
THE PRESIDENT'S BUDGET MESSAGE FOR 1958

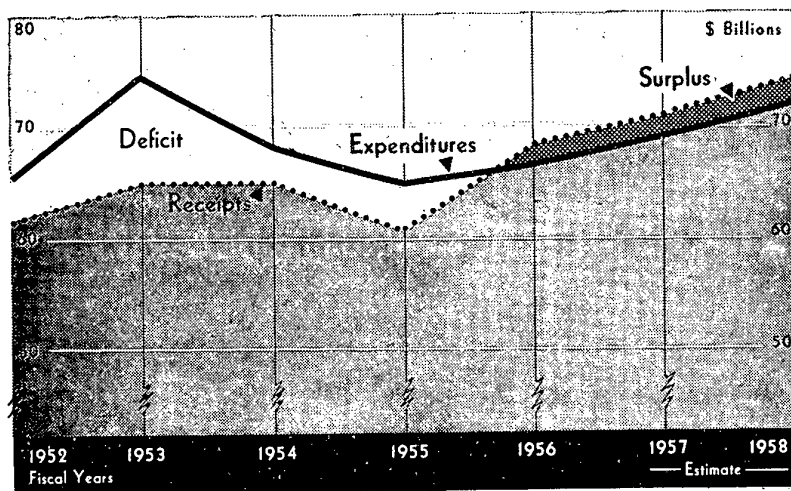
U. S. GOVERNMENT PRINTING OFFICE: 1957

RÉSUMÉ OF THE BUDGET

[Fiscal years. In billions]

	1953 actual	1954 actual	1955 actual	1956 actual	1957 estimate ¹	1958 estimate ¹
New obligational authority:						
Under existing legislation.....	\$80.3	\$62.8	\$57.1	\$63.2	\$69.7	\$64.7
Under proposed legislation.....					0.8	8.6
Total.....	80.3	62.8	57.1	63.2	70.5	73.3
Budget receipts:						
Under existing legislation.....	64.8	64.7	60.4	68.1	70.4	71.3
Under proposed legislation.....					0.2	2.3
Total.....	64.8	64.7	60.4	68.1	70.6	73.6
Budget expenditures:						
Under existing legislation.....	74.3	67.8	64.6	66.5	68.6	70.1
Under proposed legislation.....					0.3	1.7
Total.....	74.3	67.8	64.6	66.5	68.9	71.8
Budget surplus (+) or deficit (-)	-9.4	-3.1	-4.2	+1.6	+1.7	+1.8
Public debt at close of year	266.1	271.3	274.4	272.8	270.6	269.2
Balances of appropriations carried forward at end of year	78.4	67.8	52.1	46.0	46.3	47.3

¹ In this and other tables in this budget, tax receipts, expenditures, and new obligational authority under the new pay-as-you-build highway program are excluded from the estimates of budget receipts and expenditures for 1957 and 1958. As a result, the estimates for these two years are not entirely comparable to the figures for prior years. The financial transactions relating to the new highway program are carried as trust fund transactions, in accordance with the legislation enacted during the past session of the Congress, and are so shown in part III of this budget document.



BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

I am presenting with this message my recommended budget for the United States Government for the fiscal year 1958, which begins next July 1.

This is the fourth budget which I have transmitted to the Congress.

In my first budget message—that for the fiscal year 1955—I emphasized the administration's determination to chart a course toward two important fiscal goals—balanced budgets and tax reductions.

Reductions in spending evidenced in the 1955 budget made possible a large tax reduction and tax reform program.

The 1956 budget was balanced.

The 1957 budget will be balanced.

A balanced budget is proposed for 1958.

I believe this policy of fiscal integrity has contributed significantly to the soundness of our Nation's economic growth and that it will continue to do so during the coming fiscal year.

BUDGET TOTALS
[Fiscal years. In billions]

	1956 actual	1957 estimate ¹	1958 estimate ¹
Budget receipts.....	\$68. 1	\$70. 6	\$73. 6
Budget expenditures.....	66. 5	68. 9	71. 8
Budget surplus.....	1. 6	1. 7	1. 8

¹ See footnote to table on preceding page. Includes proposed legislation.

This budget is for the first fiscal year of my second term in office. In making plans for the coming year, I have been guided by the following national objectives:

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

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

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MESSAGE OF THE PRESIDENT

BUDGET POLICY

Today, almost 12 years after World War II, the United States has demonstrated that it is possible to sustain a high employment economy independent of war and continually unbalanced Federal budgets. Adjustments to changing economic circumstances have been and are being made successfully. Productivity and living conditions have improved. With sound public and private policies, the prospect for continued economic growth is bright.

Attainment of that goal is possible only with prudent management of the Government's fiscal affairs. Our Federal budget must contribute to the Nation's financial stability and to the preservation of the purchasing power of the dollar. Maintaining a sound dollar requires of us both self-discipline and courage. At a time like the present when the economy is operating at a very high rate and is subject to inflationary pressures, Government clearly should seek to alleviate rather than aggravate those pressures. Government can do its part. But business and labor leadership must earnestly cooperate—or what Government can do in a free society at a time like this will *not* prevent inflation.

For the Government to do its part in the coming year, taxes must be retained at the present rates so that receipts will exceed budget expenditures and the public debt can be further reduced. The prospective budget surplus in the fiscal year 1958 will reinforce the restraining effect of present credit and monetary policies. The present situation also requires that less pressing expenditure programs must be held back and some meritorious proposals postponed.

Expenditure and appropriation policy.—While taking present economic conditions into consideration, the budget must also reflect the general responsibilities of a Government which will be serving 172 million people in the fiscal year 1958. In the face of continuing threats to world peace, our collective security must be strengthened through alert international policies and a strong defense. Progress toward greater equality of opportunity for all of our people as well as toward a balanced development and conservation of our national resources must go forward. Emphasis must continue upon promoting, through private enterprise, the development and productivity of our economy.

We must move forward in some areas of investment while we hold back in others. For example, the needs for schools, highways, and homes are so urgent that I am proposing to move ahead with programs to help our States, cities, and people undertake such construction at a prudent rate. However, in view of the present active competition for labor, materials, and equipment, I am not recommending some other desirable construction projects, and I have asked the head of each

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Federal agency to watch closely the timing of construction and to postpone work which can be appropriately put off until a later date.

It is also important to hold to a minimum any increase in Government personnel in the coming period. I have directed the heads of the Federal agencies to give renewed emphasis to their efforts in this regard—efforts which have resulted in a net reduction of approximately 240,000 in the civilian work force during the past 4½ years. Vacant positions are to be filled by new employment only if careful review by each agency has demonstrated that the positions cannot be abolished or filled by transfer. All proposals which might produce higher Federal payrolls in the future will be critically examined and evaluated.

Continuation of balanced budgets into the future requires that the total of new authority to incur obligations, as well as the budget expenditures for the year, should be less than the total of realistically anticipated budget receipts. This policy of controlling budget authorizations, which has been followed since the beginning of this administration, has helped us move from a budget deficit of 9.4 billion dollars in the fiscal year 1953 to balanced budgets in 1956, 1957, and 1958.

