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Fifth Annual AFL

Summer Labor Institute

June 15-21, 1952

Santa Barbara, California

Institute of Industrial Relations

(Berkeley and Los Angeles)

University Extension, University of California

California State Federation of Labor

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June 15-21, 1952

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SANTA BARBARA, CALIFORNIA

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and

UNIVERSITY EXTENSION, UNIVERSITY OF CALIFORNIA

in cooperation with

THE CALIFORNIA STATE FEDERATION OF LABOR

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ACKNOWLEDGEMENTS

CHET BRISCO, Extension Representative, University of California, Berkeley, and JOHN S. DYDO, Graduate Research Assistant, Institute of Industrial Relations, University of California, Berkeley, collected and prepared the data for this manual under the direction of VAN D. KENNEDY, Associate Professor of Industrial Relations, Department of Business Administration, and Research Associate, Institute of Industrial Relations, University of California, Berkeley.

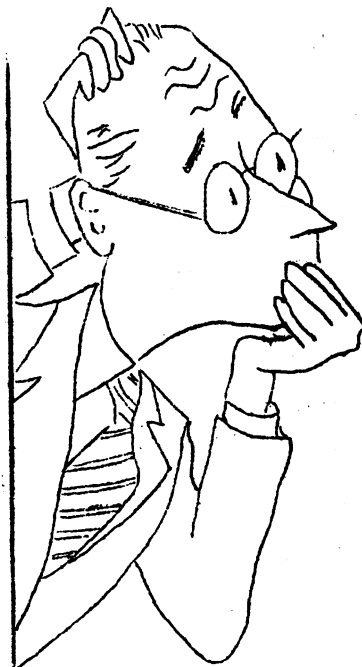
Mimeographing and assembling was done by University Extension, University of California, Berkeley, under the direction of MRS. LUCILLE STEVENS.

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WHY WAGE AND PRICE STABILIZATION

ARTHUR ROSS

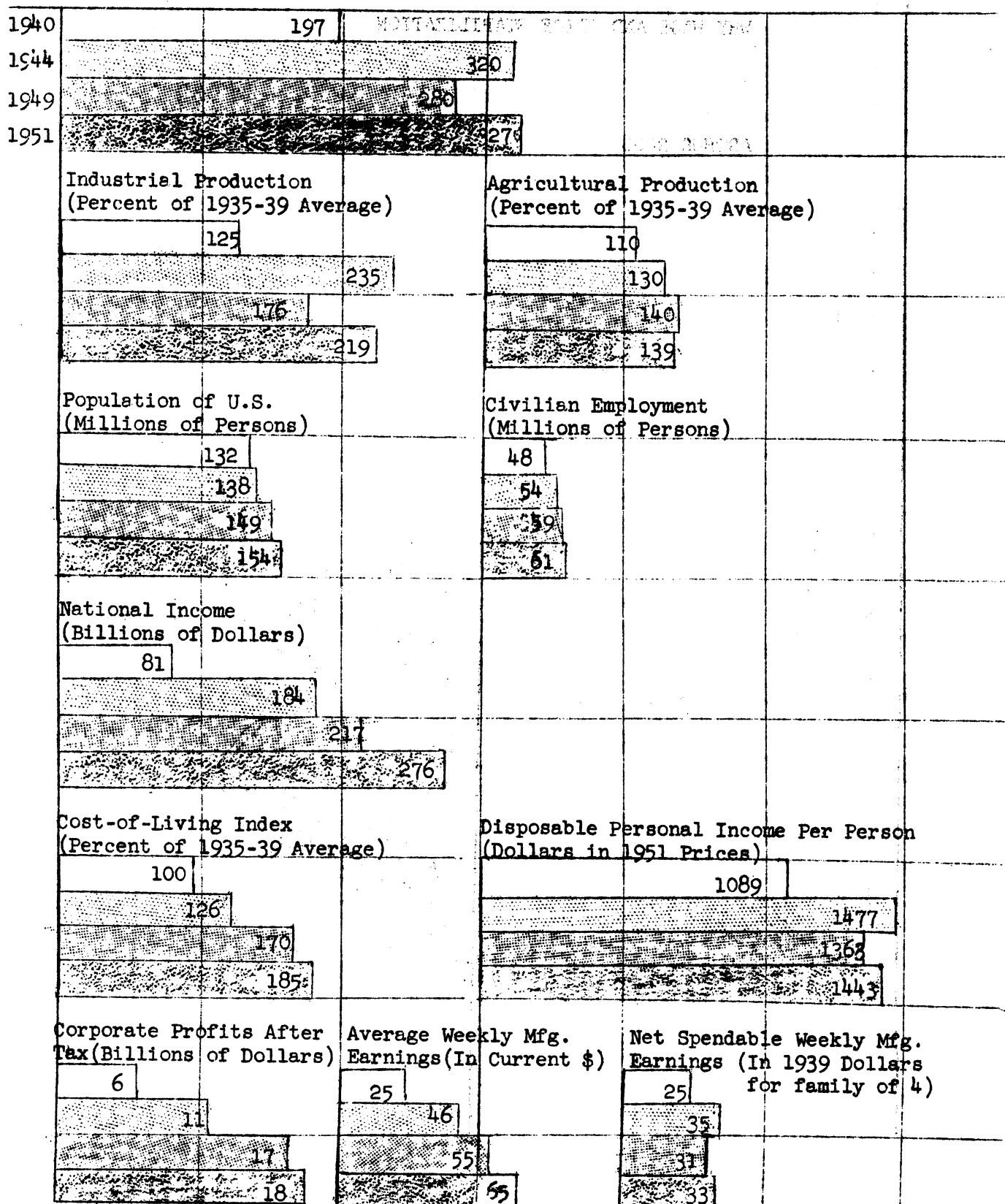


2.

BASIC ECONOMIC INDICATORS IN FOUR KEY YEARS:

- Before World War II
- World War II Peak
- Pre-Korea Peacetime
- 1951 Cold-War Mobilization

Total Production of Goods and Services
(Billions of Dollars in 1951 Prices)

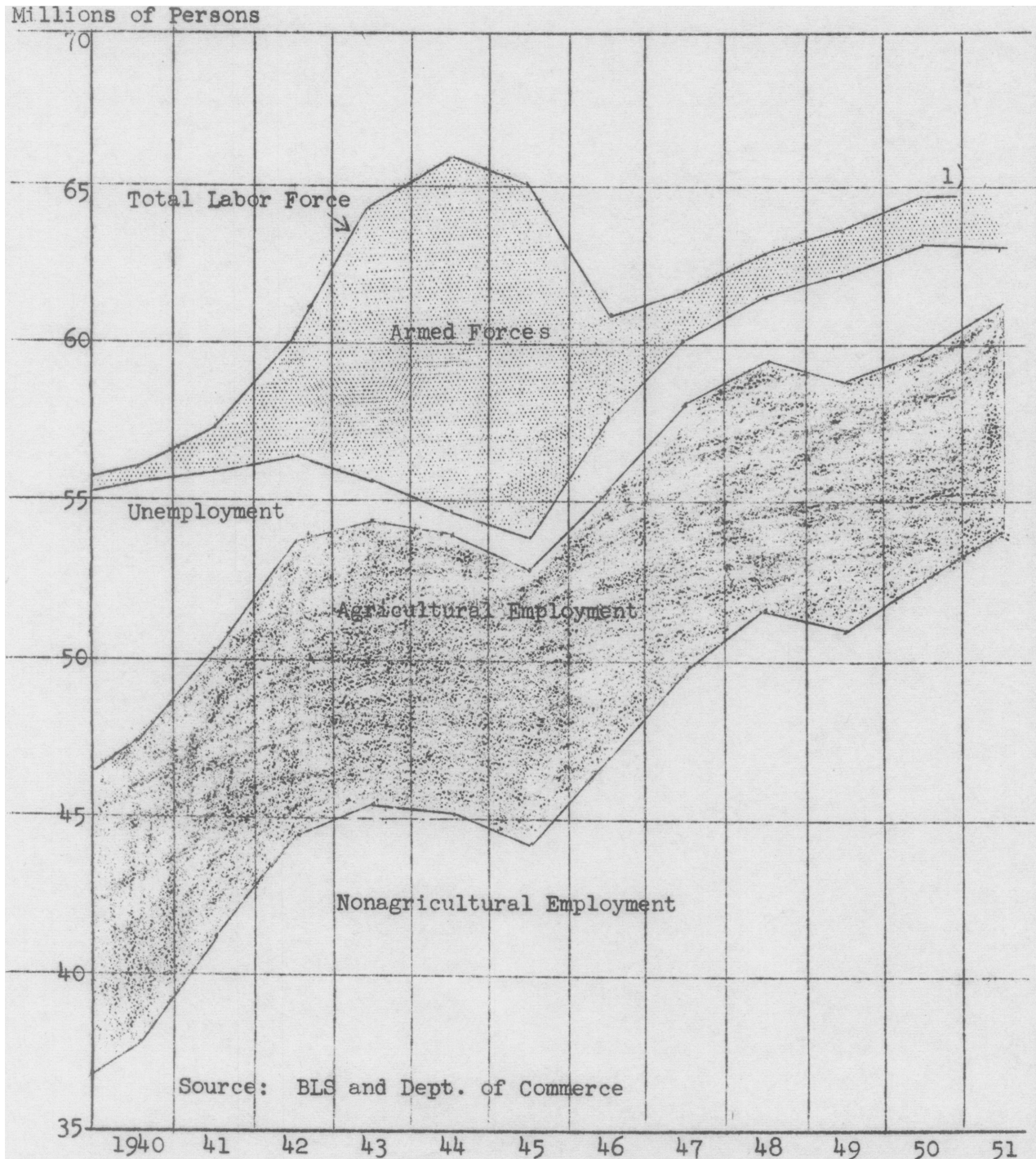


Source: The Economic Report of the President, January 1952.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

1940-1951

Yearly Averages



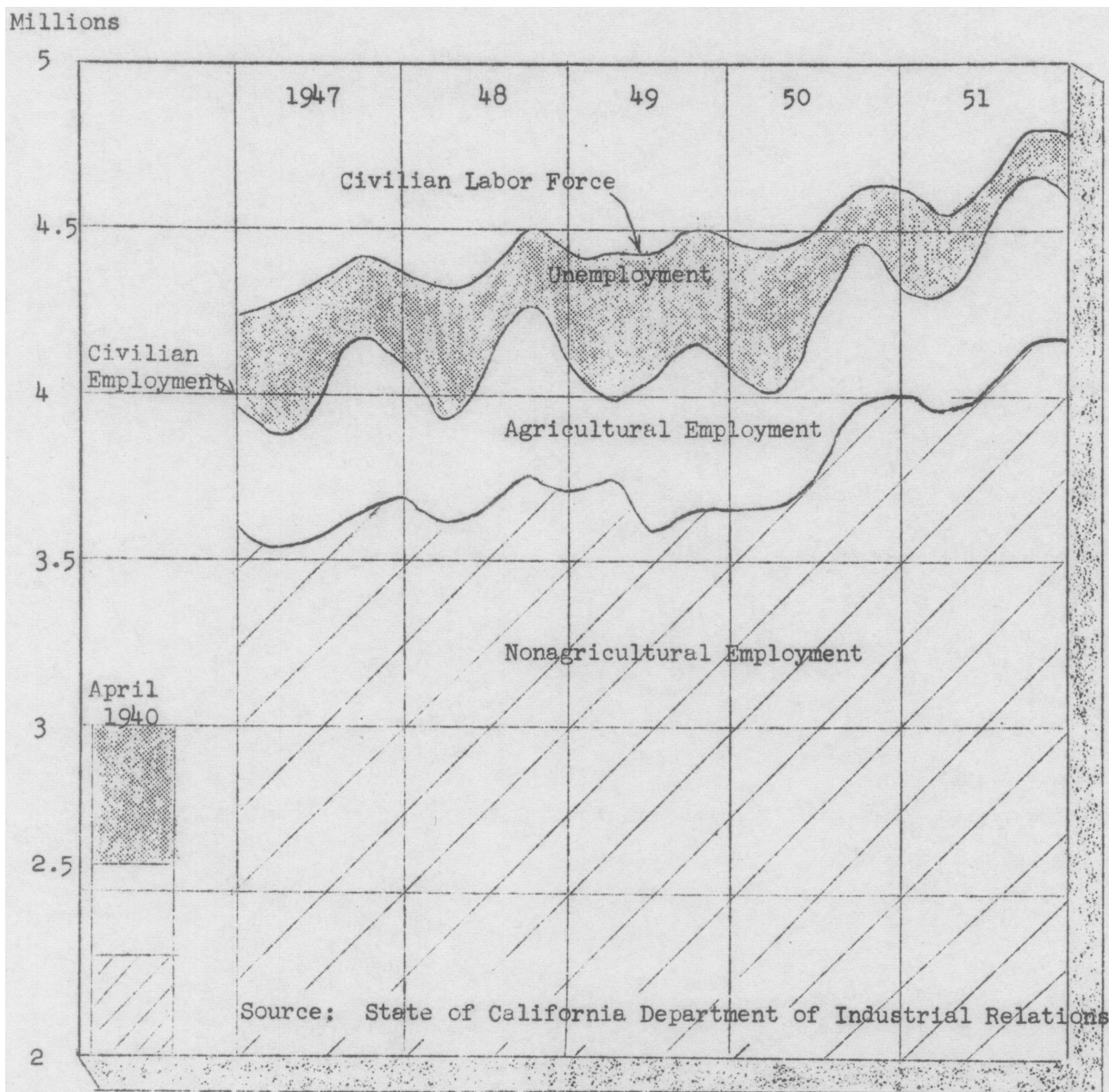
1) Total labor force data not available of Jan. 1951 because of the security classification of the Armed Forces component.

4.

Inflationary Pressures: Increase in Income Receivers

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT IN CALIFORNIA

April 1940 and 1947-1952

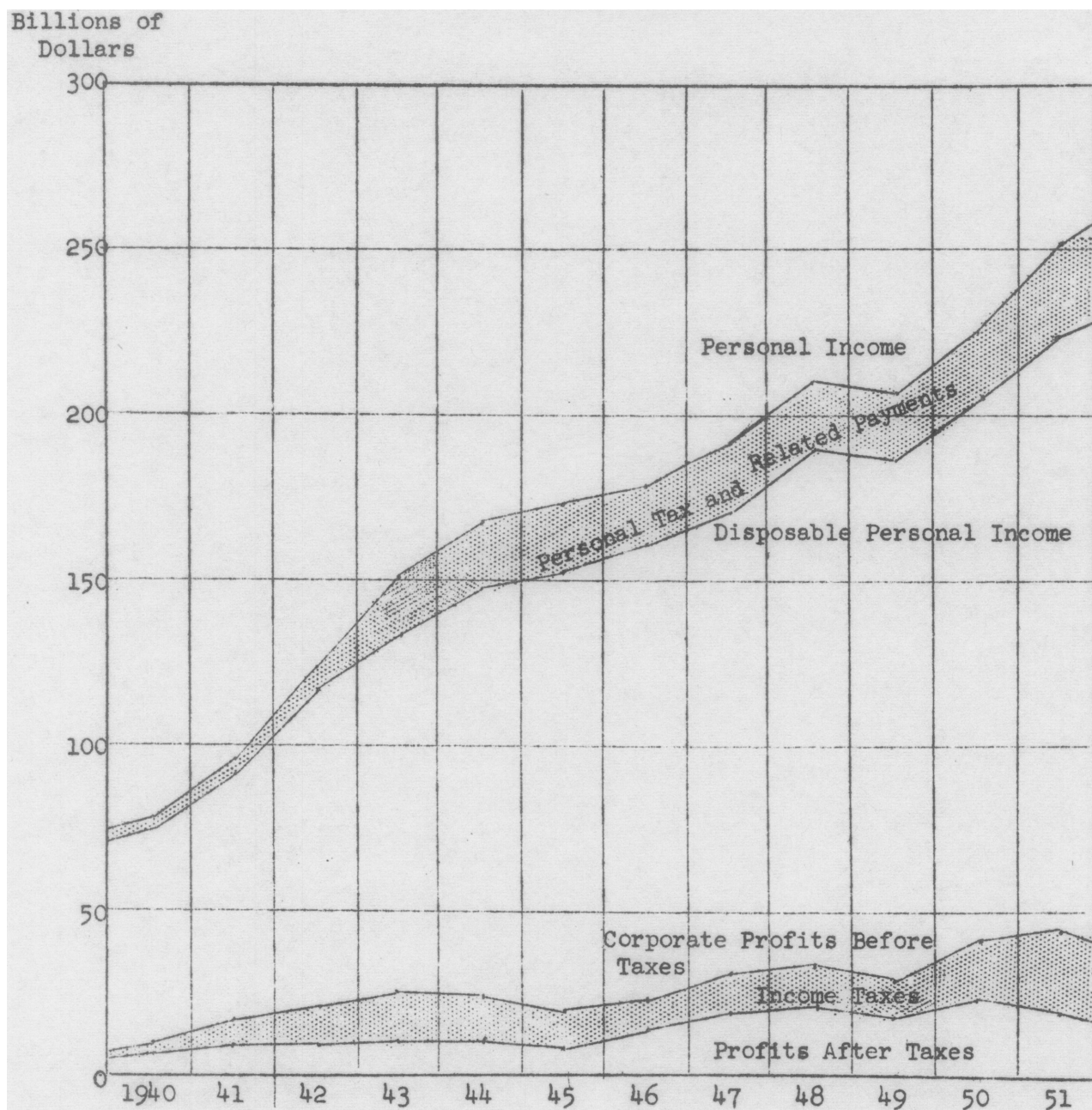


5. Inflationary Pressures: Expanding Volume of Peoples' Incomes and Business Profits

PERSONAL INCOME, DISPOSABLE PERSONAL INCOME, CORPORATE PROFITS

Before and After Taxes 1940-1951

Yearly Averages



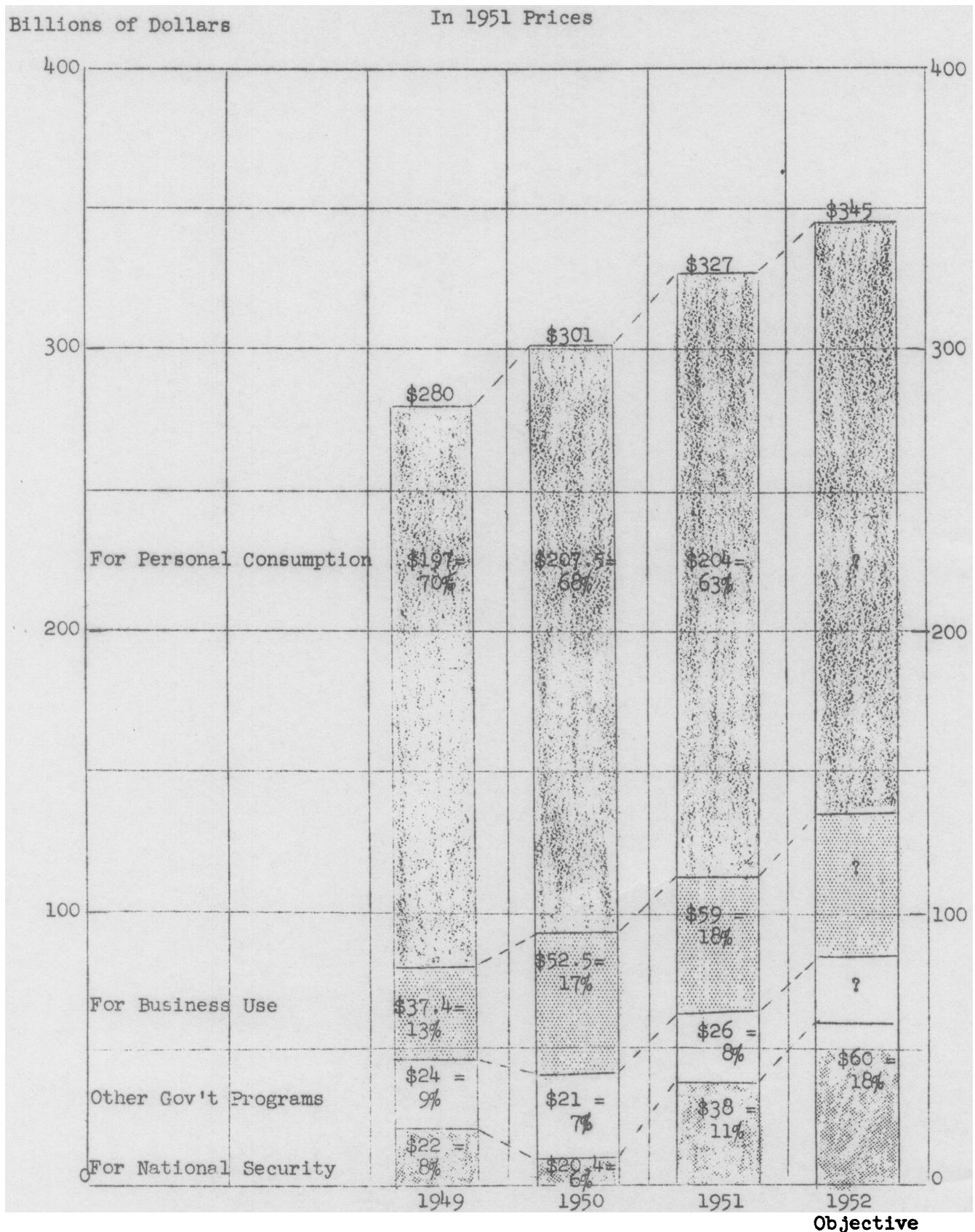
Source: Department of Commerce

6.

Inflationary Pressures: Increasing Defense Spending

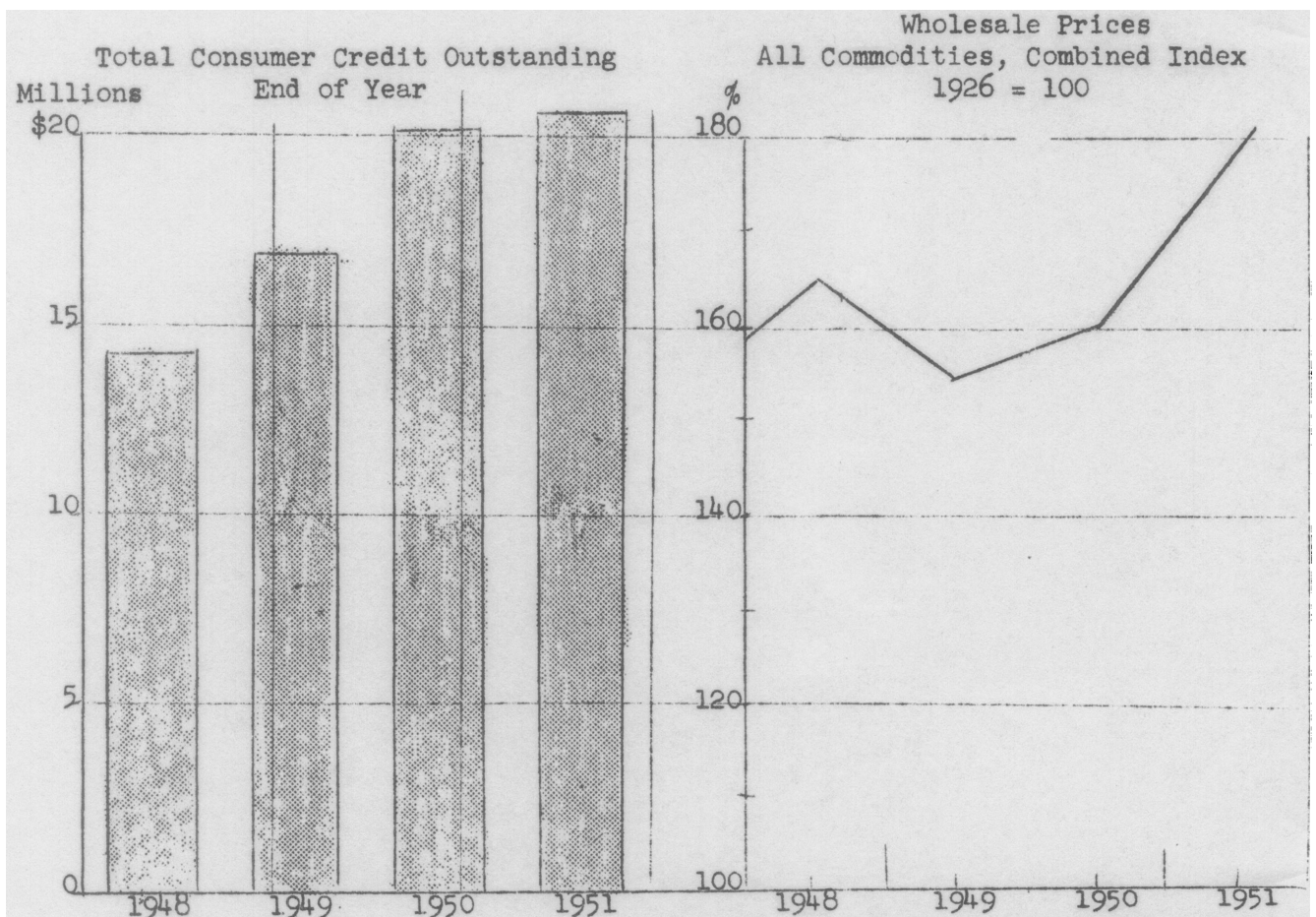
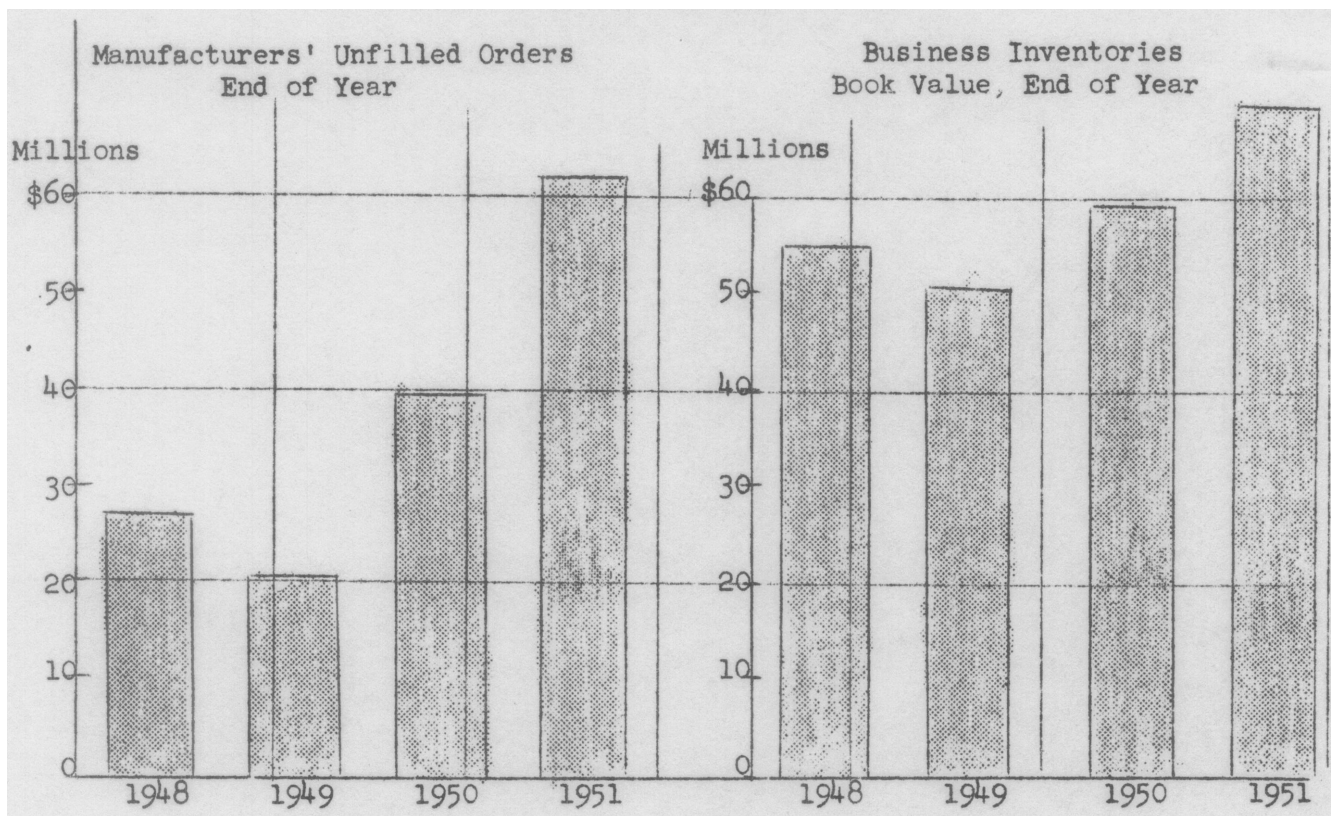
TOTAL NATIONAL PRODUCTION OF GOODS AND SERVICES

