 1953, military services and international security programs will cost 390 dollars per capita. Expenditures per capita for all other programs combined are expected to decline from 153 dollars in 1950 to 148 dollars in 1953, despite the increase in average Government salaries and in the prices that the Government has to pay for the goods it buys. Moreover, some of these other programs—such as atomic energy development—contribute directly to our national defense, and have increased since 1950.

BUDGET EXPENDITURES AS A PERCENTAGE OF NATIONAL INCOME



BUDGET EXPENDITURES PER CAPITA




Direct Taxes on Individuals 30.7
Direct Taxes on Corporations 27.5
Excise Taxes 9.6
Customs and Other Taxes 3.2
New Taxes and Borrowing 14.4
Where the money will come from . . .
FISCAL YEAR 1953
FEDERAL BUDGET
Estimated in billions of dollars
*Excludes new tax proposals
Receipts $71.0*
Expenditures . . . 85.4
Deficit 14.4*
Where the money will go in 1953
Education and Housing 1.3
Agriculture 1.5
Social Security, Welfare and Health 2.7
Veterans 4.2
International 10.8
Commerce, and Labor 1.1
General Government 1.5
Transportation and Communication 1.6
Natural Resources 3.2
Interest 6.3
60%
Military Services 51.2

APPENDIXES

Up to this point, this booklet has discussed receipts and expenditures included in the Budget. Three other aspects of Federal financial operations are described in the appendixes which follow.

Appendix A shows the receipts and expenditures of trust funds.

Appendix B presents a summary of the total cash transactions between the Federal Government and the public.

Appendix C shows the relationship between authorizations to incur obligations on behalf of the Government and Budget expenditures for the fiscal year 1953.

APPENDIX A

TRUST FUNDS

Most of the financial transactions of the Government are directly reflected in Budget receipts and expenditures. Some important programs, however, are operated through trust funds with the Federal Government acting as trustee.

Money held in trust by the Government is not available for ordinary Government expenditures. It may be spent only for the special purposes of the trust. Trust fund money in excess of current spending requirements is invested largely in special issues of Government bonds.

At the end of the fiscal year 1951, about 36 billion dollars in United States securities was held by Government trust funds. The receipts of each trust fund include interest earned on its investments in Government bonds. Total receipts of the trust funds are currently higher than expenditures, and the funds are accumulating between 3 and 4 billion dollars a year.

Important programs conducted through trust funds include old-age and survivors insurance, unemployment insurance, railroad retirement, Federal employees' retirement, and veterans' life insurance.