In this budget the total of new authority proposed for 1958 is 73.3 billion dollars, 279 million dollars less than estimated budget receipts. Of the total recommended new authority, specific action by this session of the Congress will be necessary for 65.3 billion dollars. Other new authority, such as that for paying interest on the public

NEW AUTHORITY TO INCUR OBLIGATIONS ¹

[Fiscal years. In billions]

	1956	1957	1958
Proposed for enactment in this session:			
Recommended at this time.....			\$56.7
Proposed for later transmission:			
Under existing legislation.....		\$0.8	(²)
Under proposed legislation.....		0.8	8.6
Total.....		1.6	65.3
Enacted prior to this session:			
Current authorizations.....	\$53.3	60.7	
Permanent authorizations.....	9.9	8.2	8.0
Total.....	63.2	70.5	73.3

¹ For details see table 5 in part I of this budget document.² Less than 50 million dollars.

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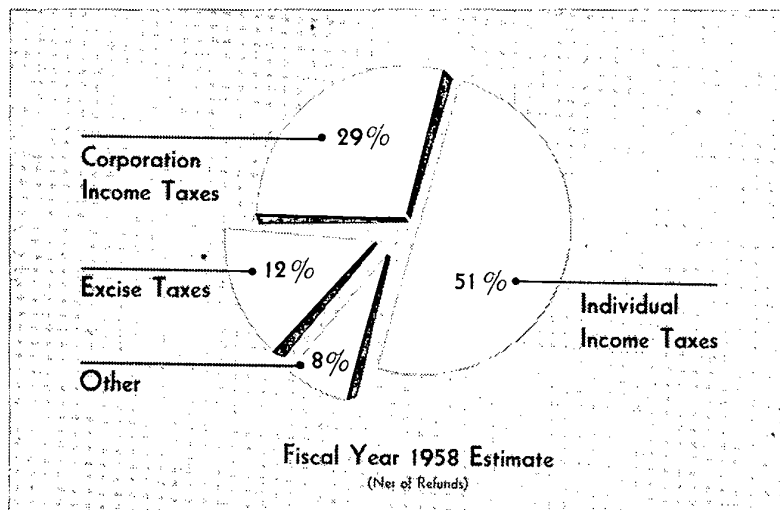
debt, will become available under previously enacted permanent authorizations.

The total amount of new obligational authority recommended for the fiscal year 1958 is 2.8 billion dollars greater than the present estimates for 1957. Budget expenditures are estimated to increase by 2.9 billion dollars to a total of 71.8 billion dollars in 1958. These estimates include my proposals for new legislation as well as present programs.

For both new obligational authority and expenditures, about seven-tenths of the estimated increase between 1957 and 1958 is for the military functions of the Department of Defense, reflecting the higher costs of producing, operating, and maintaining the complex new weapons and equipment being delivered in growing quantities to our defense establishment. Other major increases are for the Department of Health, Education, and Welfare, including my proposal for aiding school construction, and for the Atomic Energy Commission.

The figures contained in this budget for the fiscal years 1957 and 1958 are not precisely comparable to the actual figures for prior years. Under the provisions of legislation enacted last year, the financial transactions for the greatly expanded Federal-aid highway program are included in a self-liquidating trust fund and are not in the budget totals.

Revenue policy.—It is my firm belief that tax rates are still too high and that we should look forward to further tax reductions as soon as

SOURCE OF BUDGET RECEIPTS

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they can be accomplished within a sound budget policy. Reductions in tax rates would give relief to taxpayers and would also release funds for the activity and investment necessary for sustained economic growth through private initiative. However, the reduction of tax rates must give way under present circumstances to the cost of meeting our urgent national responsibilities.

For the present, therefore, I ask for continuation for another year of the existing excise tax rates on tobacco, liquor, and automobiles, which, under present law, would be reduced next April 1. I must also recommend that the present corporate tax rates be continued for another year. It would be neither fair nor appropriate to allow excise and corporate tax reductions to be made at a time when a general tax reduction cannot be undertaken.

In the area of taxation, I am especially interested in the problems of small business. Last August the Cabinet Committee on Small Business made a series of carefully considered recommendations in this field. Some relief in the tax burden affecting small business, as recommended by that Committee, which will give help with a minimum loss of revenue should have early consideration by the Congress. Any changes involving substantial loss of revenue should be considered at a later time when a general tax reduction is possible.

The present estimates of budget receipts for 1958 are based on the assumption that the Nation will continue to have a high level of business activity with increasing national income, and that the present tax rates will be continued. They are the best estimates we can make at this time, but, since they relate to a period 6 to 18 months away, significant changes may take place before the fiscal year 1958 is ended.

BUDGET RECEIPTS¹
[Fiscal years. In billions]

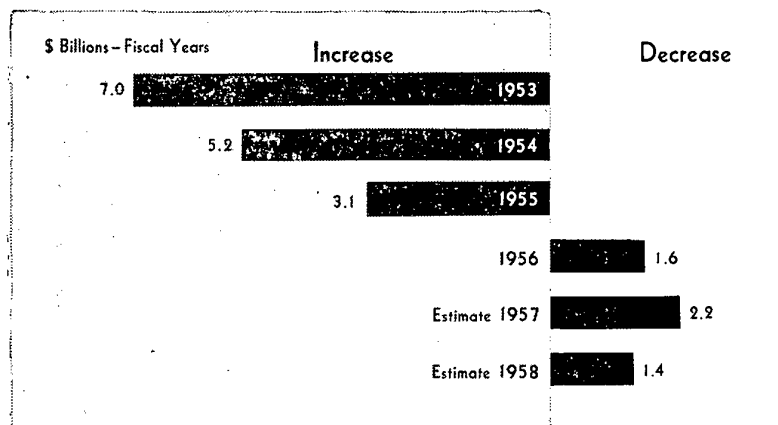
	1956 actual	1957 estimate	1958 estimate
Individual income taxes.....	\$35.3	\$38.5	\$41.0
Corporation income taxes.....	21.3	21.4	22.0
Excise taxes ²	10.0	9.2	8.9
Other taxes ²	2.2	2.5	2.6
Miscellaneous receipts.....	3.0	3.0	3.3
Refunds of receipts (—).....	—3.7	—3.9	—4.2
Total.....	68.1	70.6	73.6

¹ For details, see special analysis B in part IV of this budget document.

² Net of transfers to trust funds.

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MESSAGE OF THE PRESIDENT

CHANGE IN PUBLIC DEBT

Debt policy.—The budget surplus for the fiscal year 1956 of 1.6 billion dollars was used to reduce the public debt. This budget provides for further reductions in the public debt for the current fiscal year and for the fiscal year 1958.

The successive reductions in the debt from 1956 through 1958 are modest in relation to its total size. Nevertheless, I hope that these reductions, plus the collection of corporation tax payments on a more nearly current basis (as provided by the Internal Revenue Code of 1954), will make it unnecessary to ask the Congress again for a temporary increase in the legal limit of 275 billion dollars to cover seasonal borrowing during the coming fiscal year.

PUBLIC DEBT¹
[Fiscal years. In billions]

	1956 actual	1957 estimate	1958 estimate
Public debt at start of year.....	\$274.4	\$272.8	\$270.6
Change due to budget surplus (-).....	-1.6	-1.7	-1.8
Change due to other factors ²	(²)	- .5	+ .4
Public debt at close of year.....	272.8	270.6	269.2

¹ For details, see table 4 in part I of this budget document.