AND WHAT IT IS USED FOR



Source: The Economic Report of the President, January, 1952

SELECTED MAJOR BUSINESS INDICATORS 1948-1951

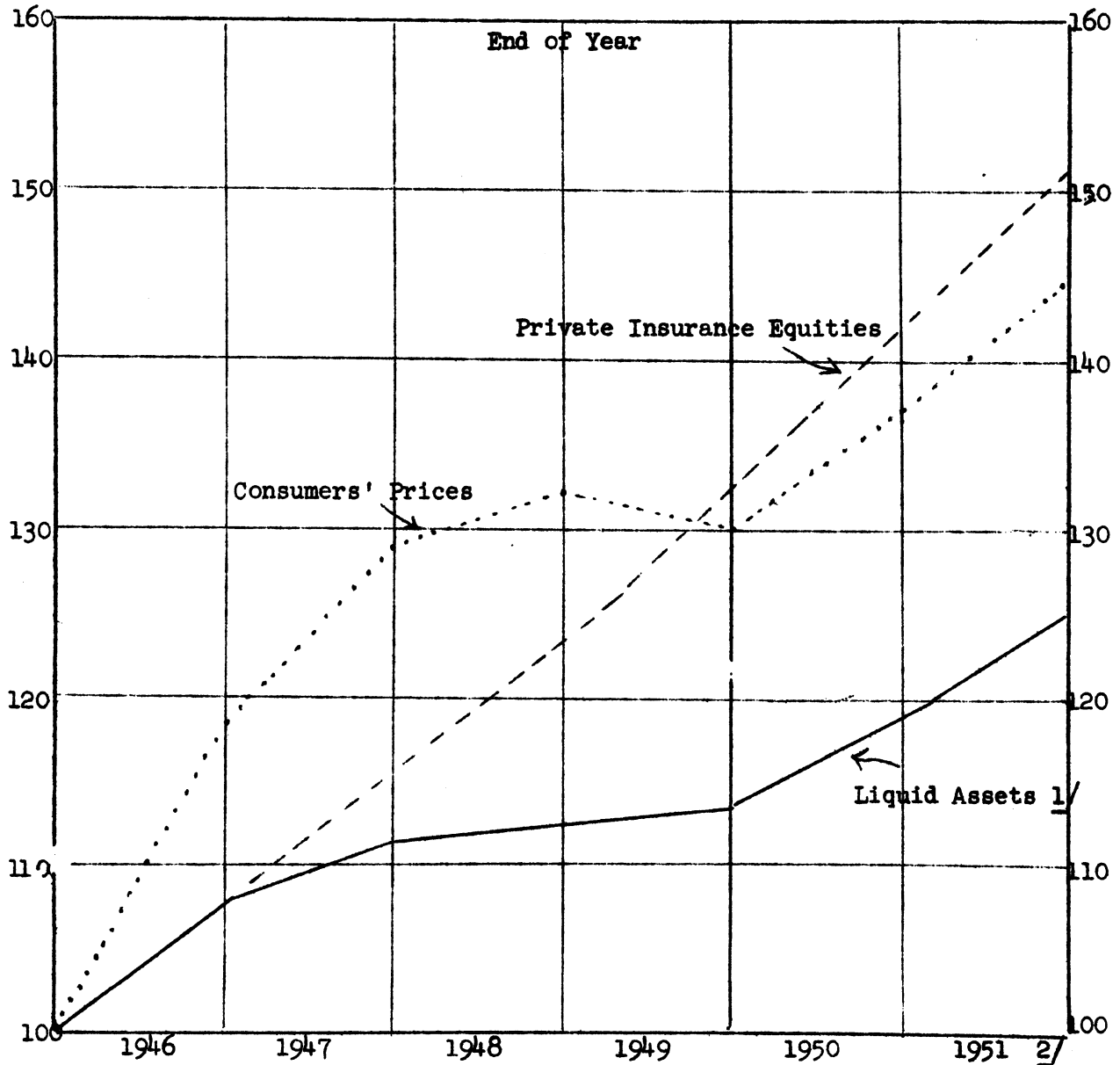


Source: Department of Commerce, Bureau of Foreign and Domestic Commerce, Office of Business Economics; and Board of Governors of the Federal Reserve System.

CHANGES IN PERSONAL ASSETS AND PRICES

Individual holdings of liquid assets have increased substantially since the end of World War II but their purchasing power has decreased because of the large rise in consumers' prices

Index, End of 1945 = 100



1/ Includes currency and deposits, savings and loan shares, and U.S. Gov't. securities other than terminal leave bonds.

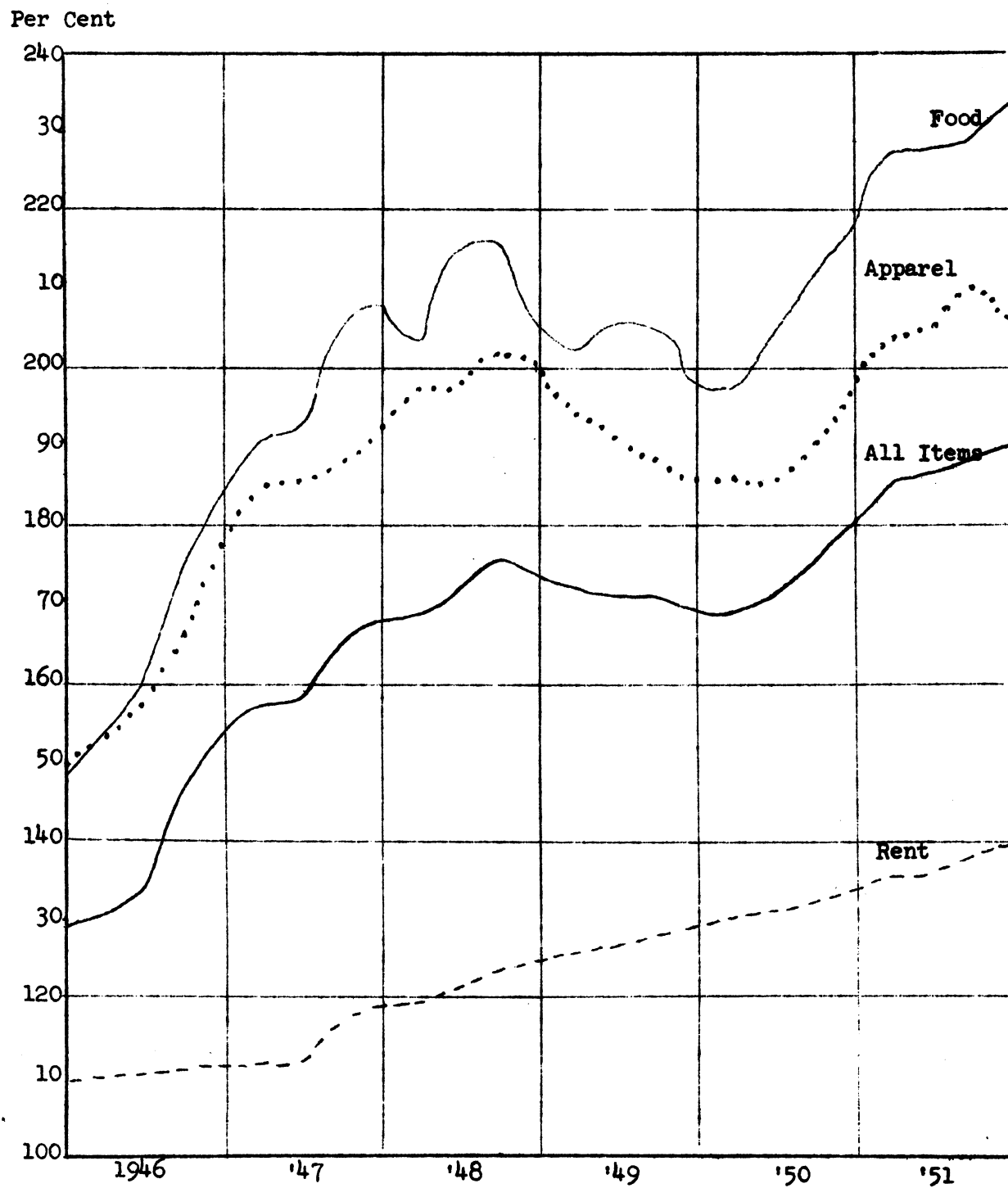
2/ Preliminary estimates by Council of Economic Advisors.

Source: Securities and Exchange Commission (except as noted).

CONSUMERS' PRICE INDEX FOR MODERATE-INCOME FAMILIES IN LARGE CITIES

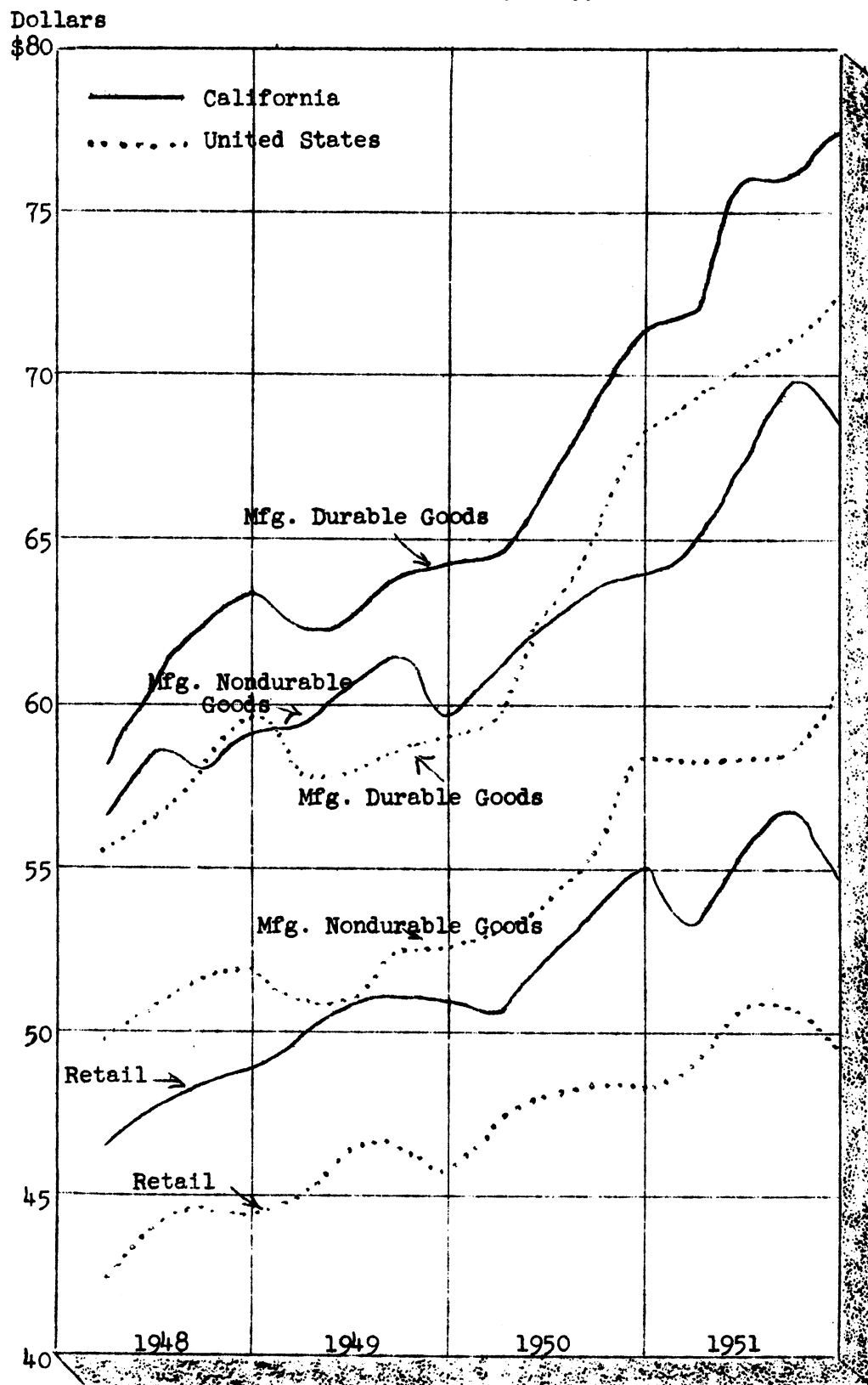
BY GROUP OF COMMODITIES

(1935-39 = 100)



Source: BLS

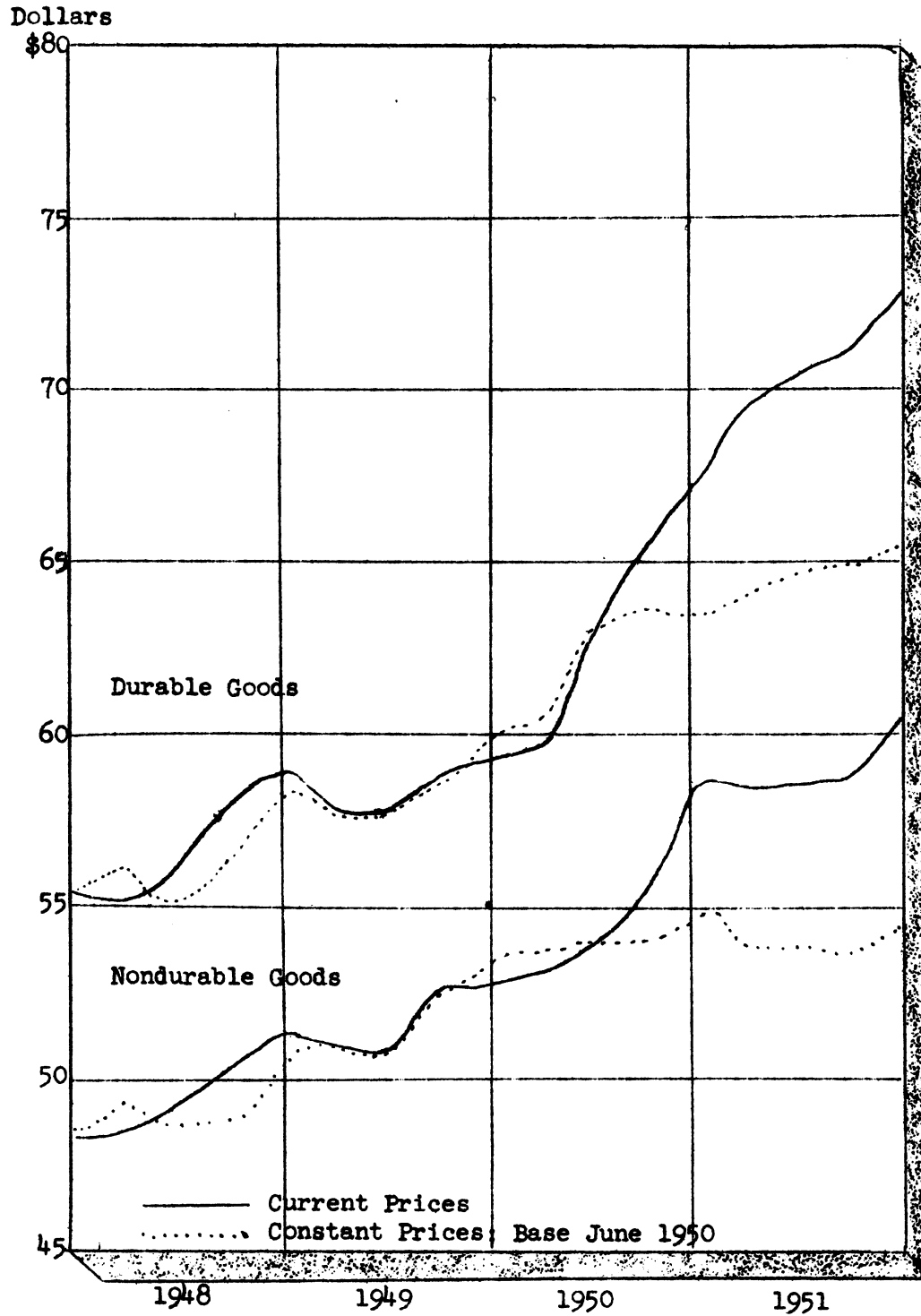
AVERAGE WEEKLY EARNINGS CALIFORNIA AND U. S.

Selected Industries
1948-1951

Source: BLS and Calif. Dept. of Industrial Relations.

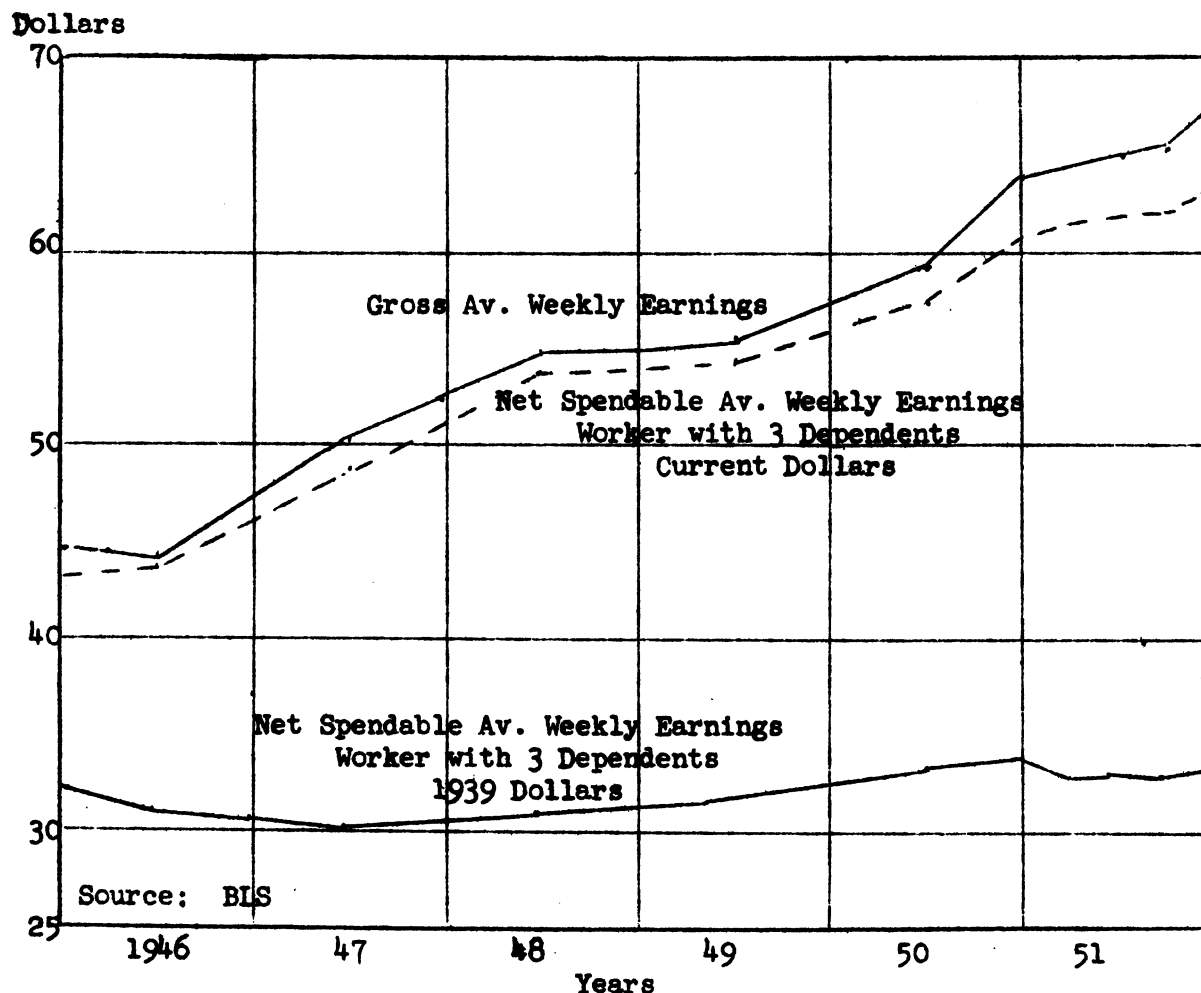
AVERAGE WEEKLY EARNINGS IN MANUFACTURING INDUSTRIES
DURABLE AND NONDURABLE GOODS
CURRENT PRICES AND CONSTANT PRICES

1948-1951
United States



Source: BLS

**GROSS AND NET SPENDABLE AVERAGE WEEKLY EARNINGS OF PRODUCTION WORKERS IN
MANUFACTURING INDUSTRIES, IN CURRENT AND 1939 DOLLARS**



GROSS EARNINGS: Measures regularly recurring payments to workers
Excludes irregular bonuses, retroactive pay, employees' contributions for welfare benefits
Assumes family has only one wage earner

NET SPENDABLE EARNINGS IN CURRENT DOLLARS:

Deducts: Federal personal income tax
Old-age and survivors insurance tax

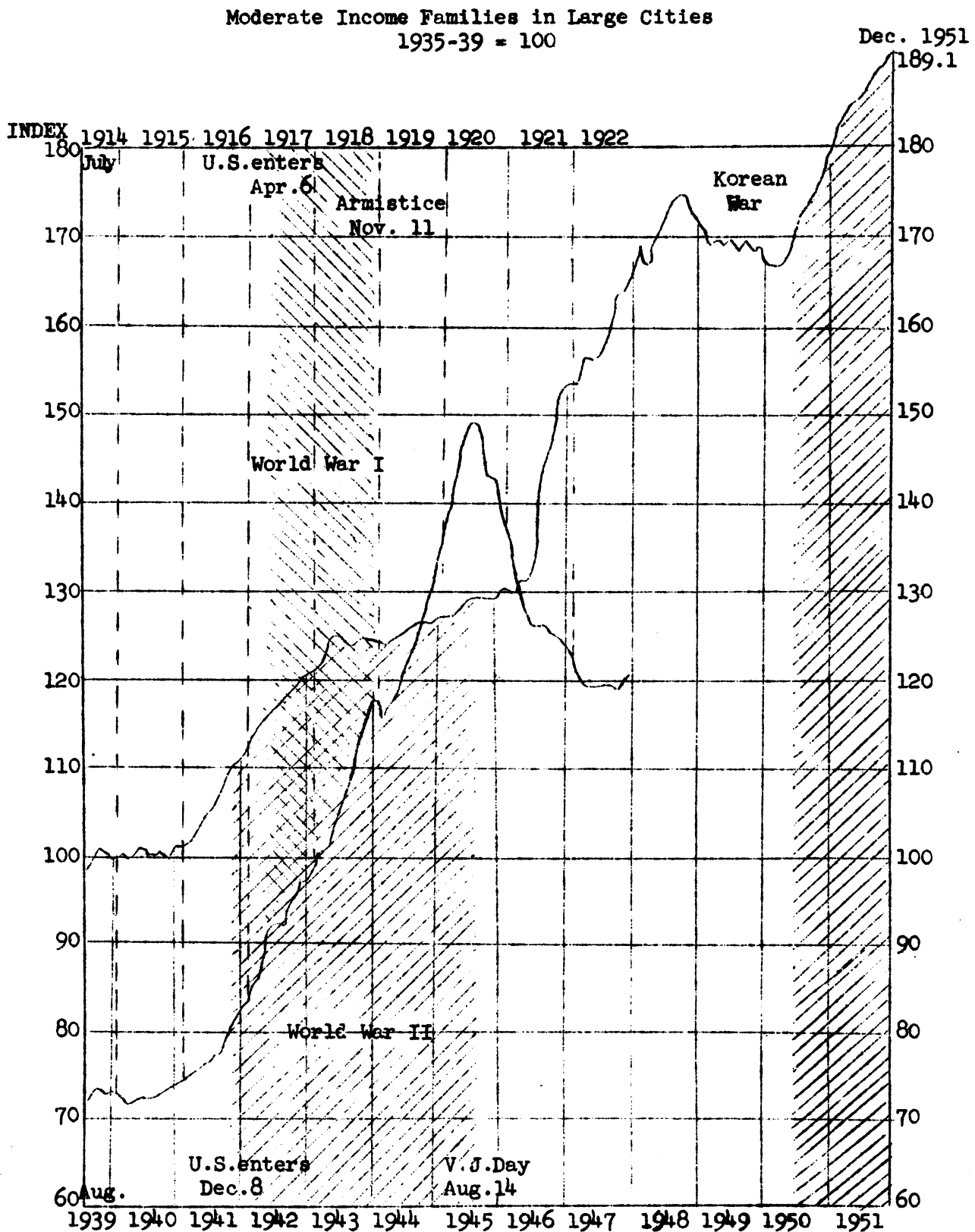
Does not deduct:

