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PUBLIC POLICY IN ACTION

Agricultural Extension Service
 Blacksburg, Virginia
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Fiscal Policy Series No. 8
 1953 Federal Budget

The Policy

The President, in his message to Congress on January 21, proposed Federal budget expenditures totaling about 85 billion dollars for the fiscal year 1953. This compares with an estimated expenditure of about 71 billion dollars during fiscal 1952. [A fiscal year ends June 30 of the year named]

Expenditures on national security programs are scheduled to rise from about 50 billion dollars in fiscal 1952 to 65 billion dollars for fiscal 1953 and at that time will represent three-fourths of total budget expenditures.

Table 1. -- Federal budget receipts and expenditures, actual fiscal year 1951, estimated fiscal years 1952 and 1953 1/

(Billion dollars)			
Item	: Actual	: Estimated	
	: 1951	: 1952	: 1953
BUDGET RECEIPTS:			
Direct taxes on individuals	24.1	30.1	33.0
Direct taxes on corporations	14.4	22.9	27.8
Excises	8.7	9.0	9.7
Other (including misc. deductions)	1.0	.7	.5
Net budget receipts	<u>48.1</u>	<u>62.7</u>	<u>71.0</u>
BUDGET EXPENDITURES:			
National security programs <u>2/</u>	26.4	49.7	65.1
Veterans' services and benefits	5.3	5.2	4.2
Interest	5.7	6.0	6.3
Other	7.2	10.0	9.8
Total budget expenditures	<u>44.6</u>	<u>70.9</u>	<u>85.4</u>
Excess of budget expenditures	<u>3/ 3.5</u>	8.2	14.4

1/ Details may not add to total because of rounding.

2/ Includes military services, international security and foreign relations, development of atomic energy, promotion of defense production and economic stabilization and other programs related to national security. Expenditures on these programs as percent of total expenditures are as follows: 1951, 59%; 1952, 70%; 1953, 76%.

3/ Budget surplus.

Source: Bureau of Agricultural Economics.

The Action in 1951

In response to expanding demands of the economy total output of goods and services in 1951 was up more than 8% from 1950 with most of the gain occurring by the first half of 1951. However, combined expenditures by consumers, business, and the Government rose nearly 16% resulting in a gain of nearly 8% in the level of prices from 1950 to 1951.

The Federal Reserve Board's index of industrial production in 1951 was 219% of the 1935-39 average, almost 10% above the previous year, while 1951 agricultural production was 141% of the 1935-39 average, 2% above 1950.

Durable goods production last year, despite cutbacks in automobiles and other consumer hard goods, was maintained at substantially higher rates than in 1950 and the index for 1951, at 273, was 15% above the year before. Non-durable goods output in 1951 was up nearly 4% from the previous year. Output of minerals was a record in 1951. The monthly average index for the year, at 165, was 11% above 1950. Manufacturers' sales in 1951 averaged around 16% above the year before. Construction expenditures during 1951 totaled 30 billion dollars, 7% above the 1950 figure of 28 billion dollars.

The estimated total personal income of 251 billion dollars for 1951 was almost 12% higher than in 1950.

Proprietors' and rental income, on a seasonally adjusted annual rate basis, was about 50 billion dollars in the fourth quarter, up 1 billion from the third quarter and 3 billion higher than in the last quarter of 1950.

Disposable income of consumers (income after taxes) rose by 3 billion to an annual rate of 228 billion dollars for the fourth quarter. This compares with a disposable income of 223 billion dollars for 1951 as a whole, about 9% above 1950.

Retail inventories have been declining since May, 1951.

During 1951, employment averaged 61 million, up one million from 1950.

The cost of living rose almost 6% during 1951. Food costs rose the most, up 7%, followed by 6% for apparel, and 5% for rent.

Realized net income of farm operators totaled 14.9 billion dollars in 1951, up 2 billion dollars from the postwar low in 1950, but still 2 billion less than the postwar high in 1947. Total nonagricultural income, on the other hand, set another new record in 1951, up more than a third from its 1947 level. [Net farm income as stated here does not include income to farmers from non-farm sources. Hence, these figures are not strictly comparable.]

Gross farm income in 1951, estimated at 37.4 billion dollars, was 14% larger than in 1950, and production expenses rose 12% to 22.5 billion dollars. The increase in realized net income was 17%.

Cash receipts from farm marketings in 1951 totaled 32.8 billion dollars, or 14% more than in 1950. Receipts from the sale of livestock and livestock products were 19.6 billion dollars, up 21% from 1950, but crop receipts rose only 5% to 13.2 billion dollars.