² Less than 50 million dollars.

The reduction in the public debt in the fiscal year 1957 is estimated to be larger than the budget surplus for that year, mainly because it is anticipated that some expenditures during the year can be

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financed by drawing down the amount of cash the Government has on hand.

For the fiscal year 1958, the reduction in the public debt will not be as much as the budget surplus. This situation results primarily from the fact that, in the aggregate, the trust funds are expected to draw down the amount of uninvested cash held for them by the Treasury.

Receipts from and payments to the public.—The restraint on inflationary pressures which will be exerted by the budget surplus in the fiscal year 1958 will be reinforced by net accumulations in the trust funds which the Government administers. These trust fund accumulations, such as those for highways and for old-age and survivors and disability insurance, are the excess of current receipts over current payments. They constitute reserves for future use which are invested in Government securities.

When the Government's budget transactions are consolidated with trust fund and other transactions to give a picture of the flow of money between the public and the Government as a whole, the receipts from the public are estimated to exceed payments to the public by 3 billion dollars in the fiscal year 1958.

FEDERAL GOVERNMENT RECEIPTS FROM AND PAYMENTS TO THE PUBLIC¹

[Fiscal years. In billions]

	1956 actual	1957 estimate	1958 estimate
Receipts from the public.....	\$77.1	\$81.7	\$85.9
Payments to the public.....	72.6	78.2	82.9
Excess of receipts from the public....	4.5	3.5	3.0

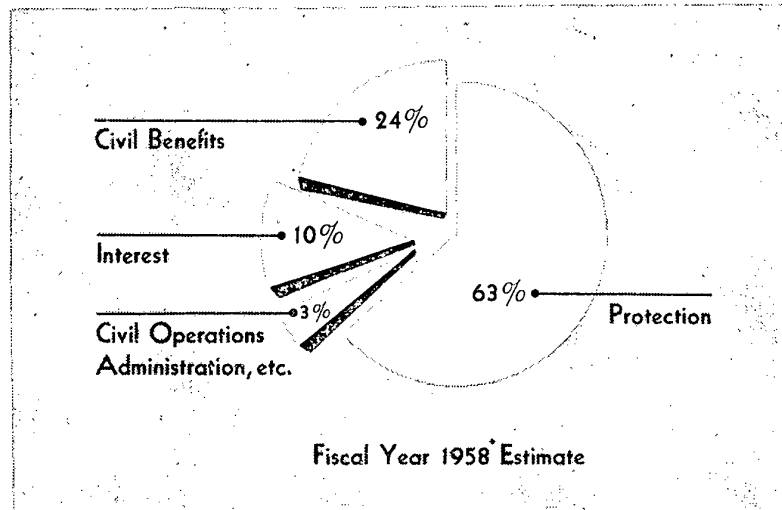
¹ For details, see special analysis A in part IV of this budget document.

The decline between the fiscal years 1956 and 1957 in the excess of receipts from the public results mainly from the estimated withdrawal of cash from the Treasury by the International Monetary Fund in 1957. The cash payments are made as the Treasury redeems the notes which were part of the United States subscription to the Fund. This subscription was made in the fiscal year 1947 and is therefore not part of current budget expenditures.

The excess of receipts from the public is estimated to be still lower in 1958 mainly because of higher net payments from trust funds.

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MESSAGE OF THE PRESIDENT

PURPOSE OF BUDGET EXPENDITURES**BUDGET PROGRAMS AND PERFORMANCE**

By far the largest part of the budget for the coming fiscal year, 63 percent, will be devoted to maintaining and improving our own defenses and to strengthening the defenses and economies of other nations in the interest of collective security and world peace. Civil benefits will account for 24 percent of budget expenditures; interest, 10 percent; and all other operations, administration, and contingencies, 3 percent.

BUDGET EXPENDITURES BY PURPOSE¹

[Fiscal years. In billions]

	1956 actual	1957 estimate	1958 estimate
Protection, including collective security	\$42.4	\$42.7	\$45.3
Civil benefits	15.3	16.5	16.9
Interest	6.8	7.3	7.4
Civil operations and administration	2.0	2.3	1.8
Allowance for contingencies2	.4
Total	66.5	68.9	71.8

¹ For details, see special analysis E in part IV of this budget document.

Protection, including collective security.—As a simple matter of self-preservation, we must maintain our own strength and promote world

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stability by helping to build up the strength of friendly nations. At the same time, we must actively advance our other efforts for lasting peace and inform the world in all appropriate ways of our peaceful aims.

The new and more powerful weapons which are being delivered to our Armed Forces in increasing quantities and varieties are much more costly to produce, operate, and maintain than the weapons they are replacing. Furthermore, we are now engaged in the development of a whole new family of even more advanced weapons for all the services. Large expenditures will be required to bring these weapons into use. During the transition, we must continue to purchase enough of the current types to preserve our readiness until the effectiveness of the advanced weapons is demonstrated in tests. Despite these upward pressures on expenditures, future defense costs must be held to tolerable levels. Effective action must be taken to improve efficiency and to maintain a proper balance between expenditures for future military strength and expenditures for current readiness.

EXPENDITURES FOR PROTECTION, INCLUDING COLLECTIVE SECURITY

[Fiscal years. In billions]

	1956 actual	1957 estimate	1958 estimate
Major national security programs:			
Department of Defense—military functions.....	\$35.8	\$36.0	\$38.0
Mutual security program—military.....	2.6	2.6	2.6
Atomic Energy Commission.....	1.7	1.9	2.3
Stockpiling and defense production expansion.....	.6	.4	.4
Subtotal.....	40.6	41.0	43.3
Related programs:			
Mutual security program—economic, technical, and other.....	1.6	1.5	1.8
United States Information Agency.....	.1	.1	.1
Federal Civil Defense Administration.....	.1	.1	.1
Selective Service System.....	(¹)	(¹)	(¹)
Subtotal.....	1.8	1.7	2.0
Total.....	42.4	42.7	45.3

¹ Less than 50 million dollars.

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The introduction of new equipment and weapons with vastly greater combat capability is also having a powerful impact on concepts of military strategy, tactics, and organization. The combat power of our divisions, wings, and warships has increased to such an extent that it is no longer valid to measure military power in terms of the number of such units.

I have given careful consideration to the many complex factors which enter into the development of a well-balanced military structure. I am convinced that the defense programs and funds for their support as recommended in this budget provide a wise and reasonable degree of protection for the Nation.

Our nuclear weapons and our ability to employ them constitute the most effective deterrent to an attack on the free nations. We shall continue to expand our nuclear arsenal until an agreement has been reached for reduction and regulation of armaments under safeguarded inspection guaranties.

At the same time, we are increasing the portion of the production of fissionable materials allocated to peaceful uses at home and abroad and we look forward to the day when all production may be used for peaceful purposes. This budget provides for increased effort on power reactor development and on new uses of atomic energy in biology, medicine, agriculture, and industry. It will also make possible greater sharing of our peaceful atomic energy developments with other nations through the atoms-for-peace program.