State and city income tax
Employee contributions for state unemployment and disability insurance, group insurance
Union dues

NET SPENDABLE EARNINGS IN 1939 DOLLARS:

Deflated by changes in the Consumers Price Index since 1939
Consumers Price Index reflects changes in prices of goods and services (exclusive of income taxes) usually bought by moderate-income families in large cities

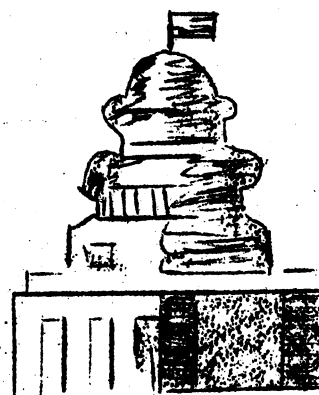
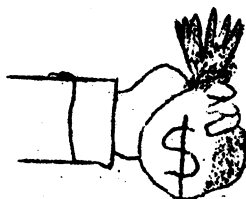
THE COST OF LIVING IN THREE WAR PERIODS



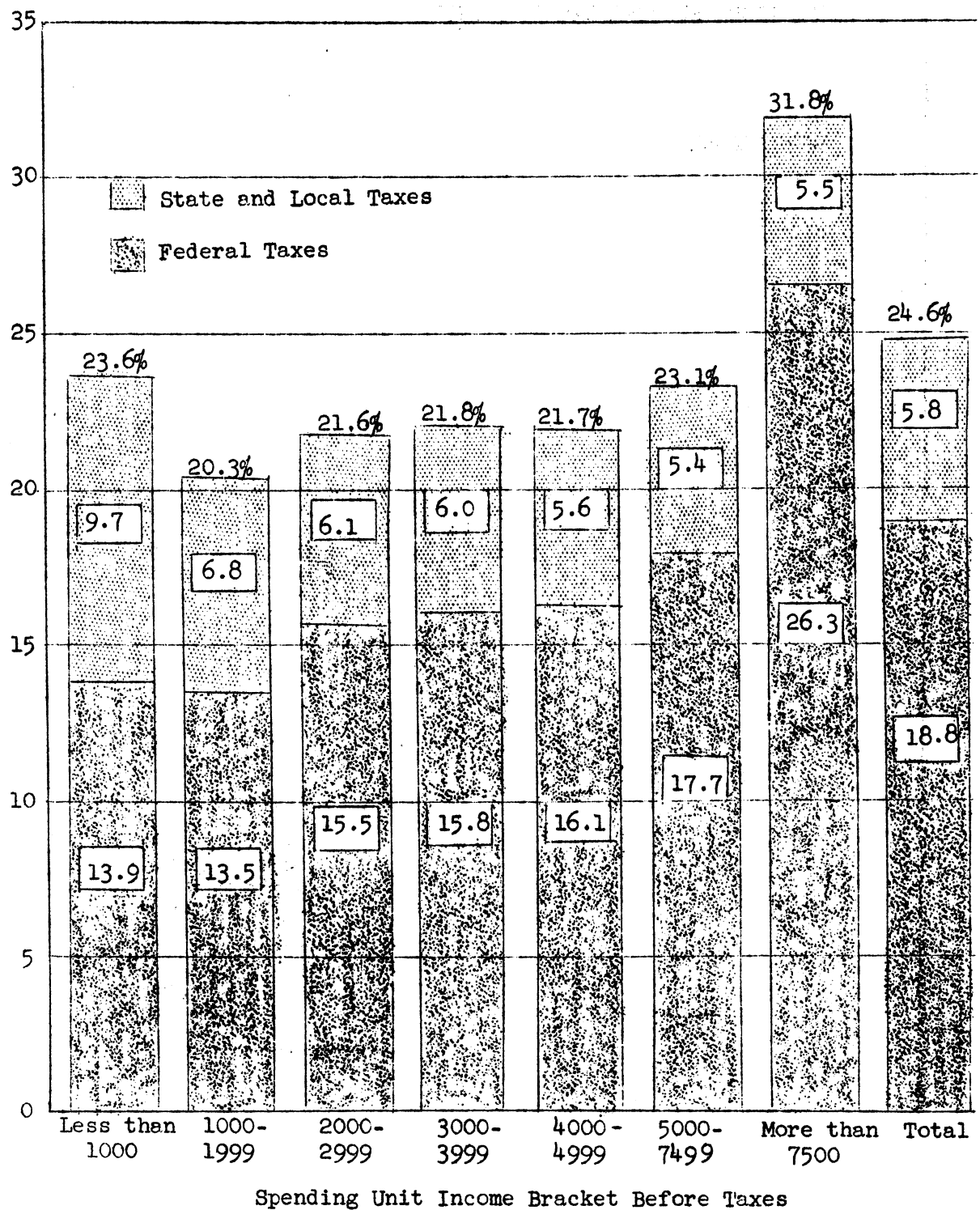
Source: Kapp and Kapp. A Graphic Approach To Economics, p. 162,
and Bureau of Labor Statistics.

TAXATION AND GOVERNMENT SPENDING

EWAN CLAGUE



1948 TAX PAYMENTS AS PERCENT OF INCOME BY INCOME BRACKETS

Percent of
Income

Source: "Notes for Panel Discussion on Fiscal Policy" by R. A. Musgrave before the Joint Committee on the Economic Report, January 31, 1951.

The material for this section is contained in

The Federal Budget in Brief Fiscal Year 1953.
U.S. Government Printing Office: Washington D.C., 1952,

a booklet which is included in the back of your workbook.

Discussion Notes

INDIVIDUAL RIGHTS AND NATIONAL SECURITY

MONROE E. DEUTSCH

"Sooner or later to all who study the law comes the sober realization that no freedom can be absolute."

A. J. Sutherland

"Like the course of the heavenly bodies harmony in national life is a resultant of the struggle between contending forces. In frank expression of conflicting opinion lies the greatest promise of wisdom in governmental action; and in suppression lies ordinarily the greatest peril."

Louis Brandeis

I. Federal laws and regulations which pose the problem: Individual Rights vs. National Security

A. Alien Registration Act of 1940 (Smith Act)

Forbids:

1. Advocacy of disloyalty among military forces of the United States.
2. Advocacy of forcible overthrow of the Government.
3. The Formation of organizations for such advocacy.
4. Membership in such organizations.

Under this law eleven top leaders of the American Communist Party were convicted as individuals who conspired to teach and advocate overthrow of the government by force.

B. Internal Security Act of 1950 (McCarran Act)

Main provisions:

1. Registration of Communist organizations--both Communist "front" and "action" organizations must register with the Attorney-General, listing officers and financial contributors. "Action" organizations must also list all of their members.
2. A Subversive Activities Control Board of five members is empowered to make rules and regulations and to make determinations on whether any organization is a Communist "action" or Communist "front" group, according to standards which are set up in the Act.
3. Once a finding by the Subversive Activities Control Board that an organization must register has been sustained by the courts:
 - a. The organization's radio programs and mail must carry identification showing Communist origin.
 - b. Its members are ineligible for nonelective federal employment.
 - c. Its members may not work on defense contracts in private industry; and other restrictions.

4. It is unlawful knowingly to conspire to do any act, other than propose a constitutional amendment, which would substantially contribute to the establishment within the United States of a totalitarian dictatorship controlled from abroad.
5. Limitations are placed on entry of subversives and former members of totalitarian organizations into the United States.
6. Naturalization and deportation laws are tightened to prevent subversive aliens from acquiring citizenship or remaining long within the country.
7. When the United States or its possessions is invaded, when Congress declares war, or when an insurrection in aid of a foreign enemy occurs within the United States, persons found likely to be spies or saboteurs by the Detention Review Board may be put in jail.

C. President's Executive Order of October 18, 1950, No. 10173 (Under Public Law 679, August, 1950): Regulations Relating to the Safeguarding of Vessels, Harbors, Ports, and Waterfront Facilities of the United States.

1. Authorizes the Coast Guard to keep anybody off a ship or dock when it "deems" that his presence "would be inimical" to the security of the United States.
2. The Coast Guard can issue "identification credentials" (Coast Guard Port Security Card) and make all workers show them to get to their jobs on ships and in any waterfront area, whether the job is commercial or military.
3. A worker is denied his credentials if the Coast Guard Commandant "is satisfied that the character and habits of life of the applicant are such as to authorize the belief that the presence of such individual on board a vessel or within a waterfront facility would be inimical to the security of the United States."

21.

4. An Appeals Board is set up, one member drawn from management, one from labor, and one Coast Guard officer. Labor and management members are appointed by the Secretary of Labor "upon suitable security clearance." Appeals are decided in "all fairness consistent with the safeguarding of the national security."
5. Penalties for failing to comply with the executive order or of interfering with it are not more than 10 years in jail and fines of not more than \$10,000.

D. President's Loyalty Program established by Executive Order No. 9835 of March 21, 1947.

Main provisions:

1. Applies to all persons now employed or who may apply for a job in any agency or department in the executive branch of the government.
2. These persons shall be investigated as to their loyalty to the United States. Sources of information for this investigation include:
 - a. F.B.I. files
 - b. Military and naval intelligence files
 - c. House Committee on un-American Activities files.
 - d. Local law enforcement files.
 - e. Schools, colleges, and former employers of the person under investigation.
3. Persons charged with being disloyal have a right to administrative hearing in which they may be represented by counsel and may present evidence in their own behalf.

Appeal may be carried to the Civil Service Commission Loyalty Review Board.

4. The Loyalty Review Board:
 - a. Supervises the loyalty program and makes recommendations to the President for changes in the law.
 - b. Keeps a "master index" file on all persons investigated.
 - c. May refuse to disclose names of confidential informants providing it furnishes enough evidence about the informant so that the validity of his testimony may be evaluated.
5. The Attorney General's list of subversive organizations:
 - a. Organizations designated as "totalitarian, fascist, communist or subversive, or as having adopted a policy of advocating or approving the commission of acts of force or violence to deny others their rights under the Constitution of the United States by unconstitutional means."
6. Standards of loyalty:
 - a. An employee may be fired if "on all the evidence, there is a reasonable doubt as to the loyalty of the person involved to the Government of the United States."
 - b. Activities considered in connection with determining disloyalty include:
 - (1) Sabotage, treason, advocacy of revolution
 - (2) Unauthorized disclosure of confidential information to unauthorized persons
 - (3) "Membership in, affiliation with or sympathetic association with any foreign or domestic organization, association, movement, group or combination of persons, designated by the Attorney General as totalitarian, fascist, communist, or subversive...."

23.

E. Labor Management Relations Act (Taft-Hartley Act) of June 23, 1947.

Provides that the services of the National Labor Relations Board shall be available only to those unions whose officers have filed affidavits of non-Communist affiliation.

II. Basic Concepts and Procedures which, in the past, the courts have held to be requirements for the protection of individual rights under the U.S. Constitution.

A. Freedom of conscience and expression guaranteed by the First Amendment: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press, or the right of the people peaceably to assemble, and to petition the government for a redress of grievances."

B. Fair and equal treatment under law involves:

1. Right to be sure you are legally restrained if held in prison.
2. Right to your own attorney.
3. Right to be questioned with dignity.
4. Right to ask for a writ of habeas corpus.
5. Right to a fair and speedy trial.
6. Right to be tried only for crimes which you personally have committed or in which you have been clearly implicated. You are not guilty of crimes committed by others with whom you have associated or with whom you happen to be acquainted.
7. Right to be arraigned and tried with dignity. You do not have to testify against yourself; your crime must be proved in court by the evidence, beyond any reasonable doubt.
 - a. Right to your own witnesses and to cross-examine opposing witnesses.

24.

b. Right to trial by jury made up of fellow citizens.

You are presumed innocent until proven guilty.

8. Right not to be tried by the same authorities twice for the same offense (double jeopardy).

9. Right not to be tried for any action which was made a crime after your act (ex post facto law).

10. The legislative body may not punish you by passing a law specifically directed against you (bill of attainder).

C. If you have been tried and been convicted or acquitted and have enjoyed the above rights and procedures you have enjoyed due process of the law. Due process is built around three great principles.

1. That the crime or offense must be clearly defined;

2. That guilt is personal;

3. That a man must be proven guilty; that he is presumed innocent until proven guilty.

Mr. Justice Felix Frankfurter has said of due process that it is "not a fair weather or timid assurance. It must be respected in periods of calm and in times of trouble....Expressing as it does in its ultimate analysis, respect enforced by law for that feeling of just treatment which has been evolved through centuries of Anglo-American constitutional history and civilizations, due process cannot be imprisoned within the treacherous limits of any formula. Representing a profound attitude of fairness between man and man and more particularly between individual and government, due process is compounded of history, reason, the past course of decisions, and stout confidence in the strength of the democratic faith which we profess."

25.

III. How all of us are affected by the search for national security through the elimination of "disloyalty."

A. Possible Loss of Jobs

1. By government employees: Loyalty check and security risk programs operate at all levels of government, in sensitive agencies and in agencies not directly involved in defense activities.
2. By people in private employment: In the maritime industries, in defense contracting plants, and in the radio and entertainment fields employees and professionals have been subject to official and unofficial screening programs. Individuals in any occupation are subject to investigation and attack on "disloyalty" charges.
3. By people who are barred from union membership or positions of union leadership on charges of "disloyalty."
4. By people who teach in schools, colleges, and universities and who refuse to take loyalty oaths or are charged with "disloyalty."

B. Possible limitations on scientific inquiry and progress

1. By undue stress on secrecy; for example, in atomic research.
2. By "loyalty" screening out of able men.
3. By creation of an atmosphere of fear which discourages the free pursuit of truth.

C. Possible erosion of principles basic to a democratic society

1. Through the rise of violent factions which disrupt the sense of national community.

26.

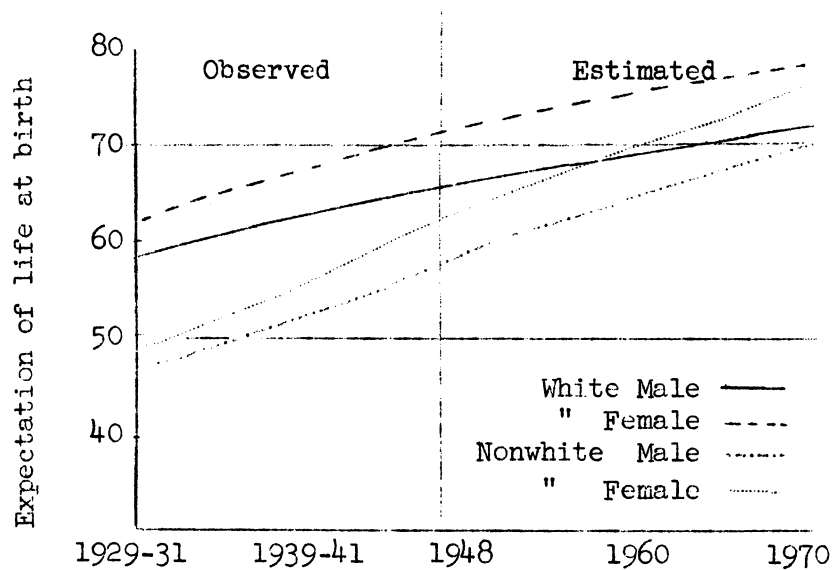
2. Through the spreading of fear, doubt, and distrust in the minds of citizens generally as a result of the intense publicity given to "disloyalty" cases and charges.
3. Through growing intolerance of diversity of ideas, of "un-Americanism" and growing emphasis on the virtues of uniformity and orthodox ideas.

UNIONS AND THE HEALTH PROBLEM

HAROLD GIBBONS

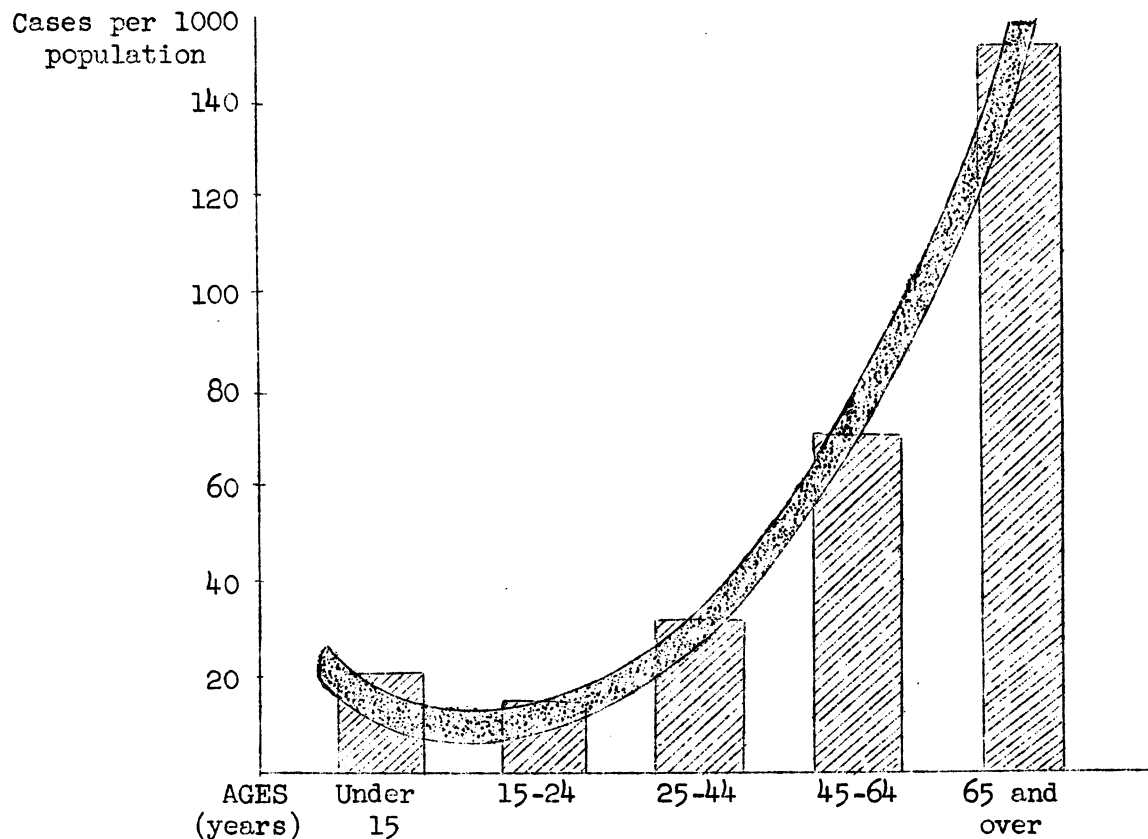


Life expectancy has increased over the years....



Source: Office of Population Research, Princeton University

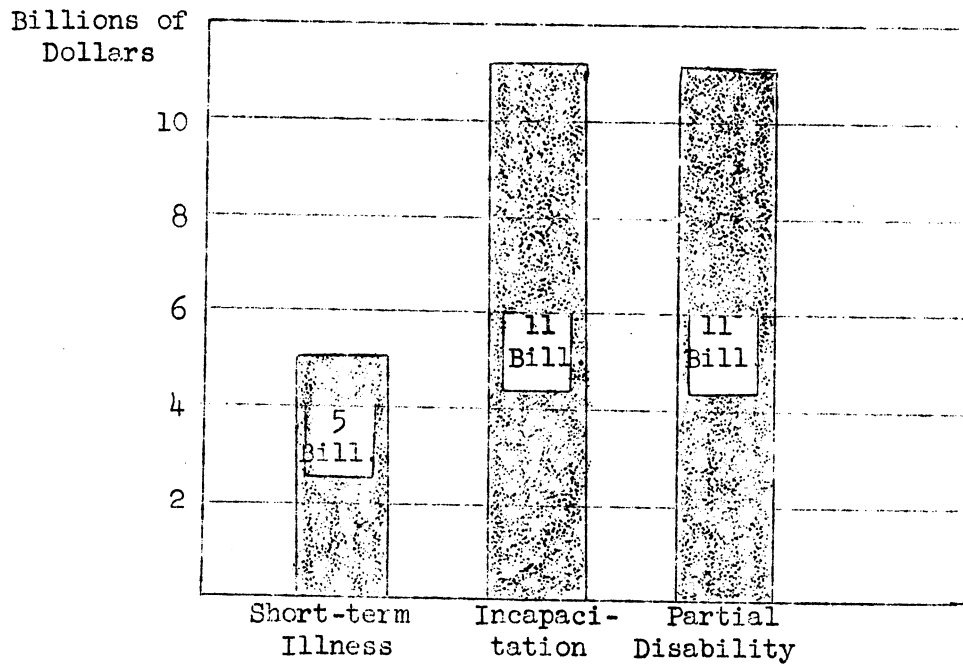
BUT..... Chronic diseases increase with age....



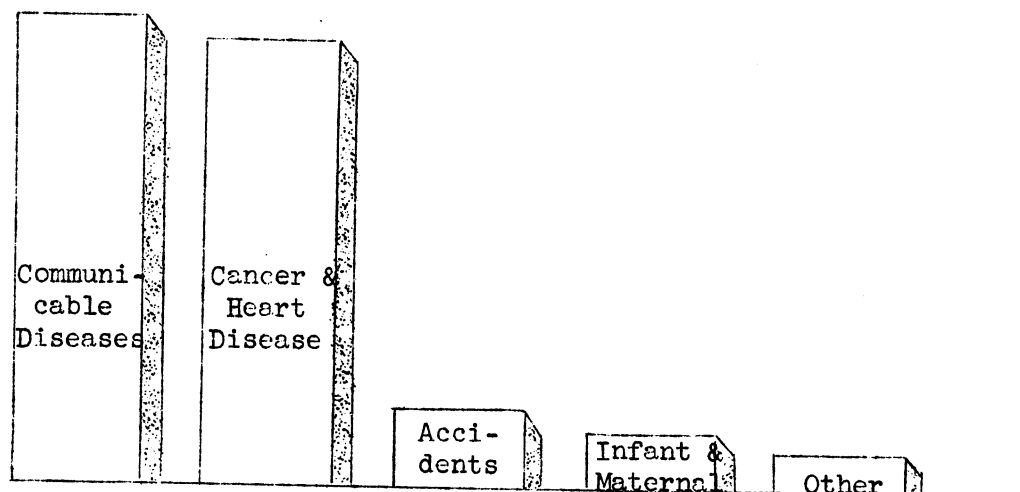
Chronic Diseases (exclusive of tuberculosis and mental diseases) causing at least seven days disability in a year.

Source: The Nation's Health, 1948.

The Nation's loss due to illness:



We have the knowledge to prevent 325,000 deaths each year.....

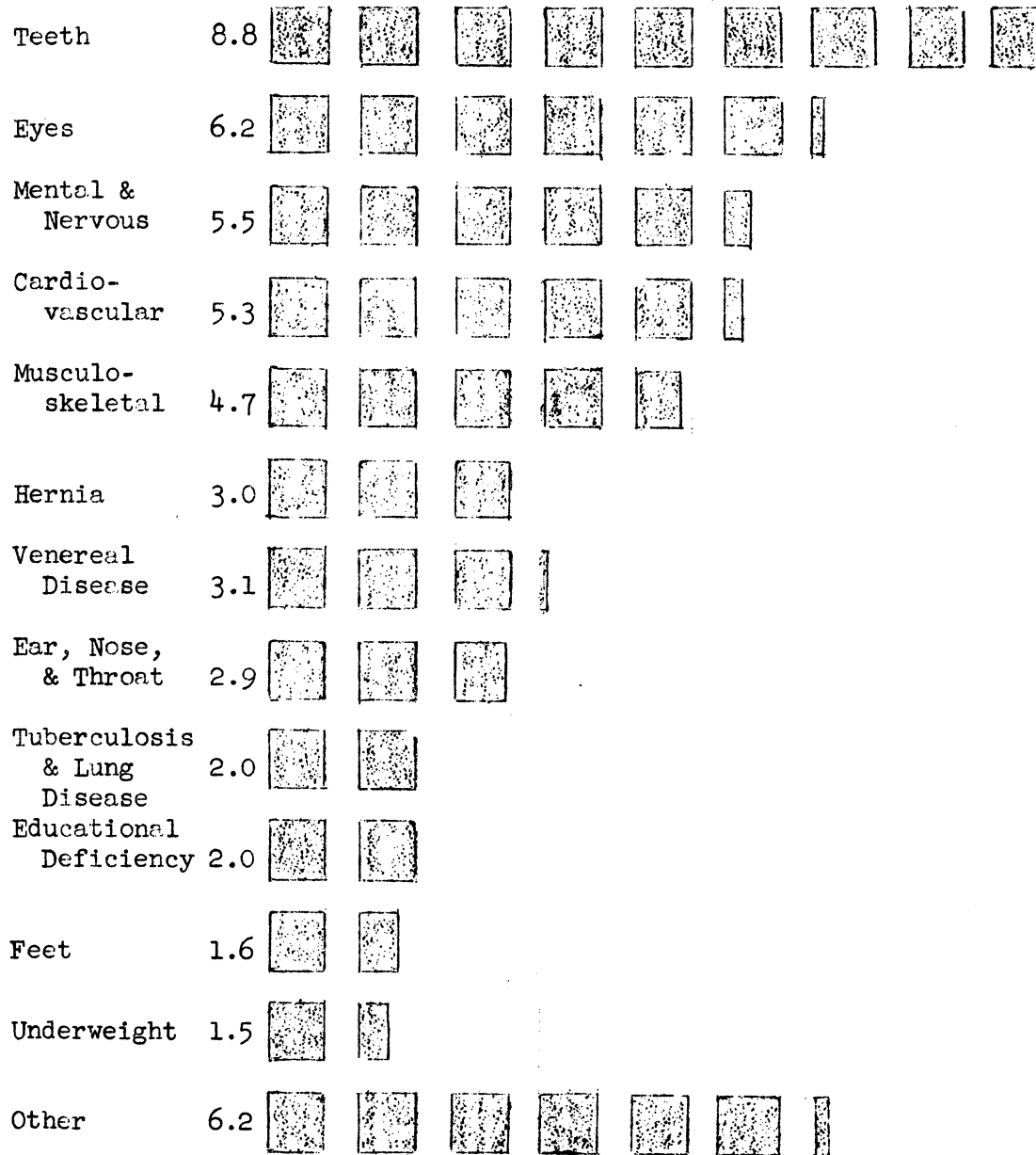


Source: The Nation's Health

Total	170,000	600,000	100,000	110,000	400,000
Preventable	120,000	115,000	40,000	30,000	20,000

Between November 1940 and September 1941 the Selective Service System examined over three million selectees, and had to reject 52.8% of them from general military service because of physical and mental defects and diseases.