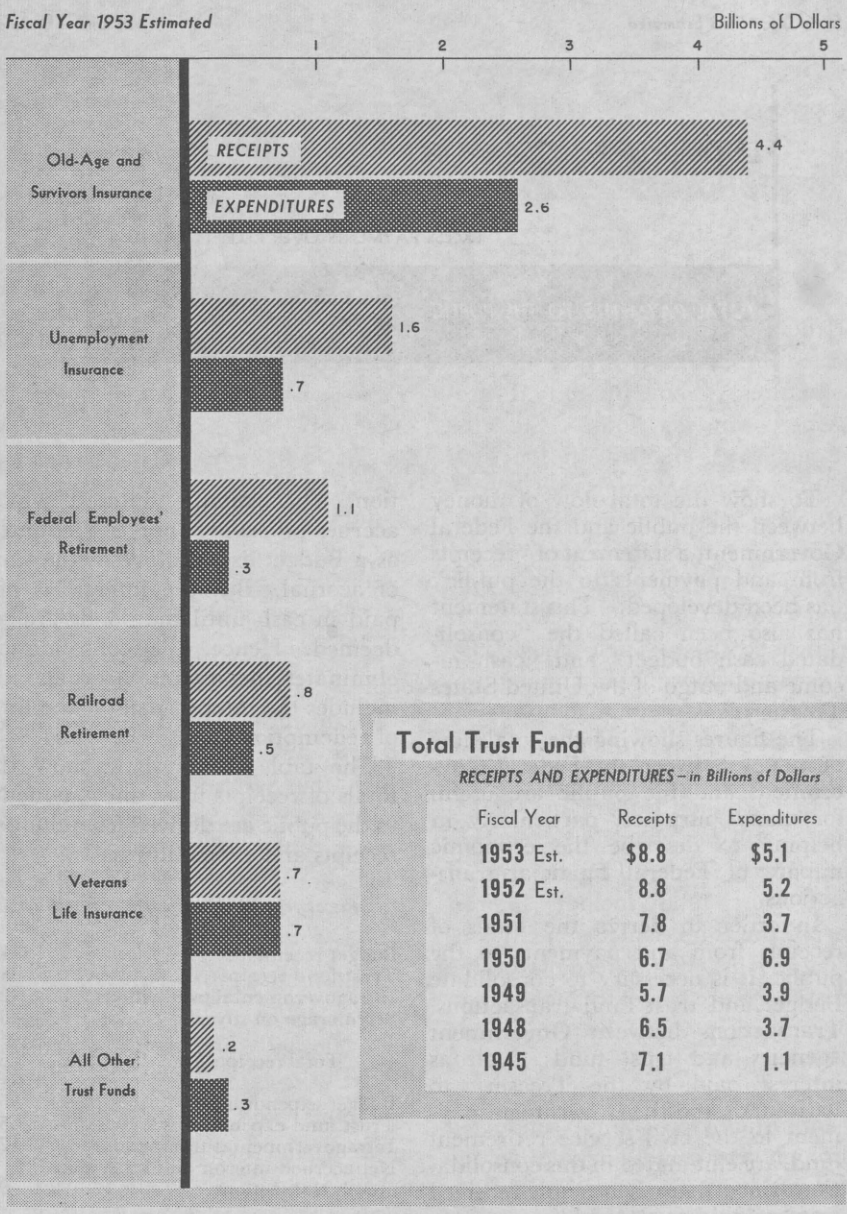
The old-age and survivors insurance program is financed primarily by a special payroll tax of one and one-half percent each on covered employers and employees. Expenditures from this trust fund are payments of pensions to retired workers and benefits to their survivors.

The railroad retirement fund and the Federal employees' retirement fund are operated in a similar manner.

The unemployment insurance trust fund is financed by payroll taxes which the States collect from employers and transmit to the Federal Government. The fund's expenditures consist mostly of withdrawals by the States to pay unemployment compensation benefits to workers.

GI insurance for veterans of World Wars I and II is provided through the veterans' life insurance trust funds. Receipts consist largely of premiums paid by those who are insured, and expenditures are primarily payments to beneficiaries of policyholders and payments of dividends.

TRUST FUNDS — RECEIPTS AND EXPENDITURES

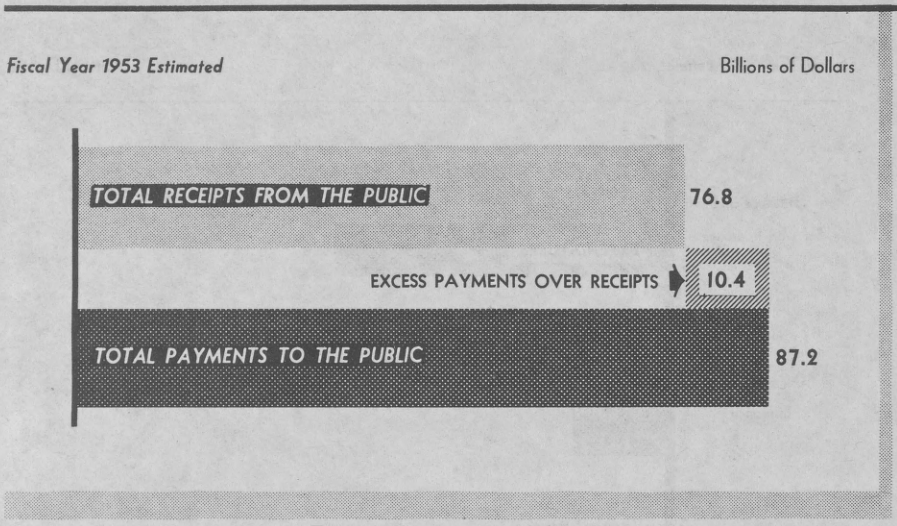


Total Trust Fund

RECEIPTS AND EXPENDITURES – in Billions of Dollars

Fiscal Year	Receipts	Expenditures
1953 Est.	$8.8	$5.1
1952 Est.	8.8	5.2
1951	7.8	3.7
1950	6.7	6.9
1949	5.7	3.9
1948	6.5	3.7
1945	7.1	1.1

RECEIPTS FROM AND PAYMENTS TO THE PUBLIC



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

The figures showing the total flow of money between the Federal Government and the public are useful for many purposes, particularly in helping to describe the economic impact of Federal financial transactions.