World events continue to demonstrate the value of our programs of mutual assistance. Continued assistance, both military and economic, to friendly nations will provide the essential margin beyond their own resources needed to support and strengthen their defenses and their economies. The intensified worldwide conflict of ideas also requires a further increase in our programs of international information.

Civil benefits.—During the past 4 years, the Government has acted affirmatively to advance the everyday well-being of our people by

EXPENDITURES FOR CIVIL BENEFITS

[Fiscal years. In billions]

	1956 actual	1957 estimate	1958 estimate
Additions to Federal assets.....	\$3. 5	\$3. 0	\$3. 4
Long-range development.....	2. 0	1. 8	2. 3
Current expense items.....	9. 7	11. 7	11. 1
Total.....	15. 3	16. 5	16. 9

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helping to improve their economic opportunities, helping to provide safeguards against economic and physical hazards, and helping to build needed public assets. The Government's leadership in assisting the people to satisfy their own needs has been so exercised that steady progress has taken place without paternalistic interference.

In the fiscal year 1958 we shall continue to move forward with many civil benefit programs already established by law.

To aid agriculture in its adjustments to new technologies and to changed world production and consumption patterns, the soil bank program will help reduce the production of surplus crops. Additional marketing research and service activities will develop new markets and new uses for our farm products. Watershed protection, aid to low-income farmers, and assistance in overcoming the problems of drought, wind erosion, and floods will be expanded.

The Federal Government is assisting the States and private enterprise to make major advances in our transportation system. Traffic control on our airways is being continually improved as new equipment is developed and becomes available. Orderly replacement by private shipping lines of the merchant ships built during World War II is underway. Through grants paid from the highway trust fund, the States, in partnership with the Federal Government, are beginning a 13-year program to complete construction of the Interstate Highway System.

Under the urban renewal program, which combines Federal, local, and private efforts, 41 urban renewal projects will have been completed by the close of the fiscal year 1958, and 531 more will be in various stages of planning or construction. Private financing of housing for military families, elderly families, cooperatives, and other groups having special difficulties in obtaining homes will be encouraged by special mortgage insurance and mortgage purchase programs.

Over the 3-year period, 1955 through 1957, nearly 400 new water-resource projects for flood control, navigation, irrigation, power, and water supply will have been started and about one-half of these projects will still be under construction in 1958. Because of the need for continued and orderly development of our resources, I recommend that construction be started at a modest rate in 1958 on some new projects for which planning is well advanced. Funds for initiating immediately the planning of new public works projects which the Congress is expected to authorize are also included in this budget.

Increased expenditures will be made for sound programs of health research and grants for hospitals, clinics, and diagnostic and rehabilitation centers.

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Legislative recommendations for new civil benefits involving major expenditures are being confined to needs of the highest priority and will be discussed later in this message.

Interest.—Expenditures for interest are estimated to rise 100 million dollars to 7.4 billion dollars in the fiscal year 1958, despite reductions in the public debt in 1956, 1957, and 1958. The increase in interest charges is due to refinancing securities maturing during the coming year at the higher rates of interest which reflect the heavy demand for credit and capital throughout our prosperous economy.

Civil operations and administration.—Expenditures for the remaining operations of the Government are estimated to be 1.8 billion dollars in the fiscal year 1958, an amount 425 million dollars less than in 1957 and 185 million dollars less than in 1956. The decreases occur primarily because certain payments heretofore made by the Civil Service Commission and the Treasury Department will be charged to the appropriations of the several agencies in accordance with legislation enacted last year. These are the payments which the Government, as employer, makes to the civil service retirement fund and those which it makes for certified bills presented too late for payment in the regular way. This improved accounting procedure shows with greater accuracy the total cost of various agency programs and is responsible for part of the increase shown in the expenditures for protection and civil benefits.

Allowance for contingencies.—Sound budgeting requires that some general provision be made for contingencies which may arise in the coming period. This is especially important today, in view of uncertain world conditions. The Congress is not being asked to appropriate for purposes not known. This item makes allowance in the budget totals for probable future requests, including those to cover the cost of some legislative proposals for which the timing of expenditures is uncertain. As the needs arise, and as new legislation is passed, a specific request for funds will be made in each case. The amount allowed for expenditures is 400 million dollars, slightly over one-half of 1 percent of total budget expenditures estimated for 1958.

Management improvement.—The administration is constantly striving to improve the management of Government. Vigorous measures to increase efficiency have shown results in many Government operations.

In the Veterans Administration, for example, the staff in nonmedical activities has been reduced by 10,000 in the past 4 years. Some of

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this reduction was made possible because of smaller numbers of insurance and readjustment payments, but most of the reduction in staff reflects better procedures, including extensive mechanization of operations.

In the overseas supply activities of the Department of Defense, new procedures employing faster communications and better transportation service have been established. These improved methods of supplying overseas units substantially reduce inventory requirements and thus save both capital investment and costs of handling.

In the Post Office Department, despite an 11 percent rise in the volume of mail in the 4 fiscal years 1954 through 1957, the average employment will have increased only a little more than 3 percent. This is concrete evidence of the value of new methods, organization, and equipment.

After intensive reviews of their real property holdings, Government agencies over the past 3 fiscal years have transferred excess property costing over 131 million dollars to other agencies, thus reducing the volume of purchases needed by those agencies to meet new requirements. In addition, surplus real property worth 366 million dollars, including almost all of the Government-owned synthetic rubber plants, has been sold, thus putting most of this property on the tax rolls.

In accordance with the recommendations of the second Hoover Commission, an Office of Accounting has been established in the Bureau of the Budget to help the Federal agencies to improve further their financial management and, in that connection, to put into effect the principles of accrual accounting and cost-based budgeting approved in legislation enacted last year. Modern accrual accounting will make possible better management through improved information needed to control costs.

LEGISLATIVE PROGRAM

This year I discussed only a few of the administration's legislative recommendations in the State of the Union message. Therefore, this part of the budget message is devoted to a discussion of other major proposals for legislation on which I recommend that the Congress take action during the present session. The legislative program is one on which the Congress and the executive agencies should be able to work together successfully.

In the course of the next few months the administration will recommend to the Congress a number of important legislative proposals.

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In the immediate future, I shall forward a message emphasizing the urgency of enactment of an adequate program of Federal aid for school construction, and a message on my proposals for amendment of our immigration laws. In connection with the administration's proposals on education, this budget provides for the start of a 4-year program of aid for school construction.

Two areas need earnest and prompt attention with a view to determining whether new national policies should be adopted in the light of reports and recommendations now pending in the Congress. These are numerous detailed recommendations of the second Hoover Commission which the committees were unable to consider prior to adjournment of the 84th Congress and the proposals made by the Advisory Committee on Transport Policy and Organization. Legislation to carry out the recommendations of the Committee was the subject of hearings during the last Congress. Because of the importance of strengthening our transportation system, these hearings should be completed in the present session. Proposals for legislation will again be submitted by the Secretary of Commerce.

Substantial budget increases are recommended for existing activities which will improve the health of the American people. The Congress is also urged to enact legislation under which the Federal Government can help the medical and dental schools to build more and better teaching, as well as research, facilities to prevent the already acute shortage of trained medical manpower from becoming critical. It is also time to enact the necessary statutory basis for expansion and improvement of voluntary health insurance plans under which smaller insurance companies and nonprofit associations could pool their resources and experience.