REJECTIONS PER 100 REGISTRANTS PHYSICALLY EXAMINED
(November 1940 - September 1941)

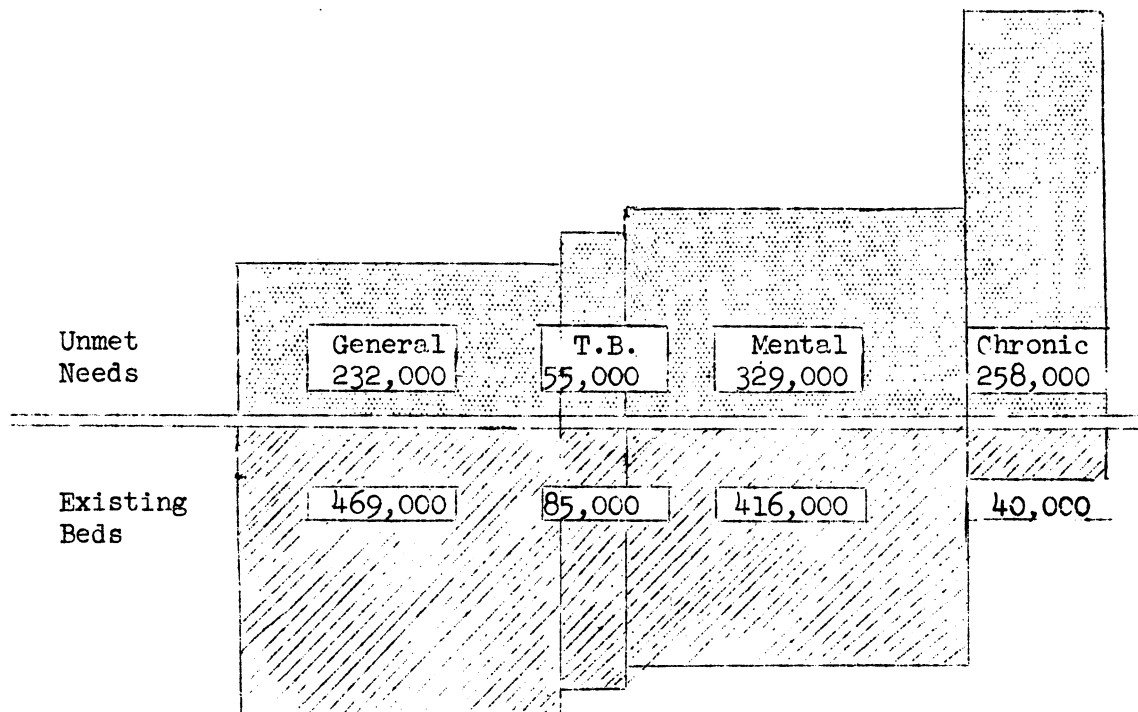


Source: Selective Service Bulletin, No. 2.

It has been estimated by the Federal Security Administration that by 1960 our needs for medical personnel will not be met by the estimated prospects:

	Estimated supply	Shortage
Doctors	212,000	42,000
Dentists	90,000	23,000
Nurses	403,000	163,000

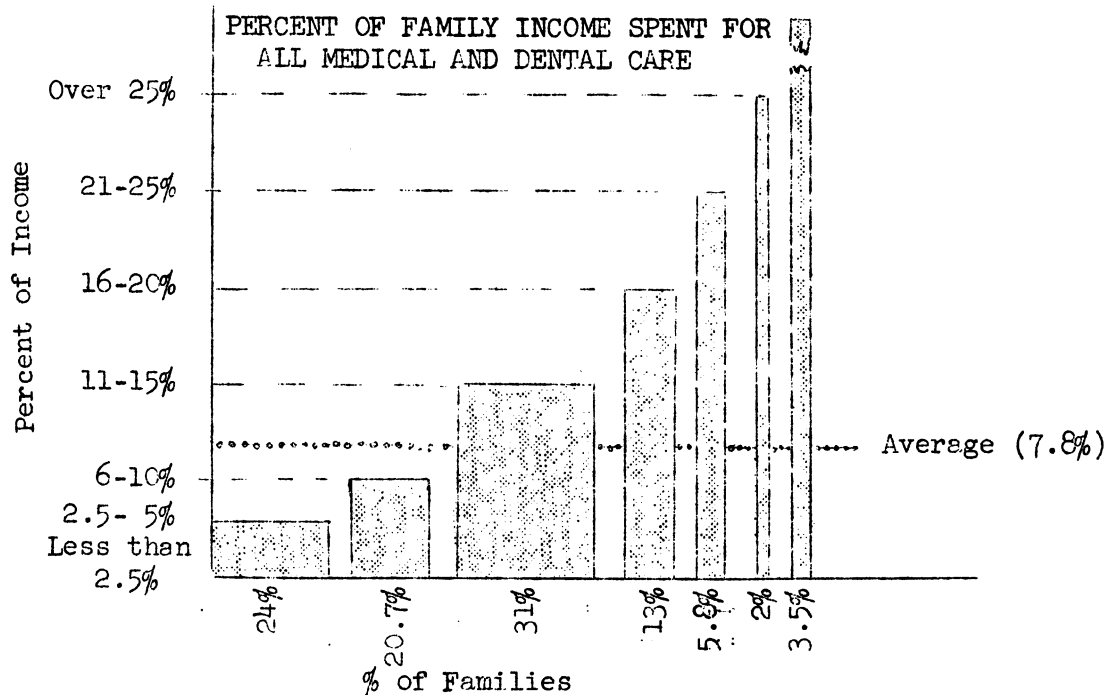
Our hospital facilities of today fall far short of present need.



Source: Public Health Reports, March 1952

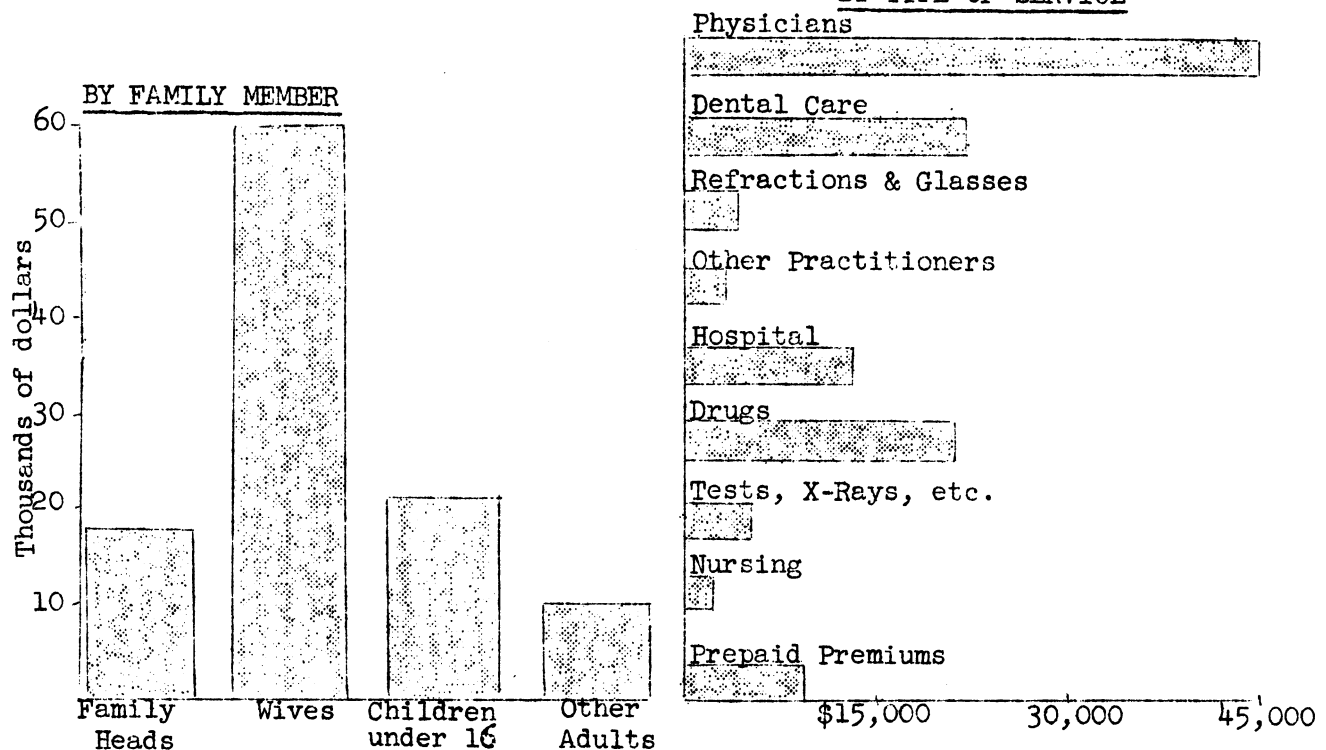
To get some idea of what is spent for medical care, the Heller Committee made a study of 455 Bay Area families (1,504 persons) in which the chief wage earners were milk wagon drivers, painters, and grocery clerks. The data taken from the survey represent actual expenditures in 1947, not estimates of what should have been spent.

Source: Cost of Medical Care by Emily Huntington for the Heller Committee for Research in Social Economics.



DISTRIBUTION OF TOTAL MEDICAL AND DENTAL EXPENDITURES:

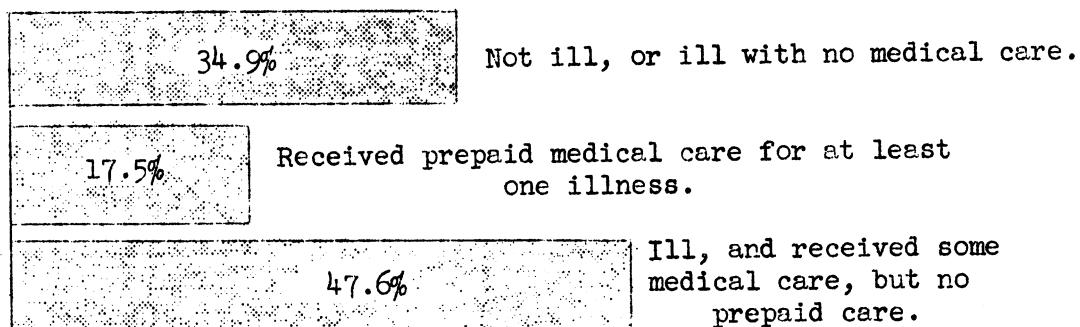
BY TYPE OF SERVICE



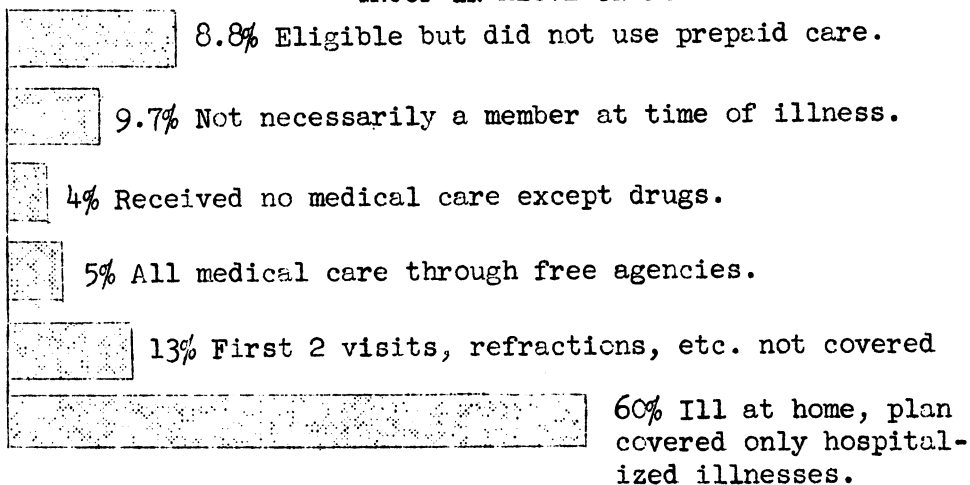
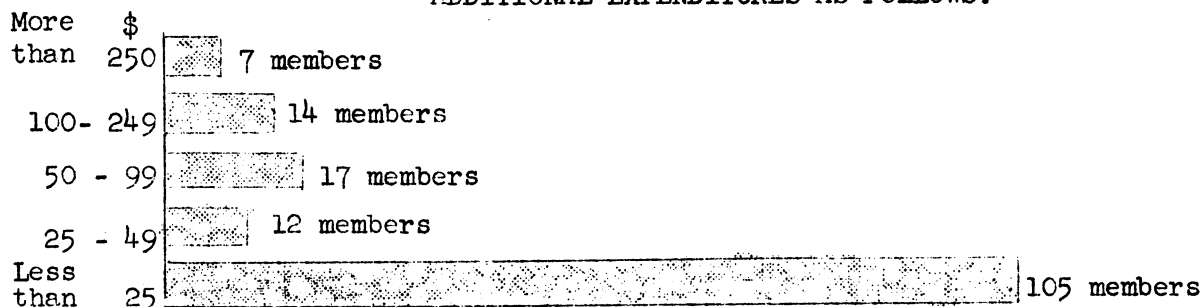
Heller Report (continued)

Of the 1,504 persons in the group, 697 were members of some prepaid medical care plan during at least part of the year; but nearly $\frac{1}{2}$ of them did not receive prepayment care because of limitations as to the type of care provided.

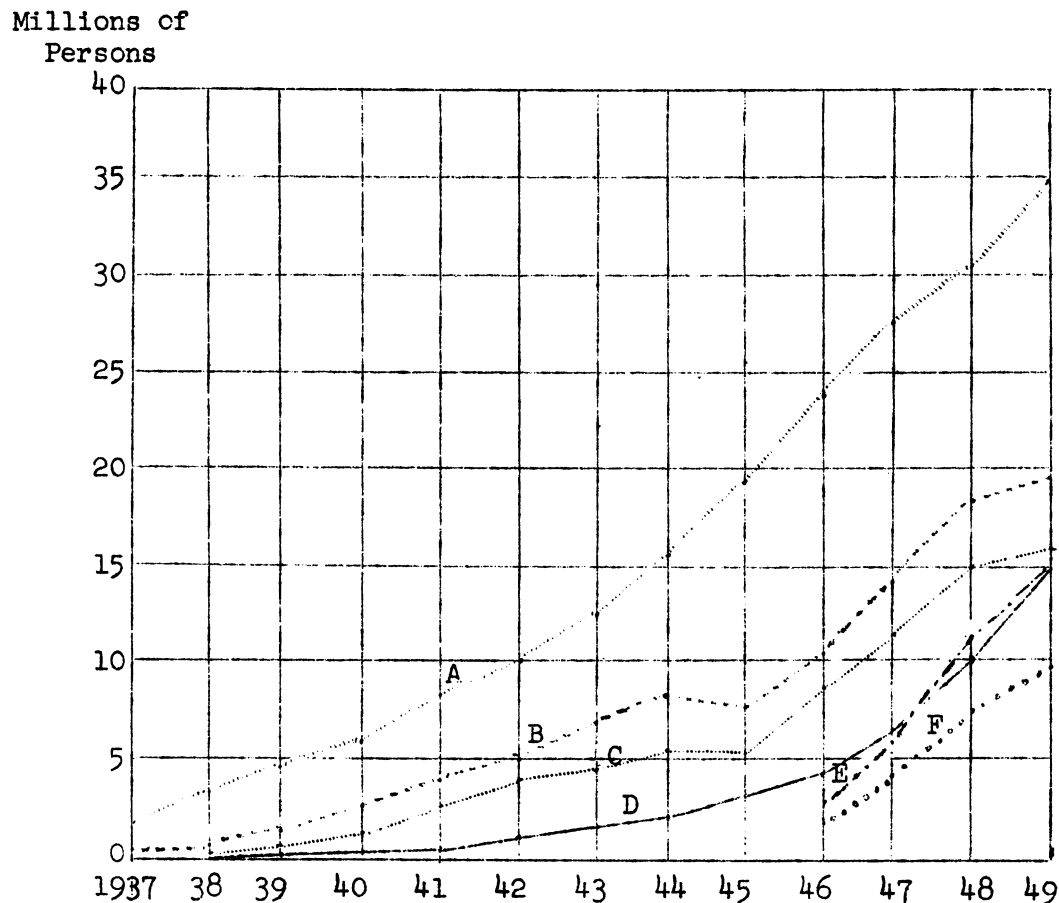
RECEIPT AND NONRECEIPT OF MEDICAL CARE THROUGH PREPAYMENT PLANS



REASONS FOR NONRECEIPT OF PREPAID MEDICAL CARE BY THE THIRD GROUP IN ABOVE CHART

155 MEMBERS WHO DID RECEIVE SOME PREPAID MEDICAL CARE MADE
ADDITIONAL EXPENDITURES AS FOLLOWS:

There has been, in recent years, increased use of prepaid medical care programs to alleviate the problems of illness:



- A. Individuals covered for hospital expense under Blue Cross Plans
- B. Individuals covered for hospital expense under group policies
- C. Individuals covered for surgical expense under group policies
- D. Individuals covered for surgical expense under plans sponsored by medical societies or affiliated with Blue Cross
- E. Individuals covered for hospital expense under individual policies
- F. Individuals covered for surgical expense under individual policies

Source: U.S. Senate, Subcommittee of the Committee on Labor and Public Welfare. 81st Congress. Hearings.

A CHECKLIST OF FACTORS REQUIRING CONSIDERATION
BY UNIONS IN SOUND HEALTH PLANNING

1. Method of financing
 - (a) Contributory
 - (b) Non-contributory
2. Type of plan
 - (a) Group clinic (e.g., Permanente)
 - (b) Service coverage through private facilities (e.g., C.P.S.)
 - (c) Cash benefits through private facilities
(Commercial carriers)
 - (d) Union sponsored health clinic
3. Type and degree of coverage
 - (a) Group practice or individual choice of physician and hospital
 - (b) Comprehensive or limited services
 - (c) Coverage for worker only or for entire family
 - (d) Provisions for coverage during unemployment
4. If a commercial carrier is decided on:
 - (a) Choice of carrier and method of placing policy which will assure lowest cost
 - (b) Should smaller unions attempt to work together and obtain larger contracts?
 - (c) Arrangement in advance about dividends, if any.
5. Policy Control
 - (a) By union, carrier, employer, or joint group
 - (b) What means of controlling quality as well as quantity should be established?
6. Administration by union, employer, or carrier:
 - (a) Collection of contributions
 - (b) Bookkeeping and record keeping
 - (c) Disbursement of benefits
7. Provision for cooperation between unions on:
 - (a) Accumulation and analysis of actuarial experience.
 - (b) Pooling of experience and technical resources.

FOUR TYPES OF PREPAID MEDICAL CARE

The Permanente Foundation sponsors a health care program originally established for employees of the Kaiser shipyards. The health plan operates on a non-profit basis, and provides medical and hospital services through its own facilities. It attempts to achieve economy of operation and render extensive benefits through the principle of group practice. Accordingly, free choice of physician and hospital is somewhat limited. Contracts are available on both group and individual bases.

California Physicians' Service is a non-profit plan sponsored by the California Medical Association. Benefits generally are rendered in the form of service; and bills for covered services are sent by the doctor or hospital directly to California Physicians' Service. The plan stresses free choice of physician and hospital. Some flexibility in contract arrangements exists.

Private insurance companies, of which the Continental Casualty Company is one, provide medical insurance on an indemnity basis. They reimburse the insured for covered medical expenses according to an agreed upon fee schedule. The patient's free choice of physician and hospital, and flexibility of programming health insurance contracts are principal features of the commercial insurance policies.

Labor Health Institute Inc. was established as a corporation in 1945 by Teamsters Local 688, St. Louis as a group medical practice plan. Initially, a small investment was borrowed from the union, and 1000 members were covered. Today, LHI serves 15,000 people and has \$125,000 worth of equipment in its own clinic. Arrangements have been made with a large number of hospitals in St. Louis for hospitalization of patients - payment of hospital bills up to stated limits is made by LHI. The plan is financed by employers who pay an amount equal to 5% of the worker's wages for medical and hospital care of the worker and his family (3½% for the single worker). When dependents are covered, there is no differentiation of benefits as available to "members" and "dependents"; and preventive medicine is emphasized. At present, the professional staff includes 58 full and part-time physicians and dentists, including specialists.

	PERMANENTE		A TYPICAL C.P.S. PLAN		A SAMPLE CONTINENTAL PLAN		LABOR HEALTH INSTITUTE	
	Member only	2 or Dep's	Member only	2 or Dep's.	Member only	2 or Dep's.	Member only	2 or Dep's.
Cost (per month)	\$3.25	\$6.95	M-3.80 F-5.20	\$10.40	\$8.75 (incl. other insurance)**		3 $\frac{1}{2}$ % of gross earnings	5%
House Calls	\$2 fee for 1st visit for ea. illness	\$2 per visit	1st 2 visits exclud- ed per illness	None	\$6 allow- ance per visit after the 1st 2	None	Full care	
Office Calls	\$1 fee per visit		As above		\$4 allow- ance per visit after the 1st 2	None	Full care	
Preventive Care	\$1 fee per visit		None Provided		None Provided		Full care	
Maternity (Med- ical) (Normal Delivery)	Full care at a charge of: \$60 \$95		\$50 allow- ance	None	\$75 allow- ance	None	Full care	
Maternity (Hospital)	Included in above fee		\$50 allowance		\$10 per day up to 14 days al- lowance	None	\$10 per day allowance	
X-Ray, Lab. tests, etc. in hospital	Up to 1 yr. for ea. ill- ness; then @ $\frac{1}{2}$ price	@ $\frac{1}{2}$ price	Provided		\$310 allow- ance	\$100 allow- ance	\$25 per year of membership, cumulative.	
X-Ray, etc. (not in hospital)	As when in hospital		\$25 al- lowance* for X-ray	*	\$50 per yr. al- lowance	\$25 per yr. al- low- ance	Full care	
Surgical	Full care		Full care		Fee Schedule (\$300 max.)		Full care	
Hospital Care	111 days full care per illness	30 days full care; then 81 da. @ $\frac{1}{2}$ price	100 days for each illness		\$10 per day up to 70 days (allowance)	\$10 per day up to 31 days (allowance)	\$10 per day up to 90 days; (allowance); then 1/3 off semi-private rate for 6 mos.	
Medical Care (in hospital)	Full care		Up to 3 months (1st 2 visits by doctor ex- cluded for member only.)		\$6 per day al- lowance up to \$300	\$4 per day up to \$124.	Full care	
Hospitalization for diagnostic tests	Full care		None Provided		None Provided		For certain specified diseases only	

	PERMANENTE	A TYPICAL C.P.S. PLAN	A SAMPLE CONTINENTAL PLAN	LABOR HEALTH INSTITUTE
Ambulance Service	Within 30 miles of authorized hospitals	None Provided	None Provided	Within the vicinity of L.H.I.
Dental Care	X-Rays only	None Provided	None Provided	Full care; ex- cept for charge (@ cost) for dentures
Drugs and Medicines	While in hospital only	None Provided	While in hospital only (included in X-Ray, etc. allowance)	Special rates at L.H.I.; while in hospital-- incl. in allow- ances for X- Ray, etc. and Hospital Care
Exclusion of pre-existing conditions	$\frac{1}{2}$ price for hospitalization, X-Rays, etc.	None	None	Hospital Benefits

N.B. This chart is drawn from sample contracts; variations may be available in these programs, except L.H.I. This chart does not cover all benefits and limitations in these plans; it purports only to present some notion of the type and extent of certain representative classes of medical care that may be available at approximately the costs given.

* Members are allowed: \$25 for X-Ray for fractures, dislocations, and accidents, \$10 for X-Ray for illness, and \$10 for laboratory services for illnesses. Dependents are allowed only the \$25 for X-Ray, fractures, dislocations, and accidents.

**The cost given includes the cost of Life Insurance (\$1,500) and Accidental Death and Dismemberment (\$1,500).

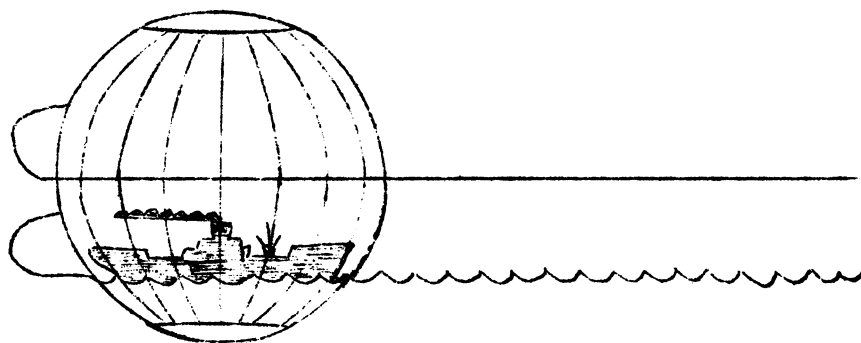
The extent of maternity benefits usually depends on a waiting period beginning with the date of insurance.

Dependent children are eligible for coverage usually from the age of 30, 60, or 90 days to 18 or 19 years.