In order to derive the totals of receipts from and payments to the public, it is necessary to consolidate Budget and trust fund transactions. Transactions between Government agencies and trust funds, such as interest paid by the Treasury to trust funds and the Government payment to the civil service retirement fund, are eliminated in this consolidation, since there is no cash received from or paid to the public.

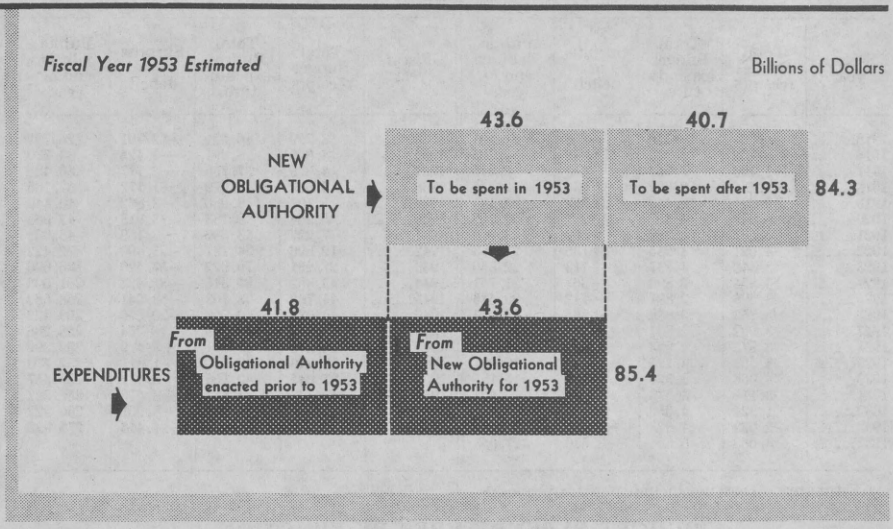
Certain other noncash transactions are also eliminated in the consolidation. For example, interest which accrues on savings bonds is counted as a Budget expenditure at the time of accrual. But the interest is not paid in cash until the bonds are redeemed. Hence, the consolidation eliminates the interest accruals and includes the interest paid at the time of redemption.

The table below shows how the totals of receipts from and payments to the public are derived from Budget receipts and expenditures.

Fiscal year 1953, estimated. In billions

Budget receipts	$71.0
Trust fund receipts	8.8
Intragovernmental transactions	—2.9
Seigniorage on silver	—0.1
Total receipts from the public	76.8
Budget expenditures	85.4
Trust fund expenditures	5.1
Intragovernmental transactions	—2.9
Net accrued interest and other noncash transactions	—0.4
Total payments to the public	87.2
Excess of payments over receipts	10.4

BUDGET AUTHORIZATIONS RELATED TO EXPENDITURES



Federal agencies cannot spend money or incur obligations requiring the future spending of money without prior authorization from the Congress. Such congressional authorization is usually made in the form of appropriations.

There is a time lag between the granting of authorizations and the incurring of obligations. A further time lag takes place between the incurring of obligations and the making of expenditures. As a result, expenditures in any one fiscal year come in part from new obligational authority granted for that year, and in part from authority granted in prior years.

In the fiscal year 1953, it is expected that nearly half of the 85.4 billion dollars of expenditures will result from obligational authority which was made available in prior years. The remaining expenditures will come from authorizations for the fiscal year 1953.

The President recommended enactment of 84.3 billion dollars of authority to incur new obligations in the fiscal year 1953. Of this amount 43.6 billion dollars would be spent in 1953 and 40.7 billion dollars in later years.

Because of the long lead-time involved in military production, the time lag between obligational authority and expenditures is substantial. For the three-year period 1951 through 1953, new obligational authority is expected to exceed expenditures by 61 billion dollars. A small part of this excess will be unused authority which will be turned back to the Treasury. Most of it will become part of the unexpended balances which will be spent in the years after 1953.