In the welfare field, additional funds are likewise provided in the budget, and the Congress is urged to enact a new program of grants to the States to help fight juvenile delinquency.

In recent years, a succession of legislative enactments has moved a long way toward the goal of universal social security coverage, but there are a number of collateral steps which will add much to the meaning of our social security system as a whole. In part, these steps can be taken by budgetary action, for example, by giving particular attention to the needs of the rapidly increasing number of older persons in our society. Other steps will require legislation. First, the unemployment insurance system should be extended and improved. Similarly, congressional action is recommended to extend the Fair Labor Standards Act to additional workers. The Secretary of Labor will make recommendations on this act when hearings are held by the committees of the Congress. The Federal 8-hour laws

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should be revised and brought up to date and legislation should be enacted to assure equal pay for equal work. A modest program of grants under which the States can increase their efforts to improve occupational safety should be initiated. Likewise, legislation should be enacted to require the registration of employee pension and welfare funds to protect the interests of beneficiaries.

Of particular importance are recommendations to protect and foster the initiative of the small businessman. The Small Business Act should be extended. In order that small business may have better opportunity to secure adequate financing, issues of securities up to 500 thousand dollars should be exempted from the regular registration provisions of the Securities Act of 1933. Similarly, the Congress should enact legislation providing for notification to the Federal Government of proposed business mergers, and should amend the procedural provisions of the antitrust laws to facilitate their enforcement. Wage reporting for income tax and social security purposes should be consolidated and simplified. Other means of assisting small business will be discussed in the Economic Report.

I repeat my recommendation of last year for the prompt enactment of appropriate authority under which communities can be assisted in solving basic problems of persistent unemployment.

At the present time, I do not contemplate proposing an extensive program of personnel legislation comparable to the numerous constructive measures enacted in the last several years. Certain needed improvements in central personnel management are discussed in the general government section of my budget analysis. All of these measures deserve early attention and enactment by the Congress. In addition, the Secretary of Defense is now studying recommendations of his Advisory Committee on Professional and Technical Compensation. Any legislative recommendations growing out of the work of this committee respecting personnel policies and compensation systems of the military services will be presented at a later time.

We should not let another year go by without taking the necessary action to place the Post Office on a pay-as-you-go fiscal basis. The case for adjusting postal rates needs no further justification. It is supported by a vast majority of the general public as well as by most of the business community. The administration has demonstrated its capacity for improving the postal service, installing new and more efficient methods and equipment, and cutting costs in accordance with good business practice. The Congress should take the further action needed to reduce the huge postal deficit. Then the

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further improvements needed in equipment and facilities can be made so that the American people may receive the mail service they deserve and have the right to expect.

Various agencies are being asked to review with the Congress the interest rates charged by the Government in connection with different kinds of loans, several of which have a fixed statutory maximum established when interest costs were much lower than today. It is desirable that there be more consistency and that more discretion be allowed in determining what going rates should be, dependent on the period of the loans and their conditions.

Recommendations concerned with proposed legislative changes in our housing laws will be found in the section of my budget analysis carrying the heading "Commerce and housing."

With respect to farm legislation, certain changes are being recommended in the corn program. Farmers who use all the wheat grown on their own farms for seed, feed, or food should be exempt from marketing quotas and penalties. The basic authority for disposal of surplus farm commodities for foreign currencies, title I of Public Law 480 of the 83d Congress, should be extended for 1 year and an additional 1 billion dollars of authorization for losses under this title should be provided. Legislation should also be enacted authorizing the barter of nonstrategic Government-owned agricultural surpluses to the nations of Eastern Europe.

The program of the administration in the field of natural resources is fully set forth in that section of the budget analysis. It will not be repeated here, except to indicate my continuing firm support of the necessary legislative action to enable Federal agencies to participate more fully with States, local governments, and private groups in the development of partnership resources projects. I urge once again the prompt enactment of legislation which will enable the Fryingpan-Arkansas multiple-purpose project to get underway in the fiscal year 1958.

I also recommend prompt action by the Congress to decide how the Niagara power project can best be developed.

In returning the Harris-Fulbright natural gas bill to the 84th Congress without my approval, I stated that legislation conforming to the basic objectives of that bill was needed. I am still of that opinion. It is essential that consumers of natural gas be protected. We must endeavor to make sure that there will be continued exploration and development of adequate field supplies of gas, and that producers' sales prices are arrived at fairly and competitively. In this way, and with authority vested in the Federal Power Commission to regulate interstate pipelines as to the price at which gas may be charged as an item of cost in fixing their rates, the price to the public will be fair. Legislation freeing gas producers from public utility-type regulation

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is essential if the incentives to find and develop new supplies of gas are to be preserved and sales of gas to interstate markets are not to be discouraged to the detriment of both consumers and producers, as well as the national interest.

The Congress is urged to carry out the proposals of the Judicial Conference for additional Federal judges. Also, when a district or circuit court judge who is the senior judge of the district or circuit becomes 70 and chooses not to retire, he should be relieved of his administrative duties. Furthermore, whenever a district court judge reaches 70 and chooses not to retire, the Congress should provide that upon certification by the Judicial Conference of the need therefor, the President would be authorized to appoint an additional judge. When the judge who had reached 70 dies or retires, the vacancy thus created would not be filled.

Although it is not within my province to make any recommendation, I am deeply interested in the suggestion which has been made that the Congress should consider inviting the Chief Justice of the United States to address the Congress annually on the work of the judiciary and to present the recommendations of the Judicial Conference.

I recommend again that the Congress enact suitable legislation providing for home rule in the District of Columbia. Under any such system the citizens of the District should be authorized to elect local officials, to vote in Federal elections, and to have a delegate in the House of Representatives.

I also recommend the enactment of legislation admitting Hawaii into the Union as a State, and that, subject to area limitations and other safeguards for the conduct of defense activities so vitally necessary to our national security, statehood also be conferred upon Alaska.

The platforms of both major parties have advocated an amendment of the Constitution to insure equal rights for women. I believe that the Congress should make certain that women are not denied equal rights with men. Similarly, I believe that the Congress should propose a constitutional amendment lowering the voting age in Federal elections.

As has already been indicated in the State of the Union message, continuation of military and economic assistance to the free nations of the world is a keystone of the administration's efforts to promote peace, collective security, and well-being for all peoples. Essential complements of these assistance programs are steps to increase international trade and investment. Both can be materially advanced by taking the actions necessary to avoid unfair tax duplications on business conducted overseas and by the prompt enactment of legislation approving United States membership in the proposed Organization for Trade Cooperation. This administrative agency will greatly aid the orderly operation of existing arrangements governing multilateral

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trade to help prevent discrimination and restrictions against our foreign commerce.

Although necessity forces us to keep ever in mind the destructive power of nuclear weapons, it is equally essential that we keep in mind the firm determination of the United States to share the fruits of its efforts to develop the peaceful uses for atomic energy. Seventy-two nations have now signed the charter of the International Atomic Energy Agency, which was established under the auspices of the United Nations. Prompt action by the Congress is needed to authorize full participation by the United States in the work of this Agency. The United States has offered for distribution through this Agency 5,000 kilograms of fissionable uranium 235 out of the 20,000 kilograms previously offered for atomic research and power uses in other nations, as part of our atoms-for-peace program.