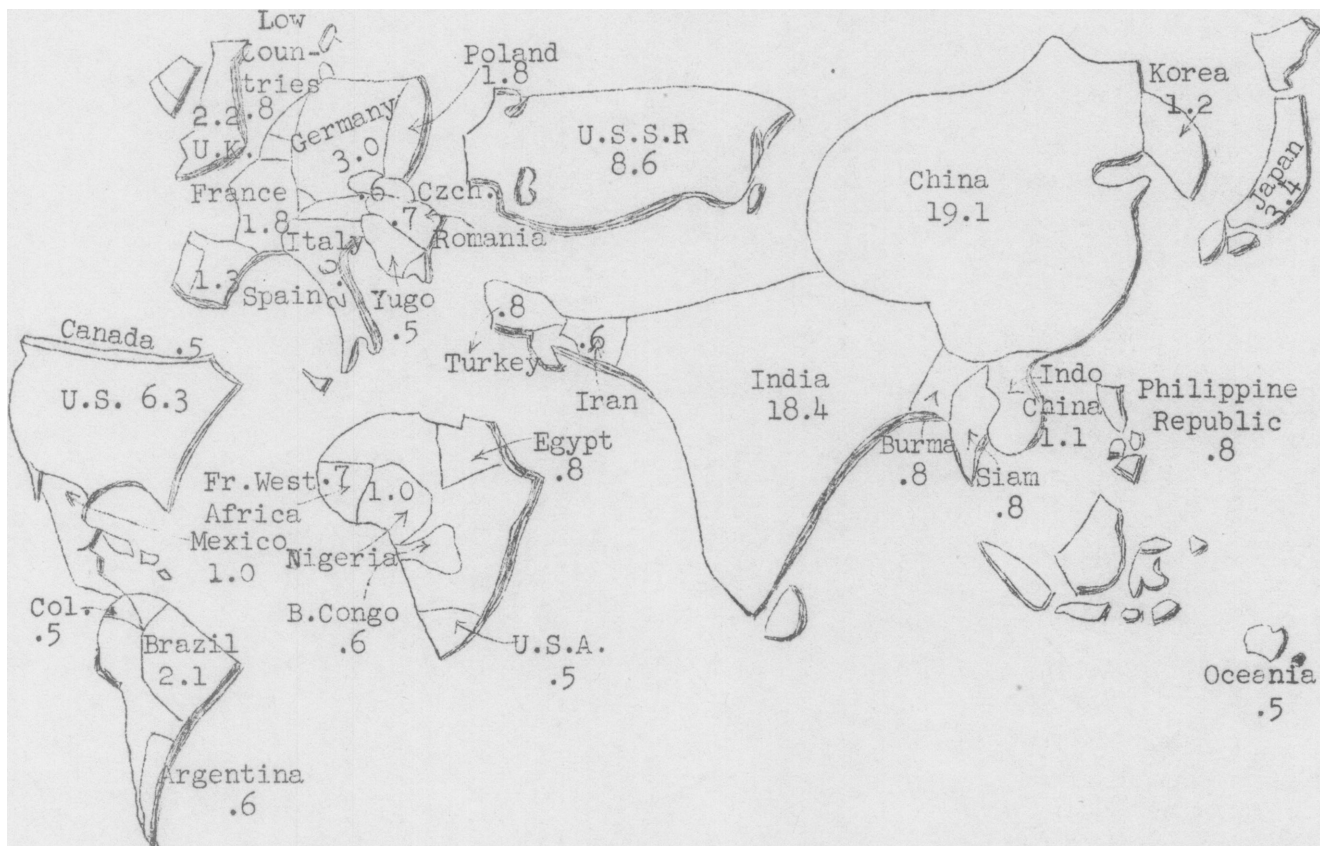
Under the C.P.S. plan, physicians reserve the right to make extra charges to patients whose incomes exceed certain levels. At present, these levels are \$4,200 per year for a family and \$3,600 per year for a single individual. This limitation applies only to charges made by doctors. (Family income means combined gross income of all family members.)

LABOR ABROAD

WALTER GALENSON



THE POPULATION MAP OF THE WORLD, 1946



Percent of World Population = Percent of World Area

By restating the population of each major country as a percentage of world population, and by then redrawing the geographical map of the world in such a manner as to express the population percentage as a percent of world area for each individual country, one gets a population map of the globe that conveys at a glance an over-all idea of the relative distribution of population and man power, the great concentration of population and man power in the Orient, and the relatively limited labor resources of Western Europe and America.

Source: J. B. Condliffe, The Commerce of Nations, New York, 1950.

SEVENTY COUNTRIES CLASSIFIED BY SIZE OF PER CAPITA INCOME IN 1949

Per capita income (\$)	Asia & Oceania	Africa	Europe	N. America & Central America	S. America
Under \$50	Burma China Indonesia S. Korea Philippines Saudi Arabia Thailand Yemen	Liberia		Haiti	Ecuador
\$50-100	Afghanistan Ceylon India Iran Iraq Pakistan			Dominican Republic El Salvador Guatemala Honduras Nicaragua	Bolivia Paraguay
\$100-200	Japan Lebanon Syria Turkey	Egypt S. Rhodesia	Yugoslavia Greece	Costa Rica Mexico Panama	Brazil Chile Colombia Peru
\$200-300		Union of S. Africa	Austria Hungary Italy Portugal	Cuba	
\$300-400	Israel		Czechoslovakia Finland Germany Poland U.S.S.R.		Argentina Uruguay Venezuela
\$400-600			Belgium France Iceland Ireland Luxembourg Netherlands Norway		
\$600-900	OCEANIA Australia New Zealand		Denmark Sweden Switzerland Gt. Britain	Canada	
Over \$900				United States	

Source: United Nations, Statistical Papers, Series E

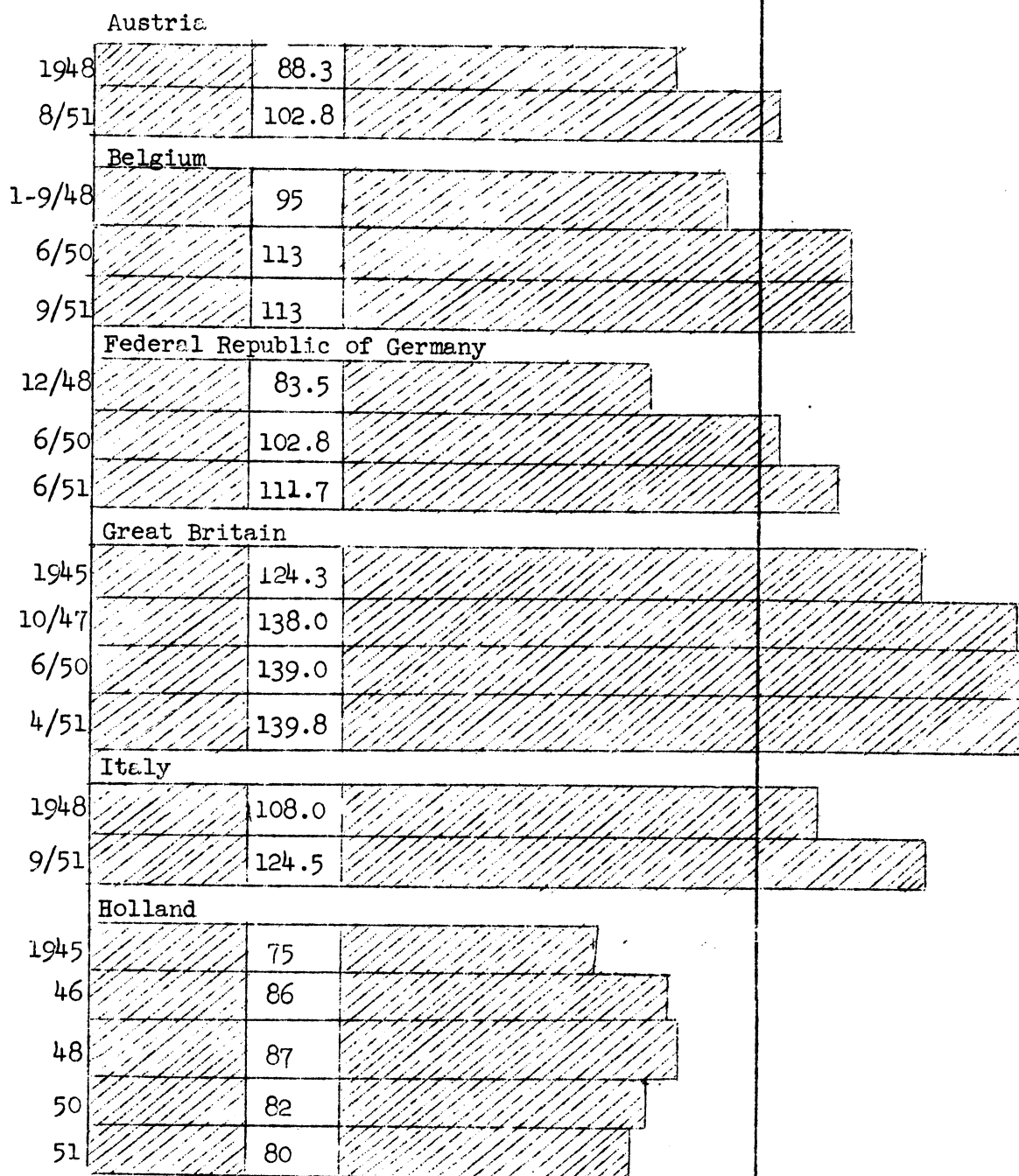
INDEXES OF PURCHASING POWER OF WAGE-EARNERS IN SELECTED COUNTRIES
(1949-1950)

	Index of purchasing power of hourly earnings in terms of food. 1950	1949 per capita income in U.S. dollars
U.S.	100	1,453
Aus- tralia	93	679
Norway	82	587
Canada	77	870
Denmark	72	689
Sweden	64	780
Israel	60	389
Great Britain	59	773
Finland	40	348
West Germany	38	320
Chile	37	188
Nether- lands	36	502
France	32	482
Hungary	29	269
Austria	29	216
Italy	24	235
U.S.S.R.	13	308

Source: United Nations, Statistical Papers, Series E.

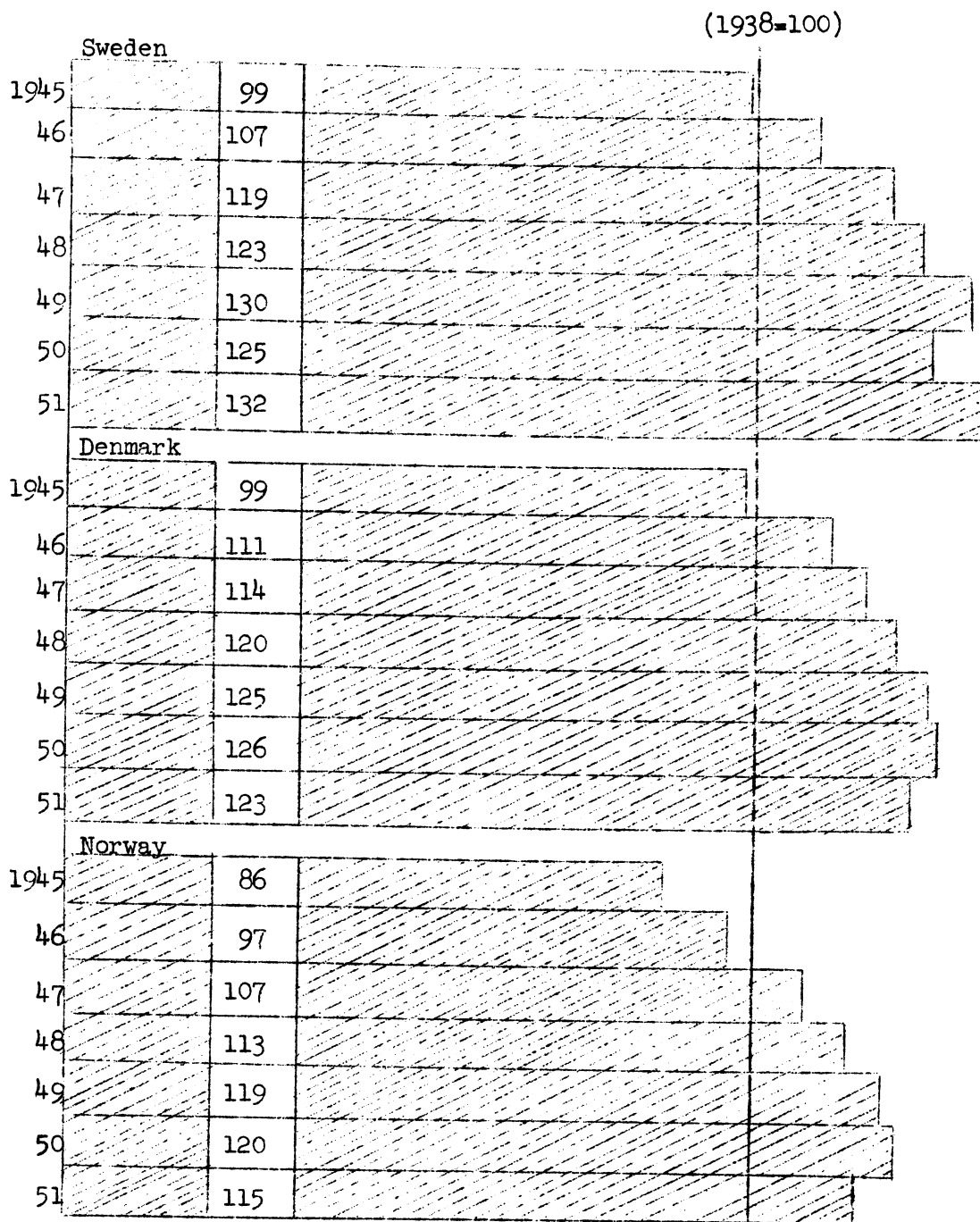
HOW WEST EUROPEAN LABOR HAS FARED SINCE THE WAR
(in terms of real wages)

(1938=100)



(continued on
next page)

HOW WEST EUROPEAN LABOR HAS FARED SINCE THE WAR (continued)



N.B. These charts do not take into account quality deterioration, nor do they show relative levels of purchasing power between countries.

Source: Bureau of Labor Statistics. Notes on Labor Abroad. No. 25, November 1951-January 1952.

WORKER ORGANIZATION AND LABOR DISPUTES IN SELECTED COUNTRIES

Degree of Organization Among Nonagricultural Workers

Year	Country	
1950	Norway	49.2%
1950	Sweden	56.4%
1948	Australia	52.7%
1949	W. Germany	29.5%
1950	France	33.9%
1950	Italy	48.6%
1950	G. Britain	44.5%
1950	Canada	26.0%
1951	U.S.	27.0%

Percent of Total Labor Force in Nonagricultural Industries

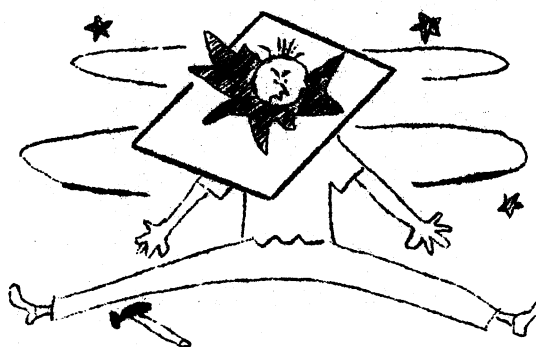
Year	Country	
1946	Norway	70.6%
1945	Sweden	75.6%
1947	Australia	84.4%
1946	W. Germany	70.8%
1946	France	63.5%
1950	Italy	51.6%
1950	G. Britain	94.4%
1950	Canada	78.4%
1951	U.S.	88.8%

Average Annual Workday		Because of Strikes Per Union Member			
Years	Australia	Canada	Gt. Britain	Sweden	U.S.
1927-29	2.6	0.6	0.7	0.8	4.1
1930-32	0.8	0.6	1.3	3.7	2.1
1933-35	0.4	1.4	0.3	2.6	5.4
1936-38	0.9	1.2	0.4	1.0	2.8
1939-41	1.0	0.7	0.2	0.1	1.7
1942-44	0.6	1.0	0.3	0.1	0.7
1945-47	1.5	3.4	0.3	3.4	4.2
1949	0.7	1.1	0.2	0.02	3.2

Source Galenson W., Comparative Labor Movements
 Ross and Irwin, Strike Experience in Five Countries
 United Nations, Statistical Yearbook, 1949-50
 International Labor Organization, Yearbook of Labour Statistics
 Bureau of Labor Statistics, Handbook of Labor Statistics
 Australia, Yearbook, 1947
 Great Britain, Statistical Abstract, 1950
 Italy, Statistical Abstract, 1950

WORKMEN'S COMPENSATION WORKSHOP

ARTHUR CARSTENS



HISTORY OF ACCIDENT COMPENSATION LAWS

Before the advent of the factory system, with its gigantic machinery and high speeds, huge mines, mills and other industries, bringing large numbers of workers into close proximity with danger, -- back in the days of rural and agricultural life of one hundred or more years ago, -- serious injuries were relatively few. Men were closer to their employers.

If the home servant lost an arm, the master, out of human sympathy, sometimes provided doctors, financial help and a readjusted job. If he did not, the servant's only recourse was to sue in the regular common-law courts. Here he would often wait two or more years for a jury trial. Meantime his limited savings or public charity bore the burden. Then his lawyer would attempt to show negligence on the part of the employer -- only to be defeated in the great majority of cases by the employer's (or his insurer's) defenses of:

- a. contributory negligence,
- b. assumption of risk,
- c. or the fellow-servant rule.

In short, if the worker himself was partly to be blamed, or if a fellow worker and not the employer himself caused the injury, or if the contract of employment apparently subjected him to the risk of injury -- in any of these three situations the worker lost his case.

The fellow-servant defense was particularly harmful to workers. In huge factories and work places it was usually the fellow worker, not the employer himself, who caused the accident. By staying out of the factory the employer usually could avoid liability for all injuries to his men.

The creation by the courts, therefore, of the fellow-servant defense was hailed with wide acclaim. As stated by one writer: "Very appropriately, this exception was first announced in South Carolina, then the citadel of human slavery. It was eagerly adopted in Massachusetts, then the center of the factory system, where some decisions were made in favor of great corporations, so preposterous that they have been disregarded in every other state without even the compliment of refutation. It was promptly followed in England, which was then governed exclusively by landlords and capitalists."

No wonder then, that 80 per cent of the cases were lost or uncompensated; and in the 20 per cent of successful cases the lawyer's fees, doctor's bills and other expenses often ate up a substantial portion of the award.

As workers and their union representatives clamored for relief from these outmoded court-made rules, some of the liberal courts invented the doctrine of vice-principal (i.e., a person in charge was not a fellow employee, and his negligence was that of the employer); and the legislatures passed Employers' Liability Acts, cutting down the value of some of these three defenses. Nevertheless, most of the courts, bound by precedent, continued to grind out weak decisions.

In 1884, Germany, led by Bismarck, had evolved the idea of workmen's compensation legislation. Work injuries for the first time were compensated, not on the basis of negligence but on their relation to the job. In 1897 England had enlarged the German idea, and had abolished the common law and its amendments and established an entirely new theory -- that of workmen's compensation. Liability depended not on who was

at fault for the accident, but on whether it arose out of the employment, while the worker was engaged therein. English legal minds evolved the phrase "personal injury by accident arising out of and in the course of the employment" as the basis of awards. To laymen this simply meant that if the worker was injured at work because of his work, he would obtain a certain percentage of his wages during periods of injury-enforced idleness, plus medical care at the employer's (or his insurer's) expense.

From 1902 onward many legislators clamored for a similar change of law in this country. They argued that the mechanization of the country had made injuries inevitable; that industry and not charity or savings should pay for industrial injuries; that simple justice required the abolition of the old common-law defenses for industrial injuries.

"Legislate as we may ... for safety devices, the army of the injured will still increase; the price of our manufacturing greatness will still have to be paid in human blood and tears. To speak of the common-law personal injury action as a remedy for this problem is to jest with serious subjects, to give a stone to one who asks for food."

A new system was needed, and one that would also help in accident prevention and rehabilitation. Commissions sprang up in many states to study the idea. Massachusetts debated the question for nine years, and when it finally passed its compensation law in 1911, ten other states had already completed the change to compensation.

Halted temporarily by three state courts which declared their acts unconstitutional, and then spurred on in 1917 when the Supreme Court of the United States upheld three different types of acts, the compensation idea spread rapidly. Today all 48 states have compensation acts. In addition, such legislation exists in Alaska, Hawaii, and Puerto Rico.

Federal workmen's compensation laws now also cover government employees, longshoremen and harbor workers, and private employees in the District of Columbia.

The change was not easily made. Opposition developed from many quarters. Insurance companies or carriers who made large profits from common-law coverage of employers at first bitterly opposed the adoption of the English system. For a short while even the labor unions joined the opposition, then turned about and became its most insistent proponents. Employers, fearing large increased costs, added their powerful opposition voices.

Unquestionably, compensation laws were enacted as a humanitarian measure, to create a new type of liability, -- liability without fault, -- to make the industry that was responsible for the injury bear a major part of the burdens resulting therefrom.

QUESTIONS TO ASK ABOUT
YOUR WORKMEN'S COMPENSATION LAW

Coverage of Workers

Does the law cover all types of employment?

Does the law cover persons when they are sent outside the state?

Kind of Injuries Covered

Does the law provide benefits for disabilities due to occupational diseases as well as accidents?

Can a handicapped worker sign away his compensation rights?

What is the period immediately following an injury for which compensation is not paid?

Amount of Benefit Payments

What per cent of the average wage is paid?

How long do the payments continue?

Is there a second injury fund?

What is the total amount a person can receive?

Medical Care

Does the law provide full medical care?

Does the law allow free choice of physician?

Does the law provide for rehabilitation?

Does the law place restrictions on the length of time during which a person must file for medical help?

Administration

Are hearings held at a time and place convenient to the claimant?

Are settlements audited by the Commission to determine whether the injured party received full benefits?

Does the Commission publish reports on collections, payments and retentions of insurance carriers?

Is there a special guarantee fund to prevent loss through bankruptcy of the insurance carrier?

Is prompt reporting of injuries, under penalty, required by employers?

Does the Commission employ impartial staff physicians to measure disability?

Are hearings free of court technicalities?

HOW DOES YOUR WORKMEN'S COMPENSATION LAW COMPARE WITH LAWS IN OTHER STATES?

Waiting Period and Medical Benefits
(Selected States)

State	Waiting Period	Retroactive Compensation	Medical Benefits		
			Maximum Time	Maximum Amount	Choice of Physician
California	7 days	49 days	unlimited	unlimited	employer
Illinois	6 days	28 days	reasonable time		employer
Indiana	7 days	28 days	180 days		employer
Massachusetts	7 days	8 days	unlimited	unlimited	employer or employee
Michigan	7 days	4 weeks	6 months		employer
New Jersey	7 days	4 weeks			employer
New York	7 days	35 days	unlimited	unlimited	employer
North Carolina	7 days	28 days	10 weeks	\$1000	employer
Ohio	7 days		unlimited	unlimited	employer
Pennsylvania	5 days	4 weeks	90 days	\$225	employer
Texas	3 days	4 weeks	4 weeks		employer
U.S. Employees	3 days	21 days	unlimited	unlimited	U.S.

Workmen's Compensation Benefits
(Selected States)

State	Weekly Payments		Period of Payments		Benefits for Voca- tional Re- habilita- tion
	Maximum	Minimum	Temporary Disability	Permanent Disability	
California	\$30.00	\$ 9.75	240 weeks	life	no
Illinois	30.00	11.25	disability	life	no
Indiana	23.00	12.00	500 weeks	500 weeks	no
Massachusetts	30.00	18.00	disability	life	yes
Michigan	24.00	11.00	500 weeks	750 weeks	no
New Jersey	30.00	10.00	300 weeks	450 weeks	yes
North Carolina	24.00	8.00	400 weeks	400 weeks	yes
Ohio	30.00	10.00	6 years	life	yes
Pennsylvania	25.00	12.50			no
Texas	25.00	9.00	401 weeks	401 weeks	no
U.S. Employees	66% of month's wage		disability	disability	yes

LEGISLATION WORKSHOP

Discussion Outline Prepared by

VICTOR ROSENBLUM



LEGISLATION WORKSHOP

The purpose of these sessions is to discuss the nature, function, and content of political education for the trade union member. Two basic questions that arise are: What should be labor's role in the formulation of policy of national, state, and local governments? and What procedures are likely to be most successful in fulfilling that role?

In seeking answers to these basic questions, a number of additional points enter the discussion. Among those with which we shall attempt to deal are the following:

- I. Politics as the study of "Who gets what, when, and how."
- II. Political education and the governmental process.
- III. Local participation as a key to policy control.
- IV. The trade union and the candidate for office.
- V. Influence in the legislature.
- VI. Evaluation of labor's political programs.

I. Politics as the study of "Who gets what, when, and how."

What are the goals of political education?

Does education for workers require indoctrination?

What is labor's concern with the direction of national, state, and local policies today?

Sample case of discussion:

At a recent meeting of the Political Planning Committee of the X Union, Chairman Jim Plunkett announced, "Okay, Jones will have our support for Congress in the Second District. You can pass the word along to the rank and file, and let them know that if they vote for Jones' opponent they will be voting themselves right out of job security."

Bill Flynn, another Planning Committee member, disagreed with Plunkett's methods, "I don't think we'll get any votes simply by saying Jones is our boy. Why don't we do something like prepare some case histories about Jones and his opponent, and distribute those to our men? Let the candidates' records speak for themselves."

"That's a waste of time and money," retorted Plunkett. "The rank and file don't care about records. All they want is for us to tell them how to vote."

Would you be influenced by the Plunkett approach, the Flynn approach, neither, or both?

II. Political education and the governmental process.

Do constitutional concepts -- like separation of powers, federalism, and limited government -- have any bearing on the scope and efficacy of labor's political activity?

What was the contribution of the CIO-PAC to political education?

What are the functions of Labor's League for Political Education?

Are there lessons for labor in the Taft-Ferguson campaign?

Does the American worker want a Labor Party?

What kinds of problems does the following situation -- described by Robert Penn Warren in his book, All the King's Men -- present to the politically conscious trade union member?

Hugh Miller shook hands, and stepped into the room, and I started to edge out the door. Then I caught the Boss's eye, and he nodded, quick, toward my chair. So I shook hands with Hugh Miller, too, and sat back down.

"Have a seat," the Boss said to Hugh Miller.

"No, thanks, Willie," Hugh Miller replied in his slow solemn way. "But you sit down, Willie."

The Boss dropped back into his chair, cocked his feet up again, and demanded, "What's on your mind?"

"I reckon you know," Hugh Miller said.

"I reckon I do," the Boss said.

"You are saving White's hide, aren't you?"

"I don't give a damn about White's hide," the Boss said. "I'm saving someone else."

"He's guilty."

"As hell," the Boss agreed cheerfully. "If the category of guilt and innocence can be said to have any relevance to something like Byram B. White."