BUDGET RECEIPTS AND EXPENDITURES AND PUBLIC DEBT

Fiscal years 1915 through 1953

[In millions]

Fiscal year	Total Budget receipts	Total Budget expenditures	Surplus or deficit	Public debt at end of year	Fiscal year	Total Budget receipts	Total Budget expenditures	Surplus or deficit	Public debt at end of year
1915	$683	$746	−$63	$1,191	1935	$3,729	$6,521	−$2,791	$28,701
1916	762	713	+48	1,225	1936	4,069	8,494	−4,425	33,779
1917	1,100	1,954	−853	2,976	1937	4,979	7,756	−2,777	36,425
1918	3,630	12,662	−9,032	12,455	1938	5,803	6,979	−1,177	37,165
1919	5,085	18,448	−13,363	25,485	1939	5,104	8,966	−3,862	40,440
1920	6,649	6,357	+291	24,299	1940	5,264	9,183	−3,918	42,968
1921	5,567	5,058	+509	23,978	1941	7,227	13,387	−6,159	48,961
1922	4,021	3,285	+736	22,963	1942	12,696	34,187	−21,490	72,422
1923	3,849	3,137	+713	22,350	1943	22,201	79,622	−57,420	136,696
1924	3,853	2,890	+963	21,251	1944	43,892	95,315	−51,423	201,003
1925	3,598	2,881	+717	20,516	1945	44,762	98,703	−53,941	258,682
1926	3,753	2,888	+865	19,643	1946	40,027	60,703	−20,676	269,422
1927	3,992	2,837	+1,155	18,512	1947	40,043	39,289	+754	258,286
1928	3,872	2,933	+939	17,604	1948	42,211	33,791	+8,419	252,292
1929	3,861	3,127	+734	16,931	1949	38,246	40,057	−1,811	252,770
1930	4,058	3,320	+738	16,185	1950	37,045	40,156	−3,111	257,357
1931	3,116	3,578	−462	16,801	1951	48,143	44,633	+3,510	255,222
1932	1,924	4,659	−2,735	19,487	1952 [1]	62,680	70,881	−8,201	260,222
1933	2,022	4,623	−2,602	22,539	1953 [1]	70,998	85,444	−14,446	274,922
1934	3,065	6,694	−3,630	27,053					

[1] Estimated. Does not include new tax proposals.

BUDGET EXPENDITURES BY FUNCTION

Fiscal years 1944 through 1953

[In millions of dollars]

Function	1944	1945	1946	1947	1948	1949	1950	1951	1952 (est.)	1953 (est.)
Military services [a]	83,766	84,570	45,134	14,316	10,963	11,915	12,281	20,462	39,753	51,163
International security and foreign relations [a]	245	677	1,463	6,541	4,781	6,459	4,805	4,727	7,196	10,845
Finance, commerce, and industry	18	236	9	112	132	127	213	176	751	833
Transportation and communication	4,306	3,364	786	546	1,213	1,600	1,703	1,685	2,153	1,643
Natural resources	333	247	254	628	1,113	1,536	1,624	2,051	3,082	3,237
Agriculture and agricultural resources	1,203	1,602	743	1,243	573	2,512	2,783	650	1,408	1,478
Labor	225	204	174	194	183	193	262	228	240	246
Housing and community development	308	[b] 193	[b] 199	348	82	282	262	602	881	678
Education and general research	88	158	85	66	65	75	123	115	238	624
Social security, welfare, and health	1,013	1,046	1,048	1,314	1,869	1,907	2,214	2,380	2,679	2,662
Veterans' services and benefits	745	2,096	4,416	7,381	6,653	6,725	6,645	5,339	5,165	4,197
General government	801	781	897	1,283	1,303	1,006	1,094	1,209	1,353	1,484
Interest	2,623	3,662	4,816	5,012	5,248	5,445	5,817	5,714	5,955	6,256
Reserve for contingencies	------	------	------	------	------	------	------	------	25	100
Total	95,675	98,451	59,626	38,983	34,179	39,785	39,826	45,338	70,881	85,444
Adjustment to daily Treasury statement	−360	+252	+1,077	+305	−388	+272	+330	−705	------	------
Total Budget expenditures	95,315	98,703	60,703	39,289	33,791	40,057	40,156	44,633	70,881	85,444

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

[b] Deduct, excess of repayments and collections over expenditures.