The analysis of the budget discusses present programs for veterans. A special message recommending changes needed in these programs will be transmitted to the Congress.

The remaining items to which special attention should be directed are (1) authorization to the President to make awards for distinguished civilian achievement, (2) establishment of a Federal Advisory Commission on the Arts, (3) acquisition and maintenance of an official residence for the Vice President, and (4) amendment of the Government Corporation Control Act to provide for budget and audit control over Government corporations which are authorized, directly or indirectly, to obtain or utilize Federal funds. It is also recommended that the Congress give further consideration to legislation which would place Government appropriations on an accrued expenditure basis.

The other proposals which are parts of the administration's legislative program are discussed in my analysis of the budget. The fact that they are not included in this summary presentation in no way detracts from their importance or the strength of my recommendation that they be considered and enacted by the Congress in its present session.

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ANALYSIS OF THE BUDGET

I am presenting my budgetary recommendations in greater detail under nine major program headings in the analysis of the budget which follows this message. The Economic Report will contain a further discussion of some of these proposals.

It is always difficult to make plans and forecast expenditures a year or more in advance. This is particularly true when historic events are taking place in Eastern Europe, when United Nations forces are deployed in the Middle East, when uncertainties abound in other parts of the world, and when in our own land economic change is continuous. This budget has taken into account present conditions and developments which today appear most likely at home and abroad. It provides funds for all necessary Government activities on a reasonable scale, and efforts will continue to be made by every executive department and agency to improve efficiency and to maintain expenditures well within the budget estimates. It is a carefully balanced budget—balanced in its receipts and expenditures, balanced in its choice of programs. I consider it well adapted to the needs of the present and the future.

DWIGHT D. EISENHOWER.

JANUARY 16, 1957.

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SUMMARY OF NEW OBLIGATIONAL AUTHORITY

BY FUNCTION AND AGENCY

Based on existing and proposed legislation

[Fiscal years. In millions]

Description	1956 enacted	1957 estimate			1958 estimate		
		Enacted	Proposed for later transmission	Total	Recommended in this document	Proposed for later transmission	Total
BY FUNCTION							
Major national security.....	\$35, 903	\$40, 166	\$200	\$40, 366	\$38, 772	\$4, 828	\$43, 600
International affairs and finance.....	2, 123	2, 231	2	2, 233	510	1, 950	2, 460
Veterans' services and benefits.....	4, 823	4, 807	82	4, 890	4, 942	100	5, 042
Labor and welfare.....	2, 860	2, 913	283	3, 196	3, 318	481	3, 799
Agriculture and agricultural resources.....	3, 310	5, 069	27	5, 096	4, 767	25	4, 792
Natural resources.....	1, 213	1, 351	40	1, 391	1, 476	83	1, 559
Commerce and housing.....	4, 526	3, 329	662	3, 992	2, 165	626	2, 791
General government.....	1, 595	1, 826	25	1, 851	1, 430	8	1, 438
Interest.....	6, 846	7, 260		7, 260	7, 360		7, 360
Allowance for contingencies.....			250	250		500	500
Total new obligational authority.....	63, 198	68, 952	1, 572	70, 524	64, 741	8, 600	73, 341
BY AGENCY							
Legislative branch.....	199	90		90	95		95
The judiciary.....	37	39	(1)	40	45		45
Executive Office of the President.....	10	11		11	12		12
Funds appropriated to the President:							
Mutual security.....	2, 703	3, 804		3, 804		4, 400	4, 400
Other.....	50	26		26	35		35
Independent offices:							
Atomic Energy Commission.....	1, 179	1, 961		1, 961	2, 400	120	2, 520
Veterans Administration.....	4, 800	4, 878	82	4, 960	4, 890	100	4, 990
Other.....	768	1, 148	51	1, 198	651	192	844
General Services Administration.....	709	236	24	259	447		447
Housing and Home Finance Agency.....	888	1, 116	551	1, 666	164	1, 030	1, 194
Department of Agriculture.....	3, 598	5, 853	33	5, 886	5, 133	25	5, 158
Department of Commerce.....	2, 736	703	61	764	891	53	944
Department of Defense—Military Functions.....	33, 187	36, 187	200	36, 387	36, 242	2, 258	38, 500
Department of Defense—Civil Functions.....	666	664	1	665	685	19	703
Department of Health, Education, and Welfare.....	2, 107	2, 224	282	2, 506	2, 593	478	3, 071
Department of the Interior.....	516	623	34	657	711	7	718
Department of Justice.....	211	216	(1)	216	235		235
Department of Labor.....	470	431	(1)	431	435	3	438
Post Office Department.....	470	483		483	651	1 584	67
Department of State.....	149	224	2	226	230		230
Treasury Department.....	7, 716	8, 003	1	8, 003	8, 154		8, 154
District of Columbia.....	30	33		33	42		42
Allowance for contingencies.....			250	250		500	500
Total new obligational authority.....	63, 198	68, 952	1, 572	70, 524	64, 741	8, 600	73, 341

1 Less than one-half million dollars.

2 Deduct, made up of 654 million dollars proposed postal rate adjustment offset in part by a 70-million-dollar supplemental appropriation for capital outlay.

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SUMMARY OF BUDGET EXPENDITURES

BY FUNCTION AND AGENCY

Based on existing and proposed legislation

[Fiscal years. In millions]