"He's guilty," Hugh Miller said.

"My God, you talk like Byram was human! He's a thing! You don't prosecute an adding machine if a spring goes bust and makes a mistake. You fix it. Well, I fixed Byram. . . . Boy, it will be the shock in the genes. Hell, Byram is just something you use, and he'll sure be useful from now on."

"That sounds fine, Willie, but it just boils down to the fact you're saving White's hide."

"White's hide be damned," the Boss said, "I'm saving something else. You let that gang of MacMurfee's boys in the Legislature get the notion they can pull something like this and there's no telling where they'd stop. Do you think they like anything that's been done? The extraction tax? Raising the royalty rate on state land? The income tax? The highway program? The Public Health Bill?"

"No, they don't," Hugh Miller admitted. "Or rather, the people behind MacMurfee don't like it."

"Do you like it?"

"Yes," Hugh Miller said, "I like it. But I can't say I like some of the stuff around it."

"Hugh," the Boss said, and grinned, "The trouble with you is you are a lawyer. You are a damned fine lawyer."

"You're a lawyer," Hugh Miller said.

"No," the Boss corrected, "I'm not a lawyer. I know some law. In fact, I know a lot of law. And I made me some money out of law. But I'm not a lawyer. That's why I can see what the law is like. It's like a single-bed blanket on a double bed and three folks in the bed and a cold night. There ain't ever enough blanket to cover the case, no matter how much pulling and hauling, and somebody is always going to nigh catch pneumonia. Hell, the law is like the pants you bought last year for a growing boy, but it is always this year and the seams are popped and the shankbones to the breeze. The law is always too short and too tight for growing humankind. The best you can do is do something and then make up some law to fit and by the time that law gets on the books you would have done something different. Do you think half the things I've done were clear, distinct, and simple in the constitution of this state?"

"The Supreme Court has ruled--" Hugh Miller began.

"Yeah, and they ruled because I put 'em there to rule it, and they saw what had to be done. Half the things weren't in the constitution but they are now, by God. And how did they get there? Simply because somebody did 'em."

The blood began to climb up in Hugh Miller's face, and he shook his head just a little, just barely, the way a slow animal does when a fly skims by. Then he said, "There's nothing in the constitution says that Byram B. White can commit a felony with impunity."

"Hugh," the Boss began, soft, "Don't you see that Byram doesn't mean a thing? Not in this situation. What they're after is to break the administration. They don't care about Byram, except so far as it's human nature to hate to think somebody else is getting something when you aren't. What they care about is undoing what this administration has done. And now is the time to stomp 'em. And when you start out to do something--" he sat up straight in the chair now, with his hands on the overstuffed sides, and thrust his head forward at Hugh Miller-- "you got to use what you've got. You got to use fellows like Byram, and Tiny Duffy, and that scum down in the Legislature. You can't make bricks without straw, and most of the time all the straw you got is second hand straw from the compen. And if you think you can make it any different, you're crazy as a hoot owl."

Hugh Miller straightened his shoulders a little. He did not look at the Boss but at the wall beyond the Boss. "I am offering my resignation as Attorney General," he said. "You will have it in writing, by messenger, in the morning."

"You took a long time to do it," the Boss said softly. "A long time, Hugh. What made you take such a long time?"

Hugh Miller didn't answer, but he did move his gaze from the wall to the Boss's face.

"I'll tell you, Hugh," the Boss said. "You sat in your law office fifteen years and watched the - - - - - warm chairs in this state and not do a thing, and the rich get richer and the pore get porer. Then I came along and slipped a Louisville Slugger in your hand and whispered low, 'You want to step in there and lay round a little?' And you did. You had a wonderful time. You made the fur fly and you put nine tin-horn grafters in the pen. But you never touched what was behind 'em. The law isn't made for that. All you can do about that is take the damned government away from the behind guys and keep it away from 'em. Whatever way you can. You know that down in your heart. You want to keep your Harvard hands clean, but way down in your heart you know I'm telling the truth, and you're asking the benefit of somebody getting his little patties potty-black. You know you're welching if you pull out." "That," he said, softer than ever, and leaned toward Hugh Miller, peering up at him, "is why it took you so long to do it. To pull out."

Hugh Miller looked down at him a half minute, down into the beefy upturned face and the steady protruding eyes. There was a shadowed, puzzled expression on Hugh Miller's face, as though he were trying to read something in a bad light, or in a foreign language he didn't know very well. Then he said, "My mind is made up."

"I know your mind's made up," the Boss said. "I know I couldn't change your mind, Hugh." He stood up in front of his chair, hitched his trousers up, the way a fellow has to who is putting it on some aro around the middle, and sock-footed over to Hugh Miller. "Too bad," he said. "You and me make quite a team. Your brains and my brawn."

III. Local participation as a key to policy control.

How can Joe Doakes' participation in his local political precinct "ring bells" in Sacramento and in Washington, D.C.?

Do county and city politics concern labor?

What is the significance for the union member, as well as for the politician, of the belief in "one man, one vote"?

Sample case for discussion:

Mark Starr, the education director of the IIGWU, once received the following letter from a high school teacher in Montana. Might local political participation by labor have helped this teacher, her students, and the members of the school community to obtain a more realistic view of the status and problems of labor?

"We are all waiting impatiently for the solution of labor and other troubles. Not many can comprehend why laborers, who have been getting such luxurious wages, should need a 30% increase right now when we all know we will have to retrench or upset the whole apple cart. When a plain common garden variety of laborer can get way more than a high school and college graduate, then something is wrong.

"There is great need of an education program and a religious program for a group with so much power. Such power and no balance wheel of reason or Christianity is apt to lead us to serious trouble.

"I see the C.I.O. is going to enter into active politics. They made us join the National Teachers' Association (sic) this year. It doesn't look good to me."

IV. The trade union and the candidate for office.

Where do we get our public officials?

What determines a candidate's "availability"?

At what stages in the electoral process can political action have the greatest impact?

How important is the primary?

Question A:

The campaign managers for Jim Hoyt and Alex Weber sought the support of the Y Union in the party primary for Congressman.

The only difference in the platforms of the two men concerned the matter of party responsibility.

Hoyt claimed, "I'll fight for my principles in the party caucus, but once the party decides on a policy I'll vote with the party."

Weber, on the other hand, maintained, "I promise true representation to my constituents regardless of party policy. If I feel that legislation proposed by my party is against the best interests of my constituents I'll vote against it."

Would you support Weber or Hoyt, or neither?

Question B:

Bob Blurt and Sam Snort were running for Congress as the nominees of opposing parties.

Blurt was thirty-three, a World War II veteran, assistant manager of a local supermarket, was aggressively opposed to Taft-Hartley and equally opposed to government seizure of industry. While attending school during the 1930's he had been president of the school chapter of the American Students Union, a Communist front organization. Since that time he has not participated in any of the organizations that were placed on the U. S. Attorney General's list. He is currently active in his church, and an active member of the Veterans of Foreign Wars and the American Civil Liberties Union.

Question B: (continued)

Sam Snort is 49, owns a small machine shop, is a non-veteran, has had excellent labor relations. He has taken no specific stand on Taft-Hartley or government seizures of industry but has campaigned on a platform of "Equal sacrifice by equal citizens during the emergency." He has a wife and two teen-age children, and it is known that he was involved three years ago in an unhappy affair with the local librarian.

Would you support Blurt or Snort, or neither? Which do you think would be elected?

What qualifications do you think a good candidate for office should have?

V. Influence in the Legislature

How can the "gerrymander" affect labor's role in formulating legislative policy?

Which is more consistent with democratic principle: representation according to area or representation according to population?

What is the significance in the legislative process of

- (a) Speaker of the House of Representatives
- (b) President of the Senate
- (c) House Rules Committee
- (d) the seniority rule
- (e) cloture
- (f) party affiliation
- (g) lobbying

Cases for discussion:

- A. The union was located in a state that had a bicameral (2-house) legislature. Representation in the Assembly was based on population, while representation in the Senate was based on area. At the next election, the State's voters were to decide whether Senators should be elected according to population or whether the current system should continue. The X union had \$900 in the political education account of its treasury, and a question arose as to how the funds could be spent most effectively.

Some members felt that the union should concern itself only with electing its friends in the coming campaign. Others insisted that the entire \$900 should be spent to gain representation according to population in the Senate.

How do you believe the funds could best be used?

- B. While the House of Representatives was considering legislation that would provide unlimited permanent injunctions against the right to strike, the Y union held a meeting to consider plans for defeating such legislation.

"We ought to hire a lobbyist," said Tom Adams.

"Or send 'em some deep freezes and mink coats," added Harold Silen.

"That won't get us anywhere," Myrl Scott interrupted.

"In the first place it won't work, and in the second place we don't have that much money in our treasury. Let's find out what committee has the bill and send the members some letters and telegrams."

"Let's ask the Rules Committee to pigeonhole it," suggested Paul Doyle.

"Aw, you got pigeons in your brain if you think the Rules Committee will listen to us," commented Larry Shostak.

"Then why not show our friends and neighbors how the bill would hurt them," Walt Gillen answered. "If we could get all our friends to write to the Committee, we'd have no problem."

"Why go after the Committees at all?" Marc Weiss asked belligerently. "It's just a waste of money. Let's put the pressure on when it counts. We can send telegrams when the bill reaches the floor of the House."

"Anyway we have nothing to worry about," said Bob Tanem.

"The President would veto a bill like that."

Which of these suggestions would you follow? Which would you reject? Do you have any additional suggestions regarding effective action to defeat the bill?

VI. Evaluations of labor's political programs.

How effectively has labor organized its political resources?

What additional steps might be desirable before the campaign?

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Stephen K. Bailey, Congress Makes a Law.

Ed J. Flynn, You're the Boss.

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(7th edition, 1952)

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James M. Burns, Congress on Trial

George Galloway, Congress at the Crossroads

H. H. Wilson, Congress: Corruption and Compromise

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No. 3. Cooke, M. L. and others. Groundwork for Action.

No. 4. Rorty, James. Engineers of World Plenty.

No. 5. Raushenbush, Stephen. People, Food, Machines.

No. 6. Campbell, W. J. and R. Y. Giles. Helping People Help Themselves.

No. 7. Harris, S. E. Foreign Aid and Our Economy.

No. 8. Rosenthal, M. S. Where Is the Money Coming From.

Galenson, Walter (ed.). Comparative Labor Movements. New York: Prentice-Hall, 1952.

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THE FEDERAL BUDGET IN BRIEF
FISCAL YEAR 1953
(JULY 1, 1952-JUNE 30, 1953)

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET



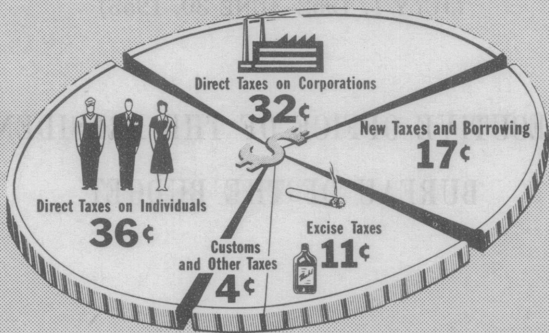
PRESENTED BY MR. HUMPHREY

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

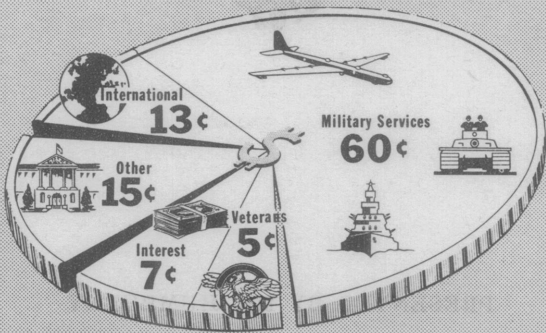
UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1952

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.

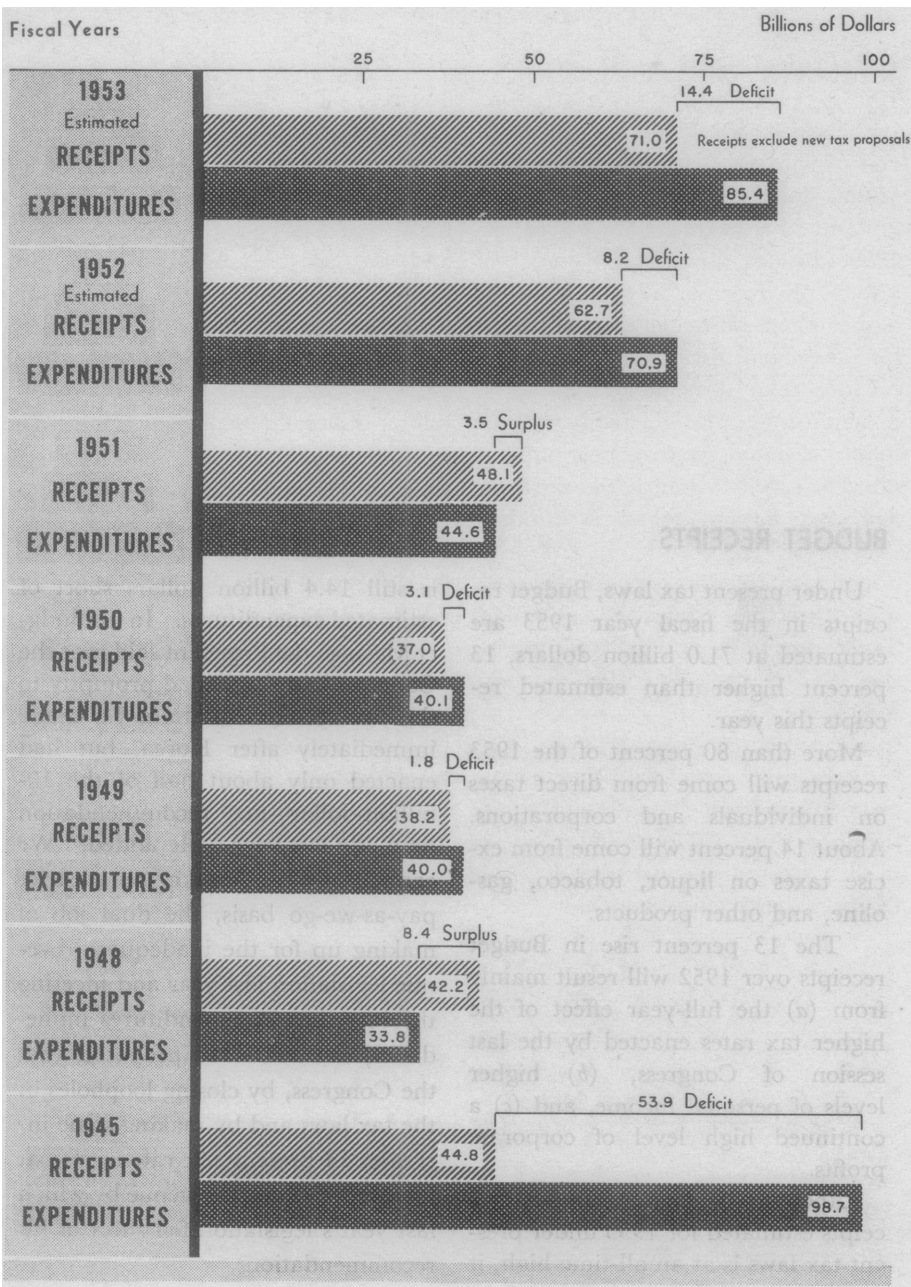
BUDGET EXPENDITURES

[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.

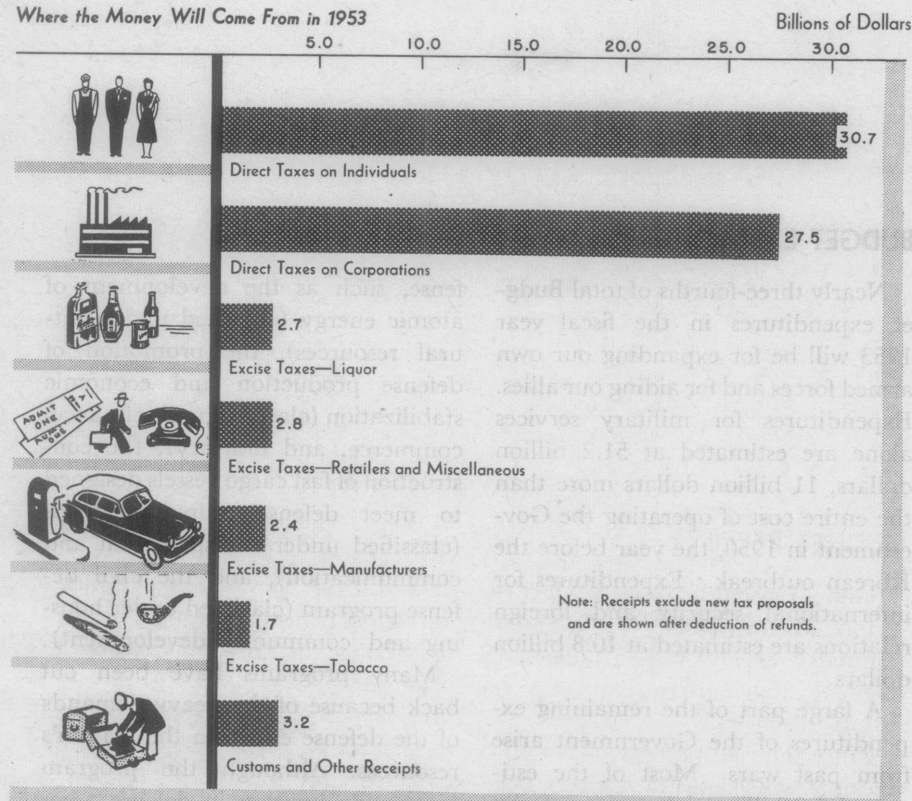
More than 80 percent of the 1953 receipts will come from direct taxes on individuals and corporations. About 14 percent will come from excise taxes on liquor, tobacco, gasoline, and other products.

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

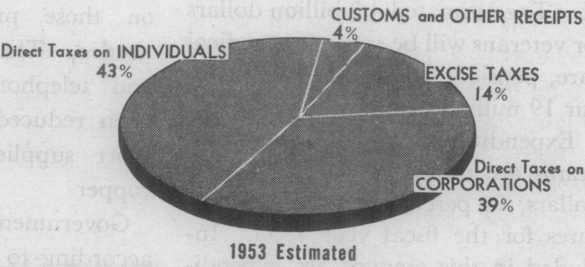
is still 14.4 billion dollars short of estimated expenditures. In his Budget Message the President said that the Congress had responded promptly to the tax recommendations he made immediately after Korea, but had enacted only about half of the 10-billion-dollar tax recommendation he made last year. He 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.

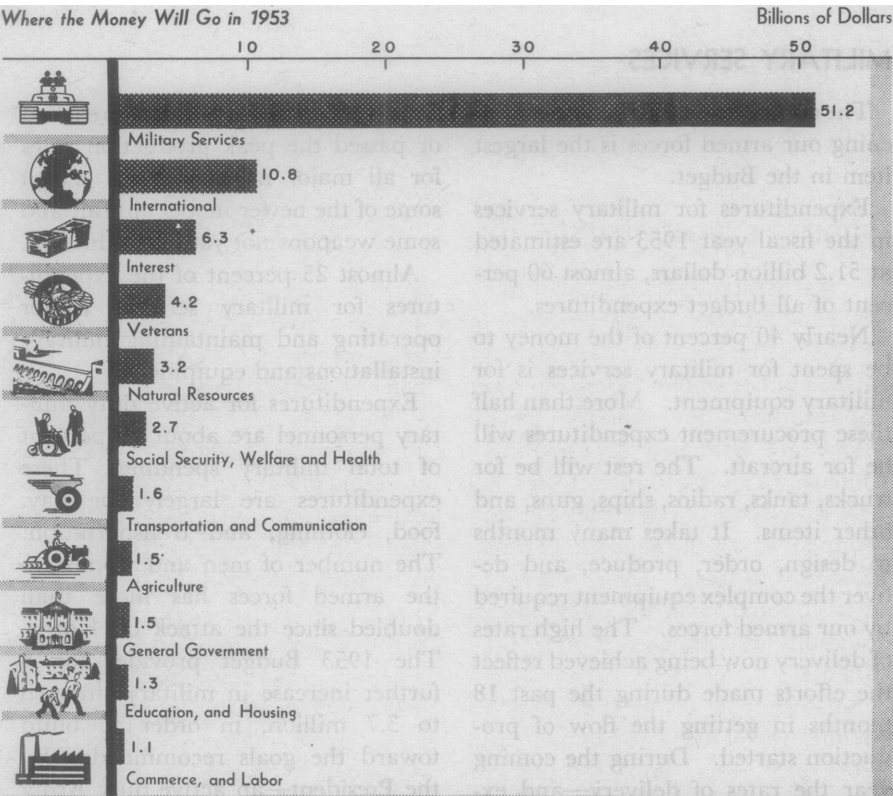
Expenditures for all other programs are estimated at 12.9 billion dollars, 15 percent of total expenditures for the fiscal year 1953. Included in this amount are expenditures for many activities which contribute directly to national de-

fense, 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.

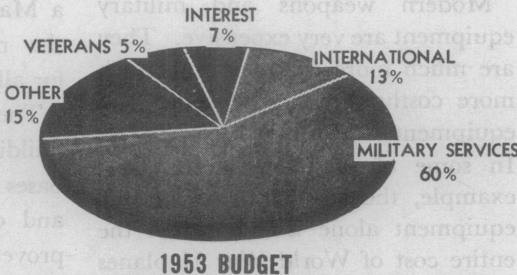
Government programs, classified according to the broad purposes or functions they are designed to serve, are discussed in the following pages.

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

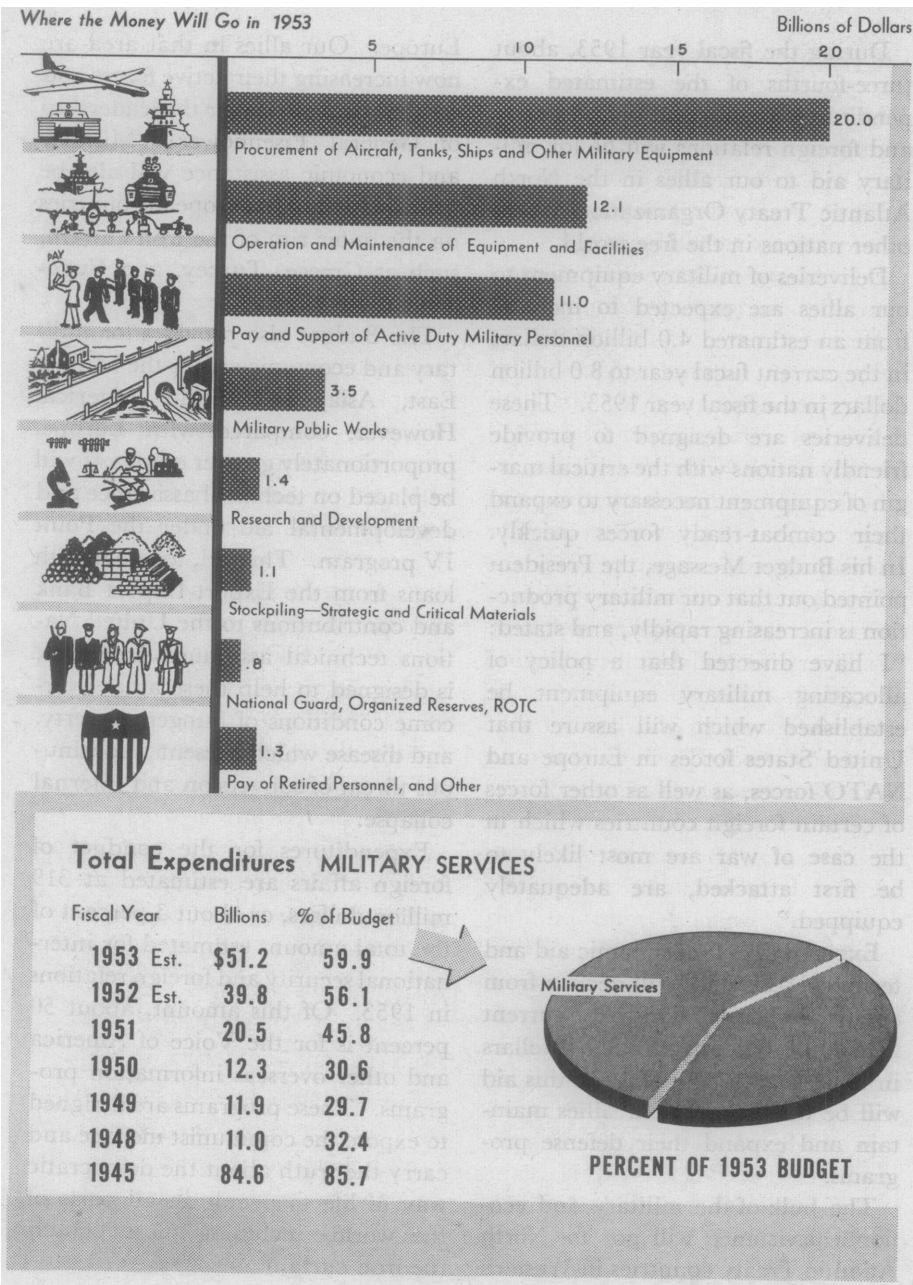
fiscal year 1953 we will have reached or passed the peak production rates for all major military items except some of the newer model aircraft and some weapons not yet in production.

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



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.