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

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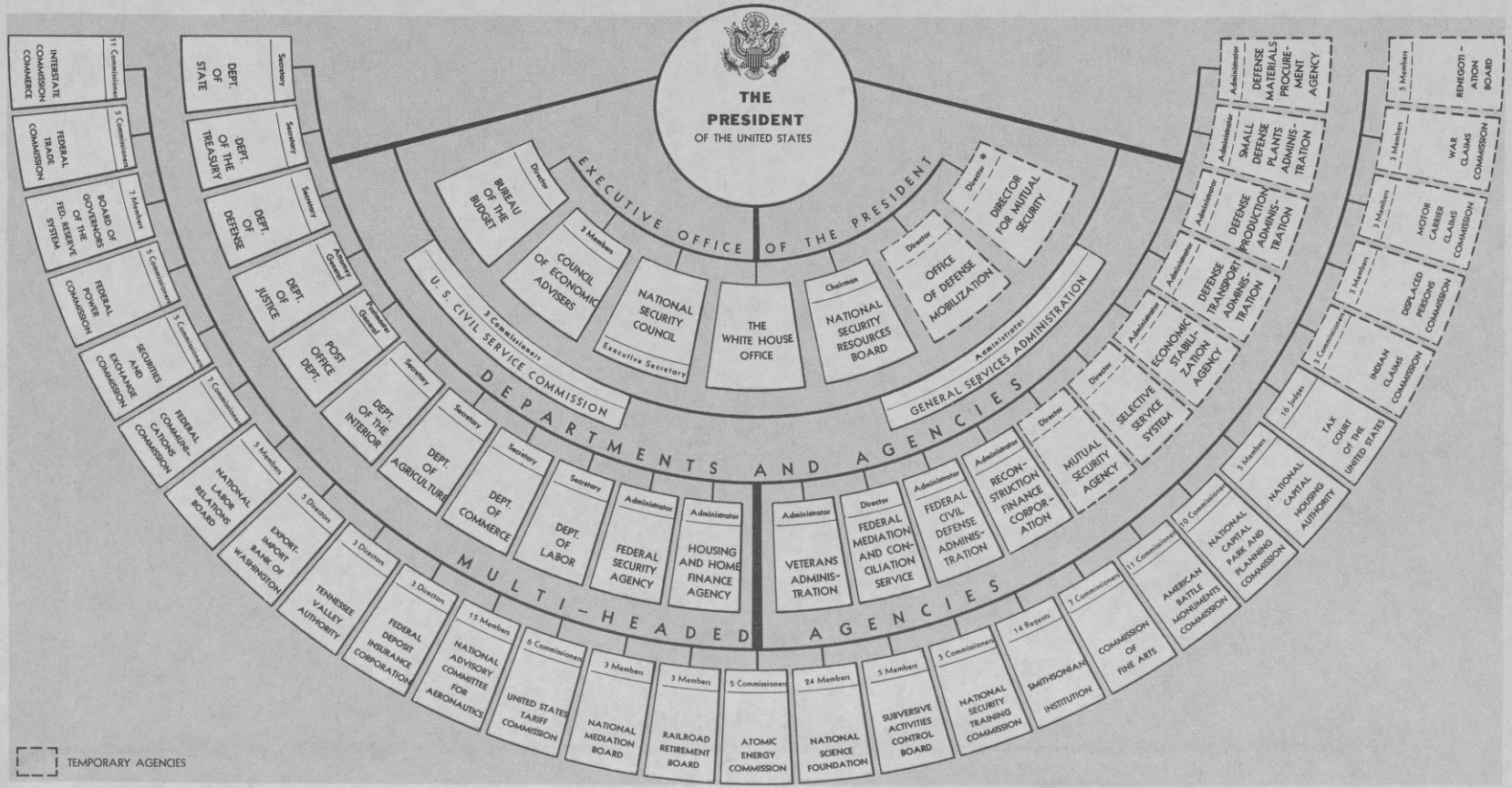

* Serves also as the Director of the Mutual Security Agency

January 15, 1952