Description	1956 actual			1957 estimate			1958 estimate		
	Gross expenditures	Applicable receipts ¹	Net expenditures	Gross expenditures	Applicable receipts ¹	Net expenditures	Gross expenditures	Applicable receipts ¹	Net expenditures
BY FUNCTION									
Major national security.....	\$40,845	\$204	\$40,641	\$41,303	\$338	\$40,965	\$43,621	\$286	\$43,335
International affairs and finance.....	2,151	305	1,846	2,767	384	2,382	2,878	434	2,444
Veterans' services and benefits.....	4,804	48	4,756	4,906	55	4,851	5,085	57	5,027
Labor and welfare.....	2,778	2	2,776	3,035	3	3,032	3,542	4	3,538
Agriculture and agricultural resources.....	9,060	4,146	4,913	9,560	4,859	4,701	8,123	3,159	4,965
Natural resources.....	1,361	257	1,104	1,649	278	1,371	1,836	298	1,538
Commerce and housing.....	5,958	3,931	2,028	6,574	4,305	2,269	6,904	5,156	1,748
General government.....	1,633	4	1,629	1,873	3	1,870	1,455	3	1,451
Interest.....	6,846		6,846	7,260		7,260	7,360		7,360
Allowance for contingencies.....				200		200	400		400
Total budget expenditures.....	75,436	8,896	66,540	79,127	10,227	68,900	81,203	9,396	71,807
BY AGENCY									
Legislative branch.....	85		85	109		109	122		122
The judiciary.....	37		37	40		40	44		44
Executive Office of the President.....	10		10	11		11	12		12
Funds appropriated to the President:									
Mutual security.....	4,204	3	4,201	4,107	5	4,102	4,363	6	4,356
Other.....	475	203	272	369	334	35	344	255	89
Independent offices:									
Atomic Energy Commission.....	1,651	(²)	1,651	1,940	(²)	1,940	2,340	(²)	2,340
Veterans Administration.....	4,828	98	4,731	4,965	108	4,857	5,186	118	5,068
Other.....	3,147	2,547	601	3,323	1,867	1,456	1,708	822	886
General Services Administration.....	529	5	523	692	2	690	657	3	654
Housing and Home Finance Agency.....	1,043	1,004	39	2,087	1,368	719	1,937	1,546	391
Department of Agriculture.....	7,376	2,199	5,177	8,865	3,714	5,152	8,481	3,151	5,330
Department of Commerce.....	1,321	28	1,293	672	28	644	801	29	772
Department of Defense—Military Functions.....	35,791	(²)	35,791	36,005	5	36,000	38,031	31	38,000
Department of Defense—Civil Functions.....	672	99	573	742	93	649	784	85	700
Department of Health, Education, and Welfare.....	2,073	2	2,071	2,364	2	2,361	2,834	3	2,831
Department of the Interior.....	546	35	512	681	29	652	737	32	704
Department of Justice.....	216		216	214		214	226		226
Department of Labor.....	414	2	412	412	3	409	422	4	418
Post Office Department.....	2,913	2,450	463	3,015	2,556	459	3,354	3,296	58
Department of State.....	142		142	184		184	230		230
Treasury Department.....	7,941	221	7,719	8,102	110	7,992	8,149	16	8,132
District of Columbia.....	22		22	27		27	43		43
Allowance for contingencies.....				200		200	400		400
Total budget expenditures.....	75,436	8,896	66,540	79,127	10,227	68,900	81,203	9,396	71,807

¹ Receipts of certain Government corporations, the postal service, and other revolving funds the receipts of which come primarily from outside the Government. These funds are listed in the respective chapters of part II as "Public enterprise funds."

² Less than one-half million dollars.

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THE PRESIDENT'S ANALYSIS OF THE BUDGET

The budget recommendations for the fiscal year 1958 are accompanied by revised estimates for the current fiscal year, 1957, and by reports on the results of Government operations for the year ended June 30, 1956.

The final results for the fiscal year 1956 show a budget surplus of 1,626 million dollars, a net decrease of 128 million dollars from the preliminary figures reported in August in the midyear review of the budget. The decline is due to the inclusion of transactions which were not fully reported by August.

The current estimate of budget receipts for the fiscal year 1957 exceeds the estimate of 69.8 billion dollars made last August by 828 million dollars. This increase is due mainly to greater indicated receipts from the individual income tax.

Budget expenditures for 1957 are now estimated to be 193 million dollars less than the 69.1 billion dollars anticipated in the midyear review. The principal changes in the estimated expenditures are:

(1) A downward revision of 1 billion dollars for the Department of Agriculture, mainly because of reduced estimates of price support disbursements and higher estimates of commodity sales.

(2) A decline of 248 million dollars for the economic portion of the mutual security program, partly because certain country programs have been revised to place greater emphasis on long-range development projects.

(3) An increase of 586 million dollars for the Housing and Home Finance Agency, mainly for advances to the Federal National Mortgage Association for its secondary market operations.

(4) An increase of 497 million dollars in the estimated net expenditures of the Export-Import Bank, due to a larger volume of loans and to lowered estimates of private participation in the Bank's loans.

Discussion of each of the major programs of the Government follows, with emphasis on recommendations for the fiscal year 1958.

MAJOR NATIONAL SECURITY

Events in recent months have dramatized the need for strong collective security. The military strength of the United States is a bulwark for world peace and freedom. A large share of the budget must go to maintain the Nation's military forces in their present high state of readiness and to introduce new weapons. Also, effective support must be given to the defense forces of other nations. Advances in

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nuclear technology must be applied to improving national defense and, in increasing degree, to peacetime uses in the United States and the rest of the free world.

MAJOR NATIONAL SECURITY

[Fiscal years. In millions]

Program or agency	New obligational authority			Expenditures		
	1956 actual	1957 estimate	1958 estimate	1956 actual	1957 estimate	1958 estimate
Gross budget expenditures:						
Department of Defense—military functions:						
Direction and coordination of defense.....	\$13	\$15	\$17	\$14	\$14	\$17
Air Force defense.....	15,517	17,690	16,481	16,749	16,890	17,472
Army defense.....	7,354	7,645	8,539	8,702	8,581	9,131
Navy defense.....	9,648	10,200	10,517	9,745	9,732	10,349
Other central defense activities.....	654	637	688	582	637	714
Proposed for later transmission.....		200	2,258		150	347
Total, Department of Defense..	33,187	36,387	38,500	35,791	36,005	38,031
Development and control of atomic energy:						
Present program.....	1,179	1,961	2,400	1,651	1,940	2,310
Proposed legislation.....			120			30
Stockpiling and defense production expansion.....	521		130	791	759	650
Mutual security program—military:						
Present program.....	1,016	2,018		2,611	2,600	2,100
Proposed legislation.....			2,450			500
Total.....	35,903	40,366	43,600	40,845	41,303	43,621
Deduct applicable receipts:						
Department of Defense—military functions.....				(1)	5	31
Defense production expansion.....				203	334	255
Net budget expenditures.....				40,641	40,965	43,335

¹ Less than one-half million dollars.

Department of Defense, military functions.—The defense program involves four basic military missions in which each of the military services has an active role. New and vastly superior weapons have a profound impact on each mission and on the size and composition of the military budget. The budget recommendations for the fiscal year 1958 reflect adjustments that have been made in the contributions of the individual military departments to the four basic military missions.

One mission is to maintain ready nuclear-air-retaliatory forces so strong that they will deter a potential aggressor from initiating an attack. Procurement in the fiscal year 1958 will provide for equipping the heavy bomber wings of the Strategic Air Command with 45 all-jet B-52 aircraft in place of the present smaller number of 30 B-36's.

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The gradual elimination of strategic fighter wings, which are no longer considered necessary, will be completed. The striking power of the Navy will be enhanced by the addition of new and modernized attack carriers, jet aircraft capable of higher speeds and higher altitudes, atomic submarines, and guided missile ships.

A second mission is to build a defense system which will minimize the chances of a successful attack on this continent. The Continental Air Defense Command has been assigned operational control over all forces and weapons made available for the air defense mission. The Command's radar warning network, extending from the central Pacific around the northern perimeter of North America and across the Atlantic approaches, will be largely in operation during the fiscal year 1958. The interceptor squadrons of the Air Force will be further strengthened with the delivery of still better aircraft, and the anti-aircraft missile capabilities of the Army will be expanded. The Navy's antisubmarine warfare capability is being improved to meet the threat of missiles launched from submarines.

A third mission is to maintain mobile and versatile forces suitably deployed and ready for immediate action in case of aggression. Army divisions are being reorganized into more flexible units supported with the latest atomic weapons and with aviation units. In addition, the Army will increase the number of atomic support commands which are particularly suitable as back-up for the ground forces of allied countries. Taking advantage of the greater firepower and mobility gained from the new units and equipment, the number of Army divisions will be reduced by one during the fiscal year 1958. The greater mobility and effectiveness of tactical aircraft coupled with the growing guided missile capabilities of the Army, permit a reduction in the number of Air Force tactical wings. The three Marine divisions and air wings are now equipped with a variety of atomic weapons and are continually improving their capability for amphibious assault operations.