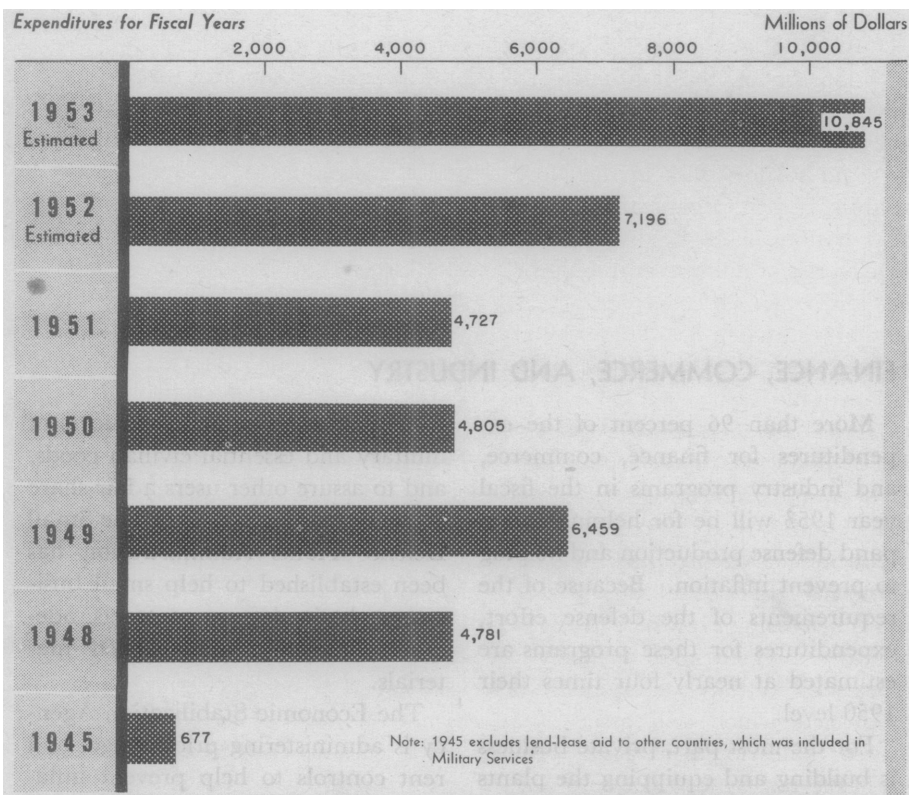
The bulk of the military and economic assistance will go to North Atlantic Treaty countries in Western

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.

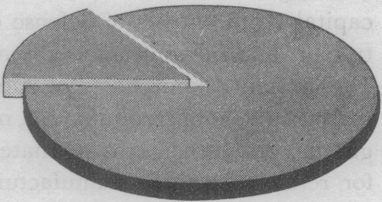
Expenditures for the conduct of foreign affairs are estimated at 319 million dollars, or about 3 percent of the total amount estimated for international security and foreign relations in 1953. Of this amount, about 50 percent is for the Voice of America and other overseas information programs. These 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



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.

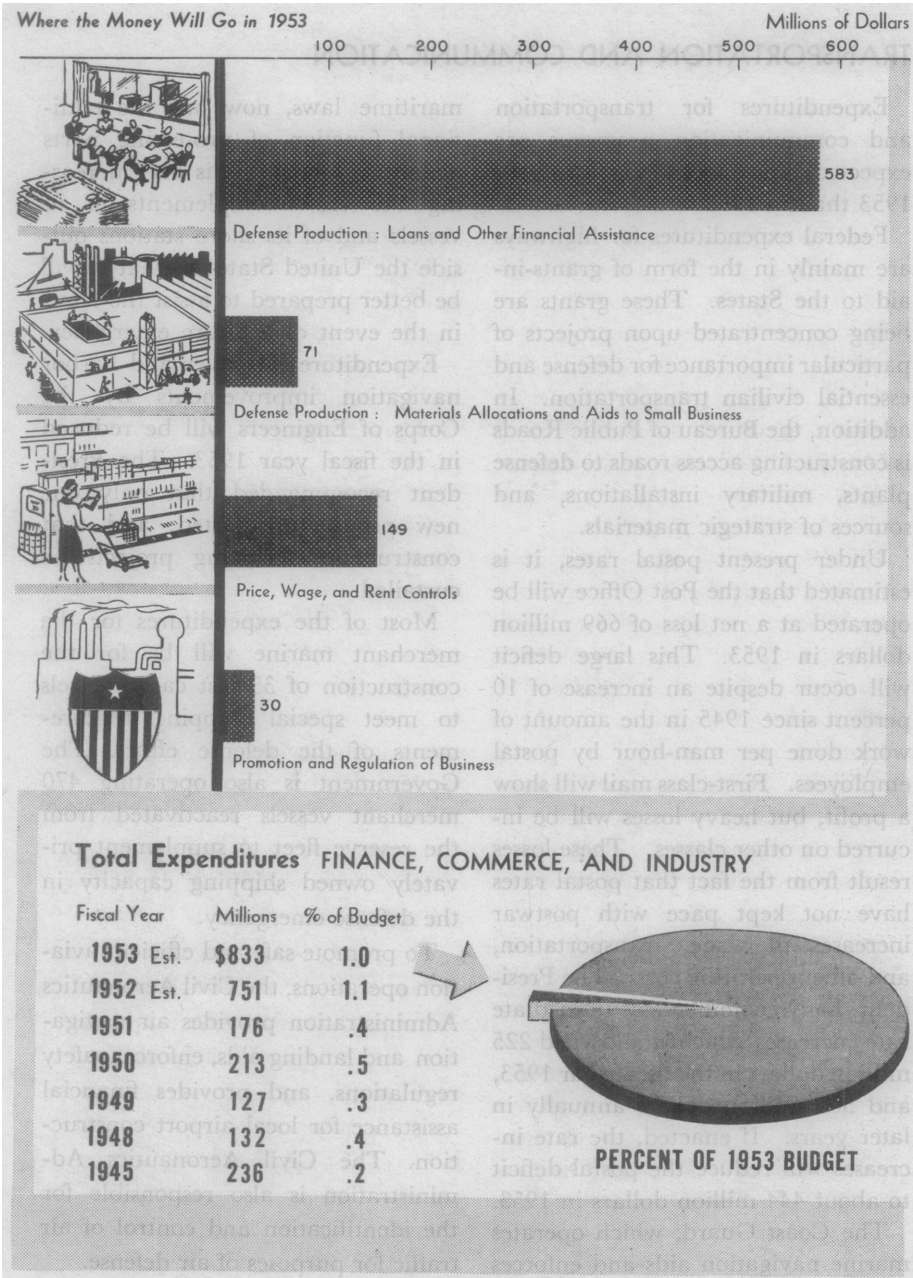
Controls have been set up over the use of a number of critical materials

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



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

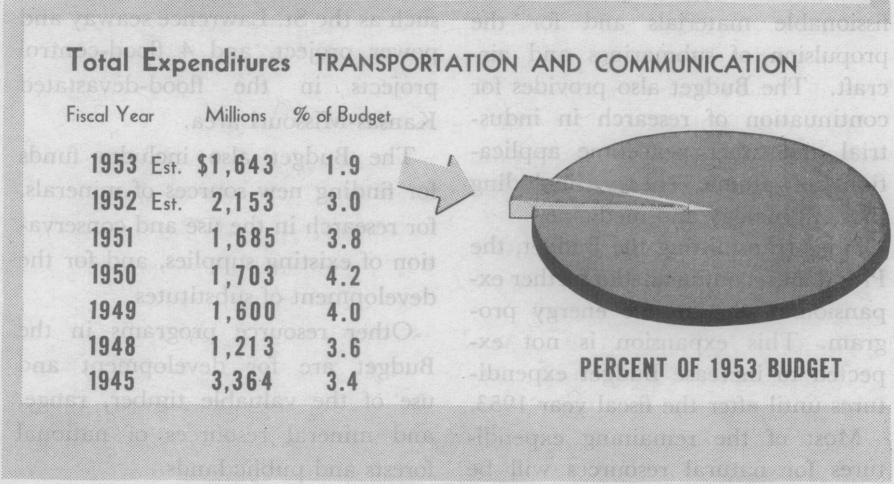
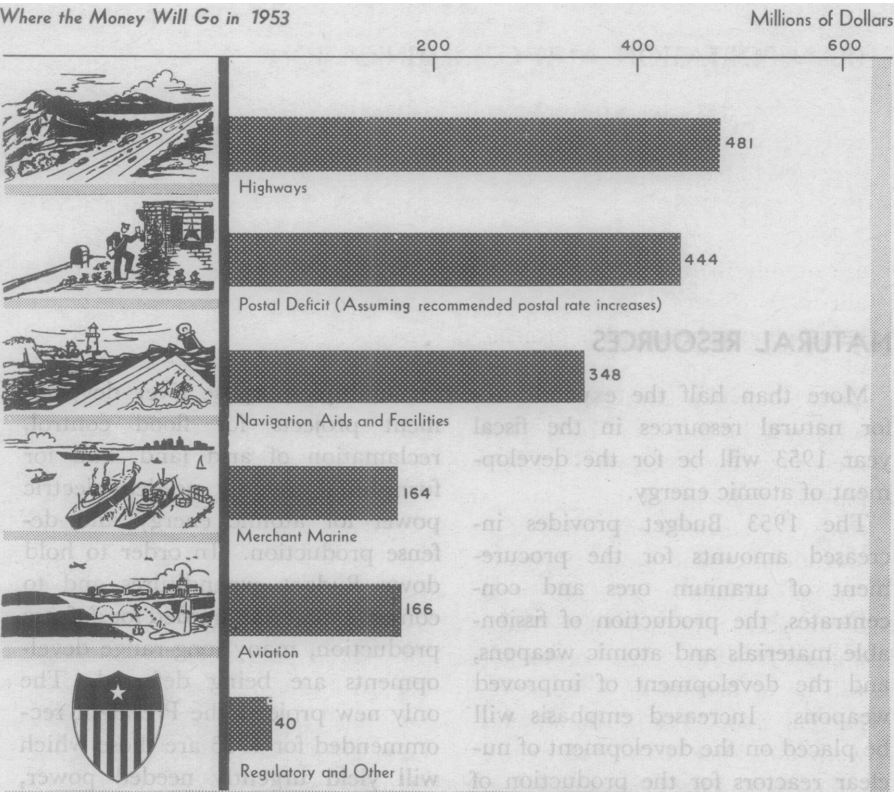
maritime laws, now has the additional function of protecting ports against sabotage. It is also increasing the crew complements of its vessels and of its shore stations outside the United States so that it will be better prepared to assist the Navy in the event of a future emergency.

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



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.

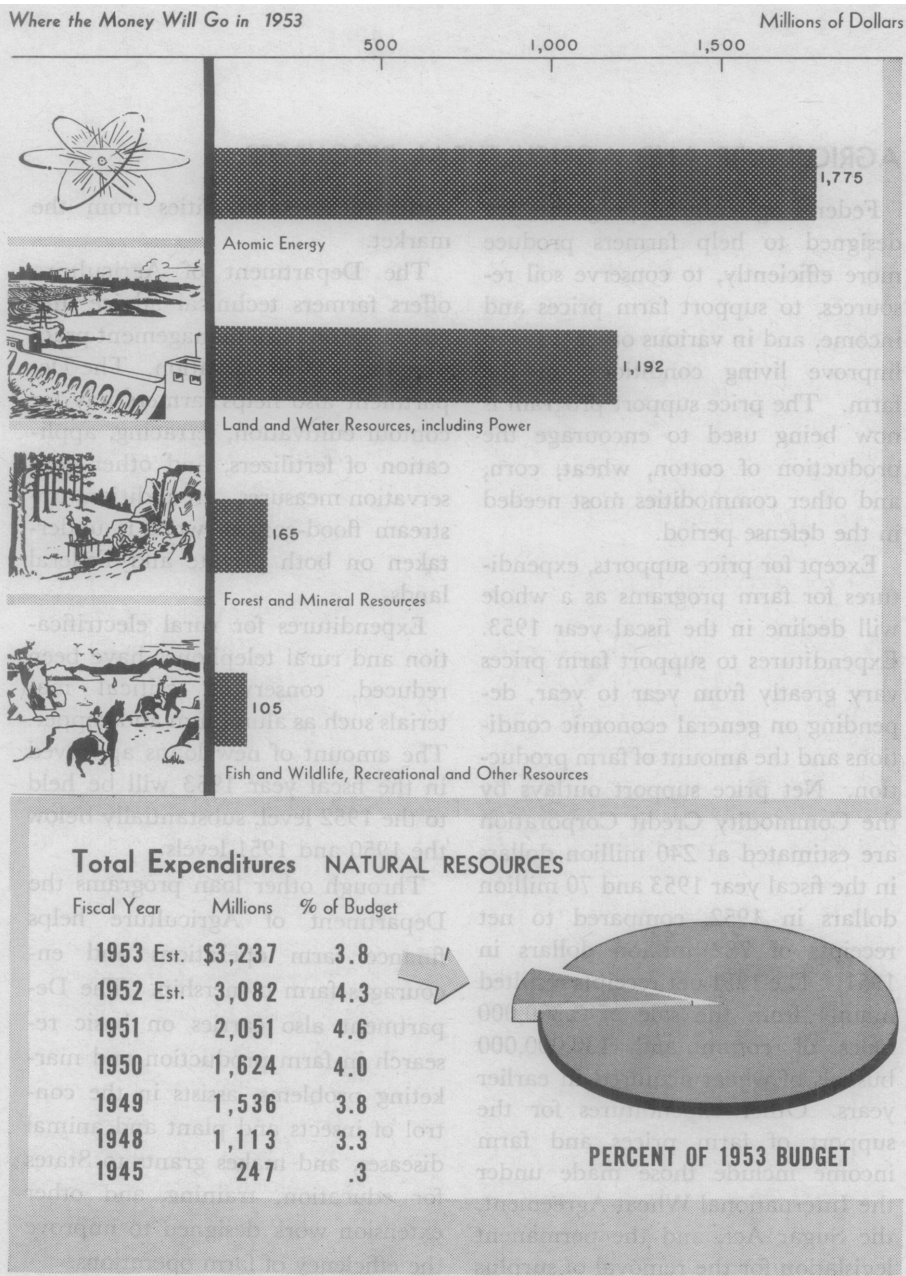
Most of the remaining expenditures for natural resources will be

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



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

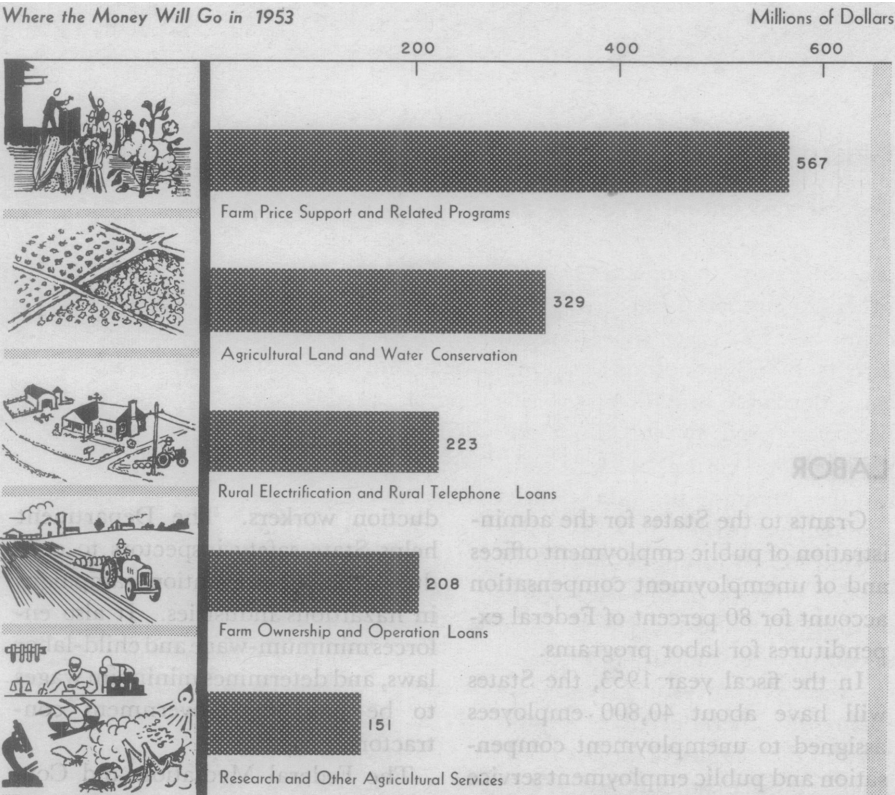
agricultural commodities from the market.

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.

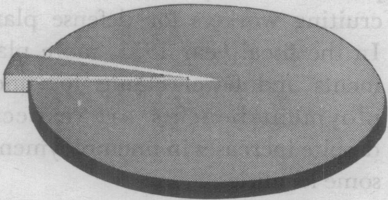
Through other loan programs the Department of Agriculture helps finance farm operations and encourages farm ownership. The Department also carries on basic research in farm production and marketing problems, assists in the control of insects and plant and animal diseases, and makes grants to States for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

AGRICULTURE AND AGRICULTURAL RESOURCES



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.

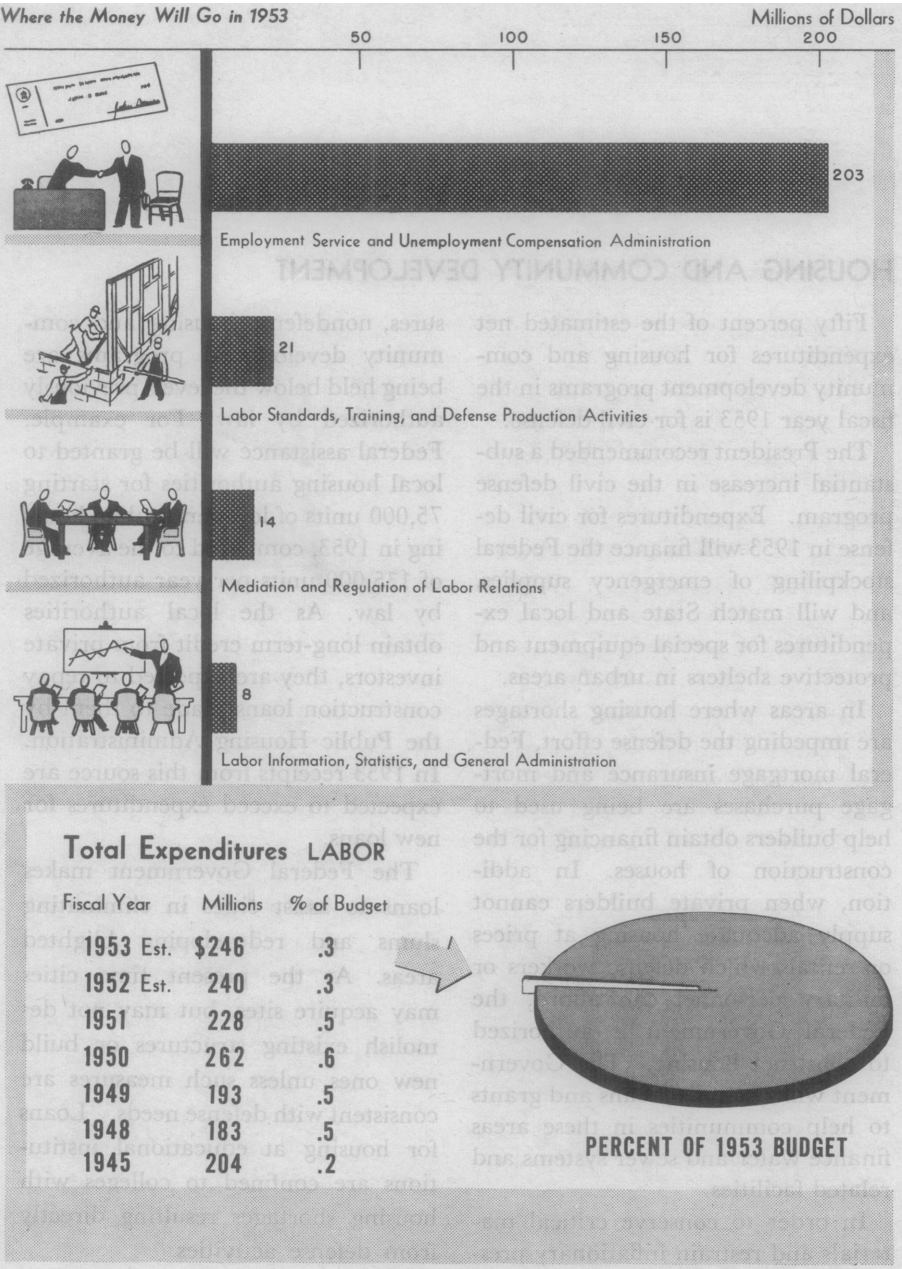
The Department of Labor assists employers, especially those in defense industries, to set up apprenticeship training for skilled craftsmen, and skill-improvement programs for pro-

duction 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



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.

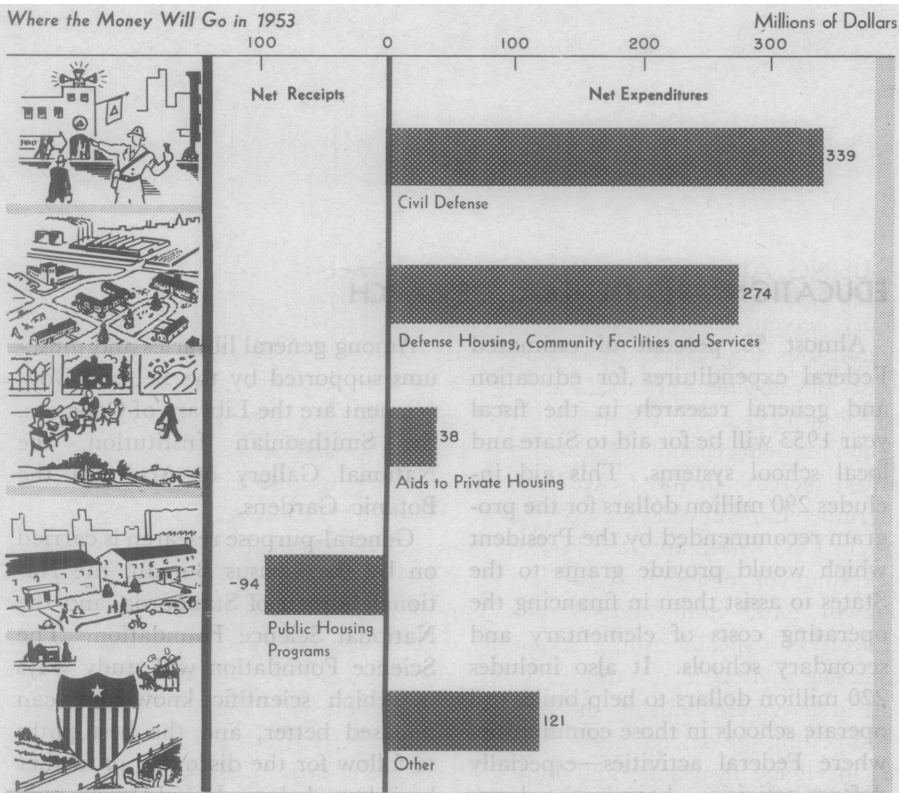
In areas where housing shortages are impeding the defense effort, Federal mortgage insurance and mortgage purchases are being used to help builders obtain financing for the construction of houses. In addition, when private builders cannot supply adequate housing at prices or rentals which defense workers 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 pres-

ures, 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.

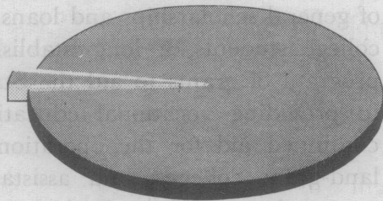
HOUSING AND COMMUNITY DEVELOPMENT



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.

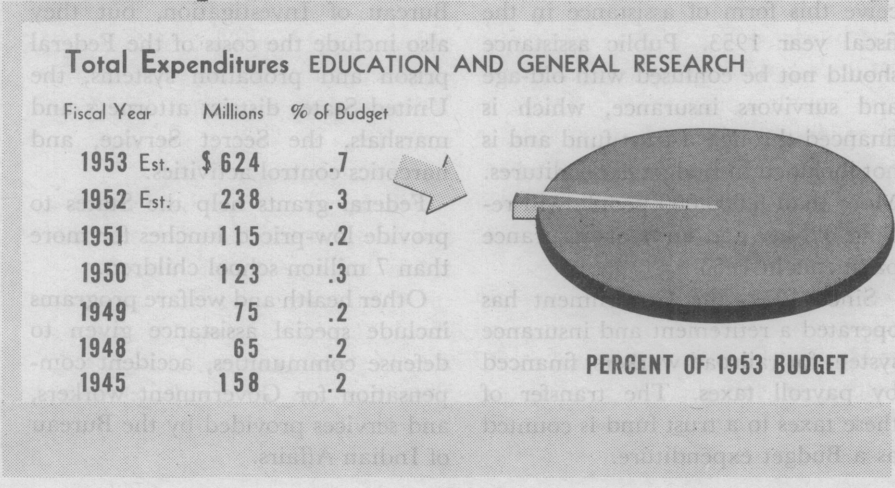
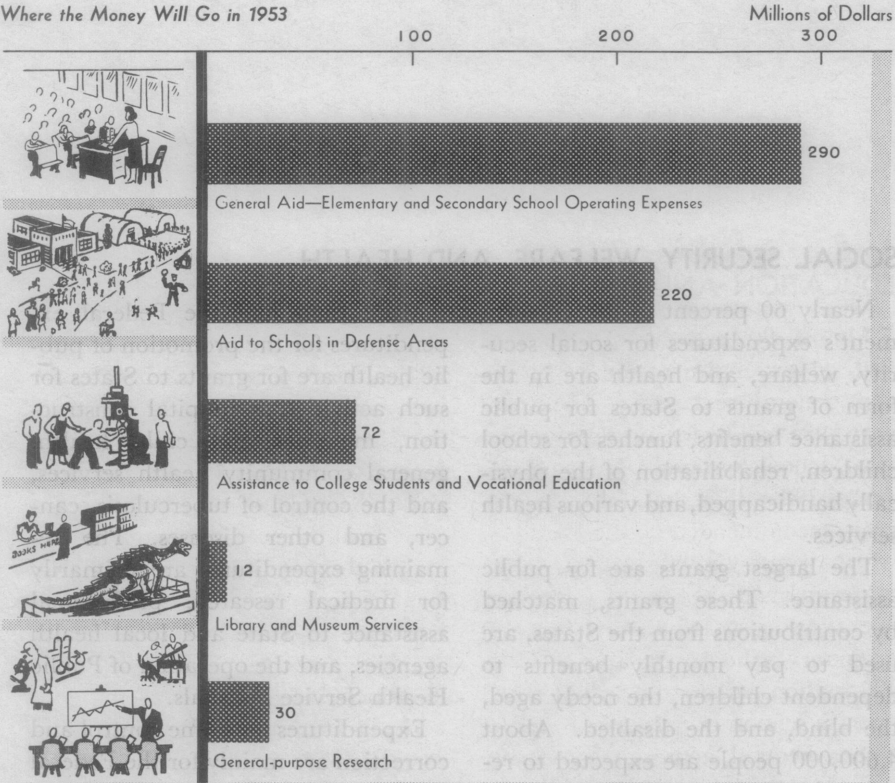
Other activities to promote education include a proposed new program of general scholarships and loans for college students, a long-established program of grants to aid the States in providing vocational education, continued aid for the operation of land-grant colleges, and assistance to certain special 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



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.

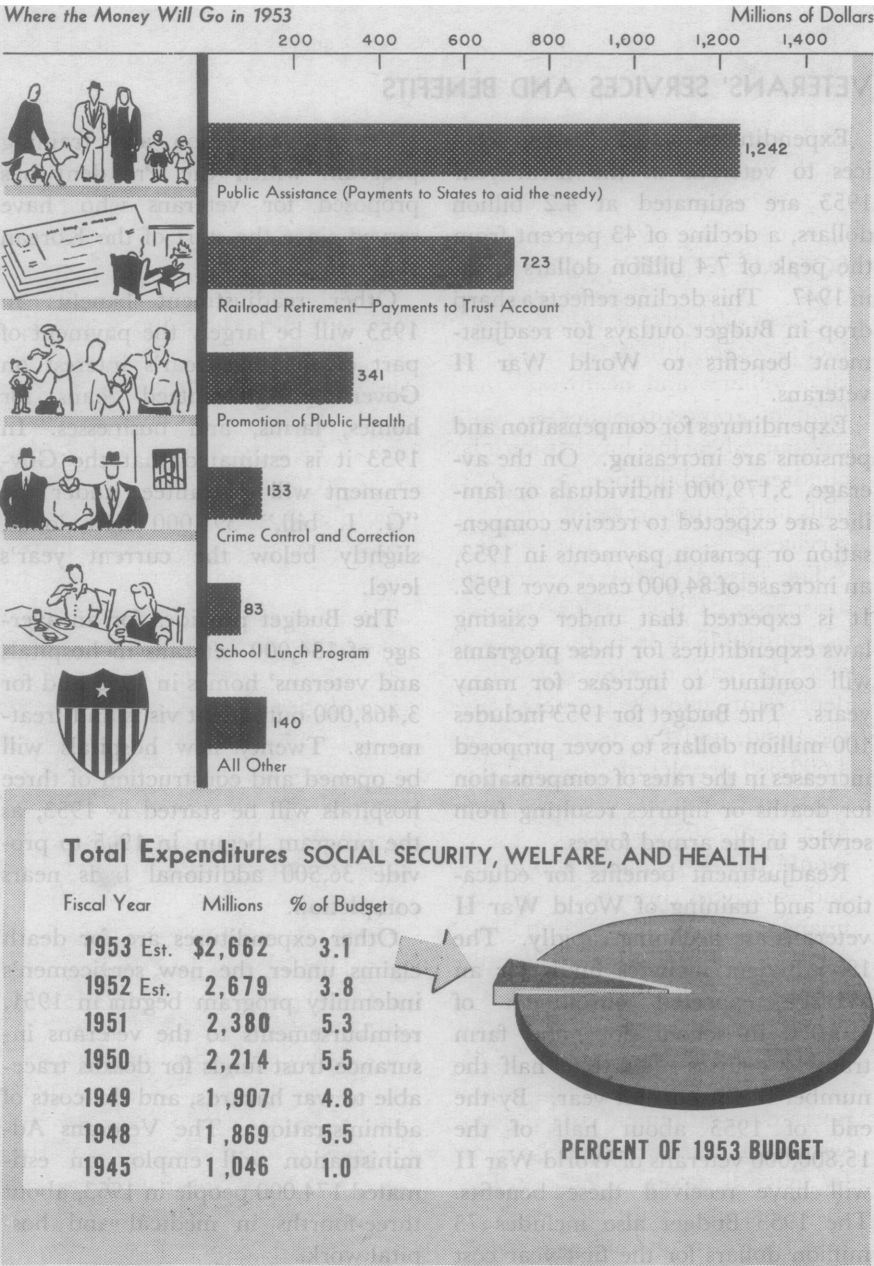
More than half the Federal expenditures for the promotion of public health are for grants to States for such activities as hospital construction, maternal and child health, general community health services, and the control of tuberculosis, cancer, and other diseases. The remaining expenditures are primarily 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



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

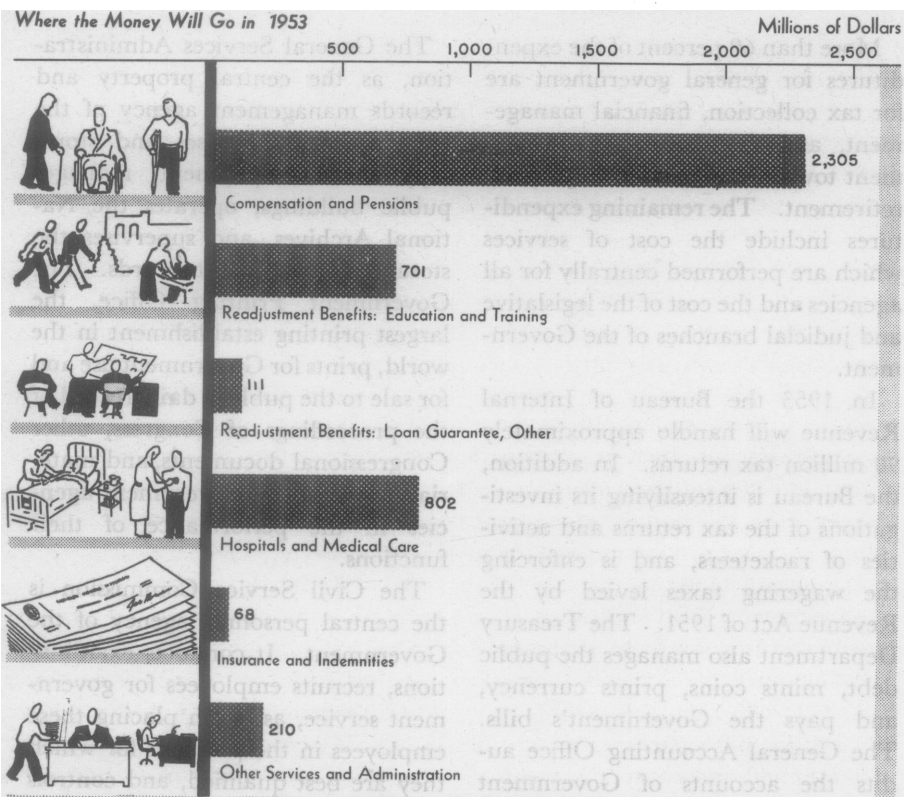
of a new education and training program which the President has proposed for veterans who have served since the start of the Korean conflict.

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.

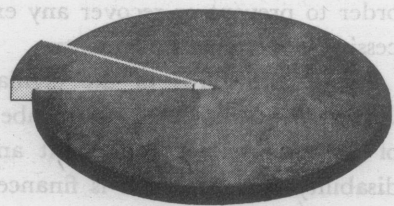
Other expenditures are for death claims under the new servicemen's indemnity program begun in 1951, reimbursements to the veterans insurance trust funds for deaths traceable to war hazards, and the costs of administration. The Veterans Administration will employ an estimated 174,000 people in 1953, about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

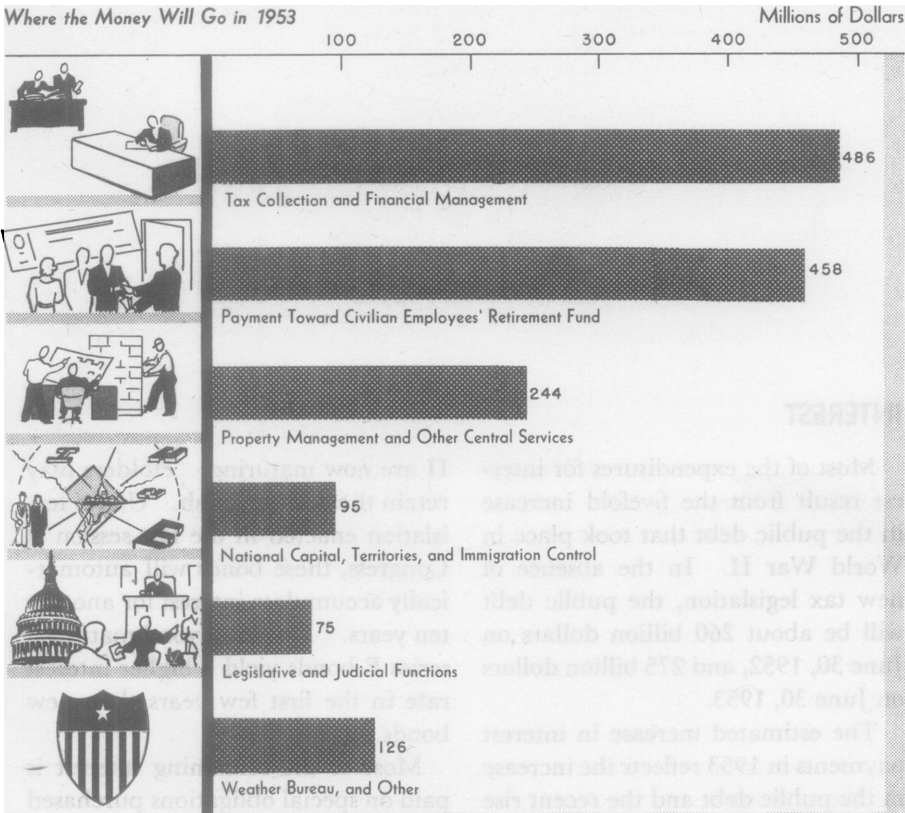
About two-thirds of the civilian Government employees are members of the civil service retirement and disability system, which is financed through sums collected from employees and from the Government as employer. The Government payment in the fiscal year 1953 is estimated at 458 million dollars.

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.

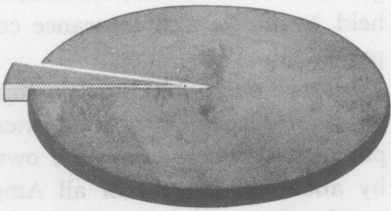
The Immigration and Naturalization Service administers laws controlling the entrance of aliens into the United States and the naturalization of candidates for citizenship. The Department of the Interior supervises or governs our Territories, island possessions, and the Pacific islands for which we are 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



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.

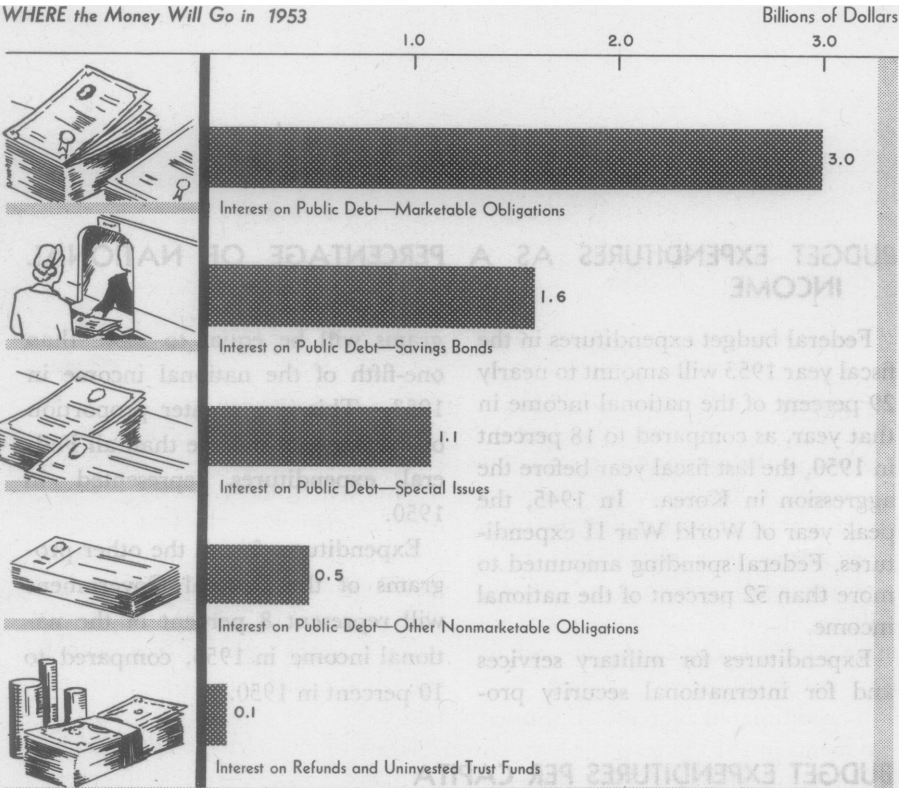
Most of the remaining interest is paid on special obligations purchased by Government trust funds.

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

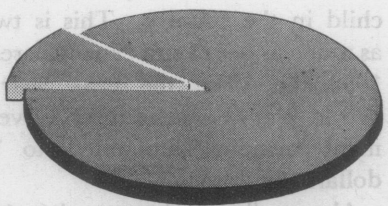
WHERE the Money Will Go in 1953



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

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



PERCENT OF 1953 BUDGET

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 pro-

grams 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.

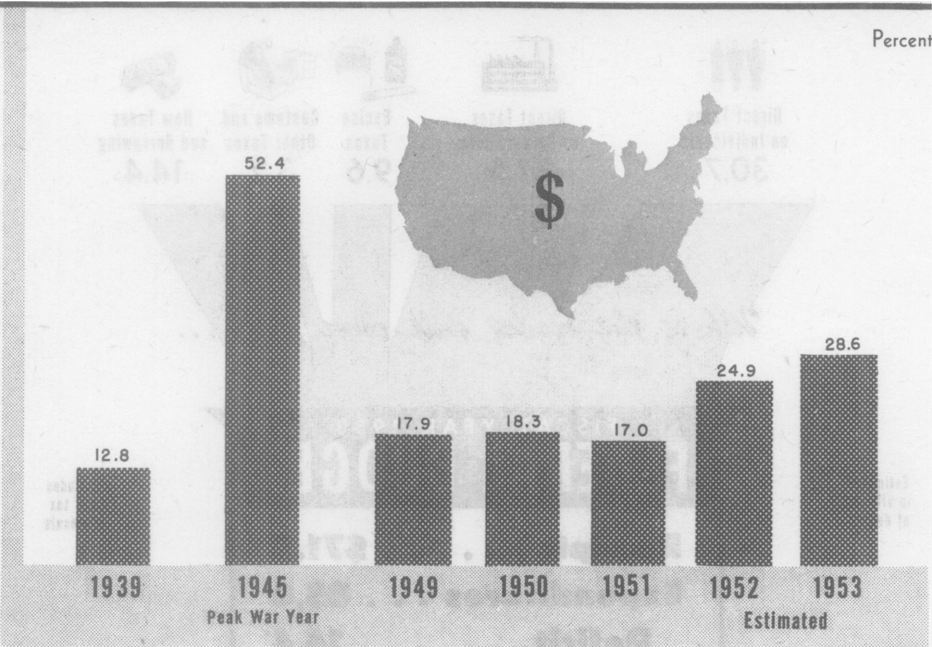
BUDGET EXPENDITURES PER CAPITA

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.

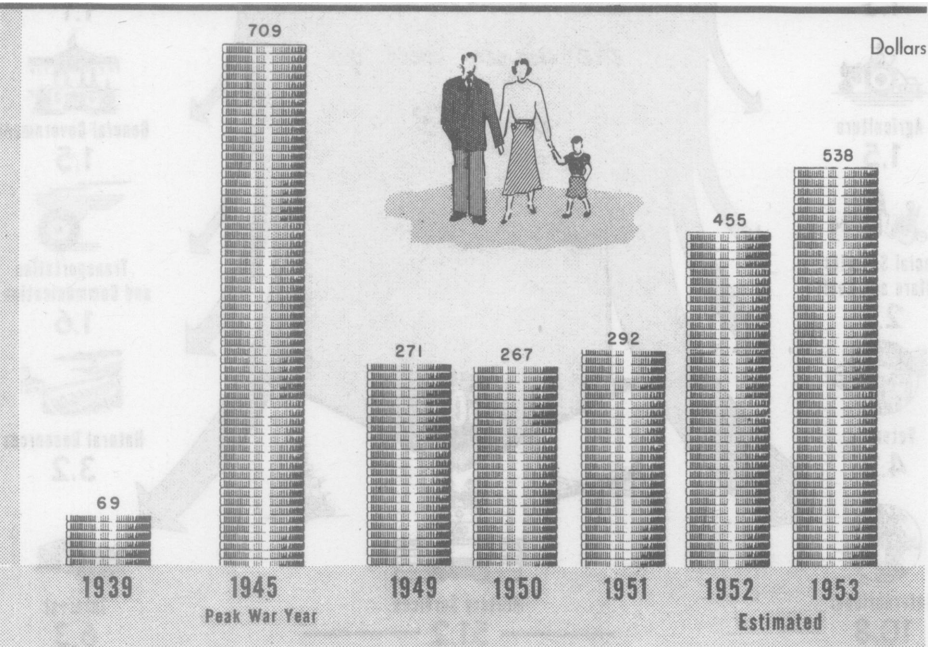
Almost all of the increase since 1950 has been in programs to expand the armed forces and to help strengthen our allies overseas. In 1953, military services and international security


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

Receipts \$71.0*
Expenditures . . . 85.4
Deficit 14.4*

Estimated
in billions
of dollars


*Excludes
new tax
proposals



Education
and Housing
1.3



Agriculture
1.5



Social Security,
Welfare and Health
2.7



Veterans
4.2




International
10.8

*Where
the money will go
in 1953*




Commerce,
and Labor
1.1



General Government
1.5



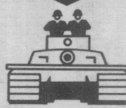
Transportation
and Communication
1.6



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.

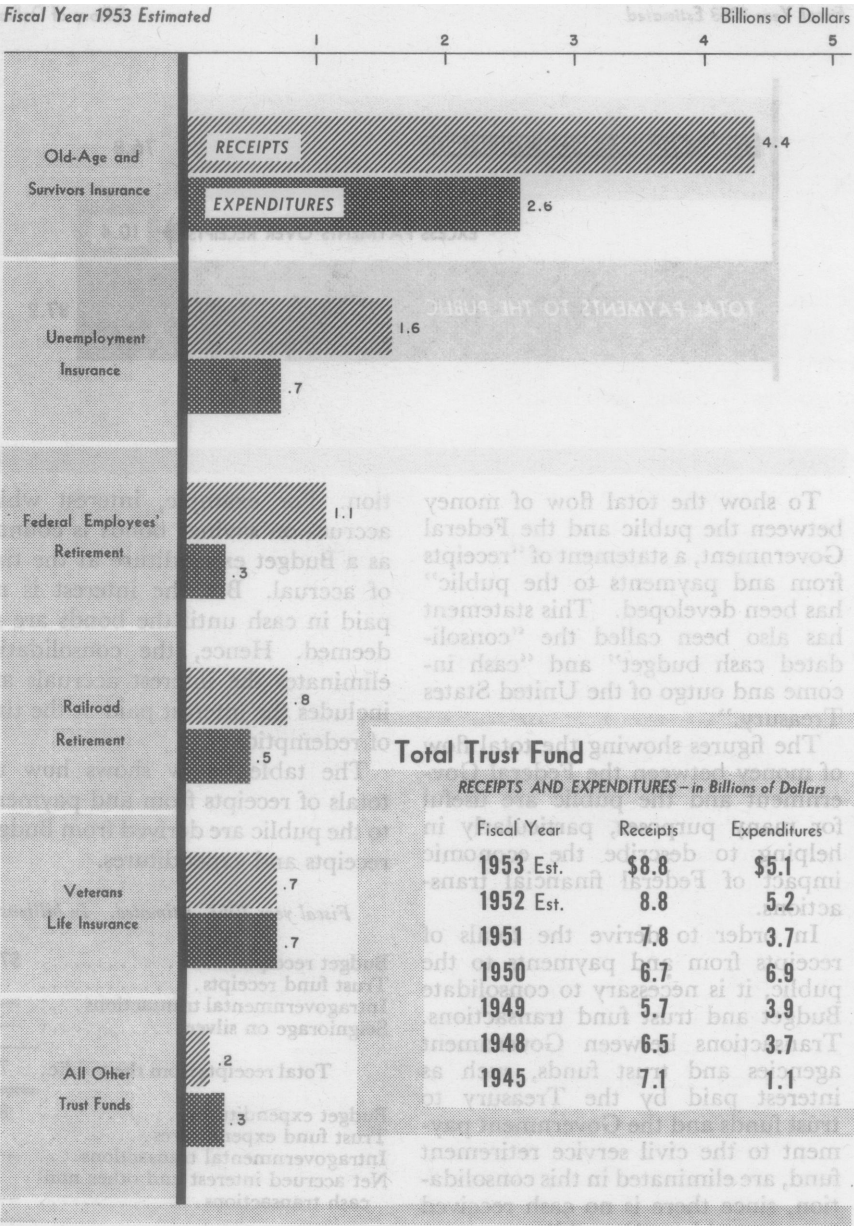
The railroad retirement fund and the Federal employees' retirement fund are operated in a similar manner.

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

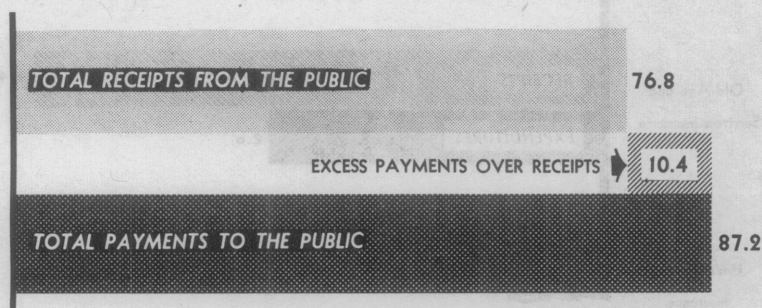
RECEIPTS AND EXPENDITURES



RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

Fiscal Year 1953 Estimated

Billions of Dollars



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 consolida-

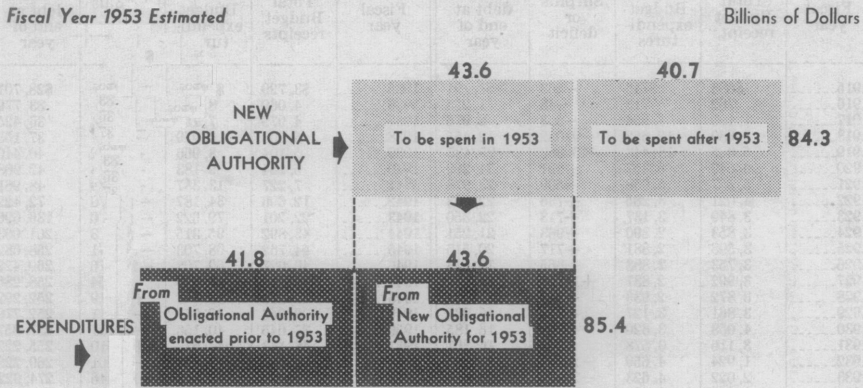
tion. For example, interest which accrues on savings bonds is counted as a Budget expenditure at the time of accrual. But the interest is not paid in cash until the bonds are redeemed. Hence, the consolidation eliminates the interest accruals and includes the interest paid at the time of redemption.

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 non-cash 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.....	62,680	70,881	-8,201	260,222
1933.....	2,022	4,623	-2,602	22,539	1953.....	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	2,788	650	1,408	1,478
Labor.....	225	204	174	194	183	193	262	228	240	246
Housing and community development.....	308	193	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.

The diagram illustrates the organizational structure of the U.S. government, centered around the President. The Executive Office of the President includes the White House Office, National Security Council, Council of Economic Advisers, Bureau of the Budget, and U.S. Civil Service Commission. The Departments and Agencies are organized into three main categories: Multi-Headed (e.g., State, Treasury, Defense, Justice, Interior, Agriculture, Commerce, Labor, Federal Security Agency, Housing and Home Finance Agency, Veterans Administration, Federal Mediation and Conciliation Service, Federal Civil Defense Administration, Reconstruction Finance Agency, National Security Agency, Selective Service Agency, Economic Stabilization Agency, Defense Transportation, Defense Production Administration, Small Business Administration, Defense Plants and Materials Procurement Agency, Defense Research and Development Agency, National Aeronautics and Space Administration, National Maritime Administration, National Archives, National Endowment for the Humanities, National Foundation on Arts and Humanities, National Science Foundation, Atomic Energy Commission, Railroad Retirement Board, National Mediation Board, United States Tariff Commission, National Advisory Committee for Aeronautics, Federal Reserve Board, Tennessee Valley Authority, Export-Import Bank of Washington, National Labor Relations Board, Federal Communications Commission, Securities and Exchange Commission, Federal Power Commission, Board of Governors of the Federal Reserve System, Federal Trade Commission, and Interstate Commerce Commission), Single-Headed (e.g., National Security Agency, Selective Service Agency, Economic Stabilization Agency, Defense Transportation, Defense Production Administration, Small Business Administration, Defense Plants and Materials Procurement Agency, Defense Research and Development Agency, National Aeronautics and Space Administration, National Maritime Administration, National Archives, National Endowment for the Humanities, National Foundation on Arts and Humanities, National Science Foundation, Atomic Energy Commission, Railroad Retirement Board, National Mediation Board, United States Tariff Commission, National Advisory Committee for Aeronautics, Federal Reserve Board, Tennessee Valley Authority, Export-Import Bank of Washington, National Labor Relations Board, Federal Communications Commission, Securities and Exchange Commission, Federal Power Commission, Board of Governors of the Federal Reserve System, Federal Trade Commission, and Interstate Commerce Commission), and Temporary Agencies (e.g., National Security Agency, Selective Service Agency, Economic Stabilization Agency, Defense Transportation, Defense Production Administration, Small Business Administration, Defense Plants and Materials Procurement Agency, Defense Research and Development Agency, National Aeronautics and Space Administration, National Maritime Administration, National Archives, National Endowment for the Humanities, National Foundation on Arts and Humanities, National Science Foundation, Atomic Energy Commission, Railroad Retirement Board, National Mediation Board, United States Tariff Commission, National Advisory Committee for Aeronautics, Federal Reserve Board, Tennessee Valley Authority, Export-Import Bank of Washington, National Labor Relations Board, Federal Communications Commission, Securities and Exchange Commission, Federal Power Commission, Board of Governors of the Federal Reserve System, Federal Trade Commission, and Interstate Commerce Commission).