A fourth mission, to maintain control of the essential sea areas and lines of communication in case of war, is primarily the task of the Navy, although the Air Force and elements of the other services have an important part. The modern ships, aircraft, and weapons being added to the Armed Forces are improving capabilities for performing this mission as well as the first three missions. As new ships are added to the fleet, older ships will be retired and the number of active ships in the fiscal year 1958 will remain about the same.

The means of accomplishing these basic military missions constantly change as new weapons are introduced. The Secretary of Defense recently issued a clarification of the basic roles and missions of the military services. It covered the use of aircraft by the Army; the adequacy of airlift; the development, procurement, and operation of

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surface-to-air guided missiles; the operational deployment of intermediate range ballistic missiles; and the tactical air support of the Army.

New authority to incur obligations totaling 38.5 billion dollars for the fiscal year 1958 is recommended for the military functions of the Department of Defense. Expenditures are estimated to increase from 36 billion dollars in 1957 to 38 billion dollars in 1958.

DEPARTMENT OF DEFENSE—MILITARY FUNCTIONS COSTS BY MAJOR CATEGORIES

(Based on existing and proposed legislation)

[Fiscal years. In millions]

Cost category	Budget expenditures			Recommended new obligational authority for 1958
	1956 actual	1957 estimate	1958 estimate	
Military personnel:				
Active forces.....	\$10,666	\$10,321	\$10,524	\$10,664
Retired pay.....	477	515	543	555
Operation and maintenance.....	8,519	9,100	9,598	9,847
Major procurement and production.....	(12,204)	(11,731)	(12,273)	(12,030)
Aircraft.....	7,146	6,786	6,737	6,232
Ships.....	917	928	1,040	1,555
Guided missiles.....	1,168	1,506	2,039	2,646
Other.....	2,973	2,511	2,457	1,597
Military public works.....	2,008	1,973	2,242	2,122
Reserve components.....	854	1,055	1,237	1,237
Research and development.....	1,495	1,540	1,580	1,651
Establishmentwide activities.....	211	354	401	394
Working capital (revolving) funds.....	-643	-589	-398	-----
Total.....	35,791	36,000	38,000	1 38,500

¹ Compares with new obligational authority of 33,187 million dollars in 1956 and 36,387 million dollars in 1957.

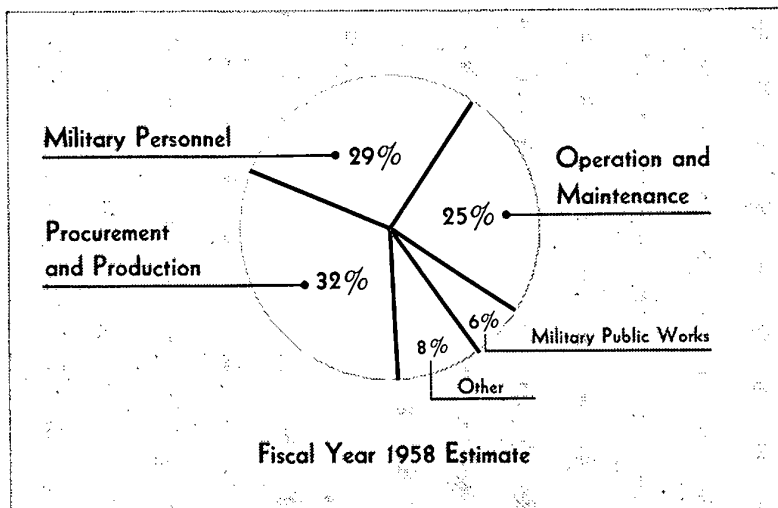
This budget provides for an average active duty military personnel strength for the fiscal year 1958 of approximately 2.8 million. The Army, Navy, and Marine Corps will hold to about their current numbers while the Air Force will be increased by several thousand men.

Operation and maintenance costs will rise in the fiscal year 1958. The larger number of bases and other installations and the growing complexity of new weapons systems, particularly guided missiles and aircraft, are the primary reasons for this increase.

Major procurement and production expenditures in the fiscal year 1958 are estimated to be 542 million dollars more than in the current year. Expenditures for guided missiles will be up 35 percent; for ship construction, up about 12 percent; and for aircraft procurement will remain at about the same level. Expenditures for all other types of major procurement are estimated to be about 2 percent less than in the current fiscal year.

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EXPENDITURES FOR DEPARTMENT OF DEFENSE—MILITARY

The new obligational authority needed for the Air Force procurement program for the fiscal year 1958 is less than it otherwise would have been because of the additional appropriations for this purpose voted by the Congress last year. Together, these appropriations will provide sufficient funds for Air Force aircraft and related procurement in the current year and in the fiscal year 1958.

Expenditures for military public works in the United States and overseas will be about 14 percent above the current year. This budget provides for proposed legislation to authorize new bases and facilities for continental air defense, for further work on dispersing and improving heavy bomber bases, and for essential facilities for naval operating forces.

Research and development will continue at the same high level as in the current fiscal year. When the portions of appropriations for procurement, military personnel, and public works which contribute to research and development, testing and evaluation are also considered, the total devoted to these purposes will be somewhat more than the 5.2 billion dollars programed for the current fiscal year. A steady military research and development effort must be maintained over the years to assure a constant flow of new and more effective weapons for the future.

Expenditures for the reserve components will increase in the fiscal year 1958. Major emphasis will be placed on improving the quality and combat readiness of the Reserve Forces through modernization of equipment and better selection and training of reserve personnel.

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The overall quality and readiness of the Reserve Forces, already higher than ever before in the peacetime history of the Nation, will be even more effective by the end of the coming fiscal year.

Civil defense.—All levels of government have made encouraging progress in preparing for civil defense since the Federal Civil Defense Act was approved in 1951. These gains have been partly offset by the increasingly destructive capabilities of nuclear weapons. In the light of these developments, the administration will transmit to the Congress recommendations for amendment of the Federal Civil Defense Act which will enable the Federal Government better to meet its responsibilities. To achieve maximum results, civil defense must continue to be a cooperative effort with State and local governments. Individual and local initiative and resourcefulness must be our ultimate reliance during an initial recovery period.

This budget provides under existing legislation for extending civil defense programs for public education, information, and training, and for a larger Federal staff to give assistance to the States and cities. Appropriations are included for an attack warning system which will quickly transmit warnings from the Air Force to certain key areas. Stockpiling of emergency hospital equipment and radiological detection equipment will be continued; and a substantial program of research on radiological defense, on shelter design, and on bomb-damage assessment will be carried forward.

Funds for civil defense activities are included in the commerce and housing section of this analysis.

Development and control of atomic energy.—Until an agreement for limitation of armaments is negotiated and an effective inspection system is functioning, this Nation will continue to increase the number and variety of nuclear weapons. In the fiscal year 1958, emphasis will be placed on weapons for tactical purposes and weapons with reduced radioactive fallout. The substantial present effort to develop military propulsion reactors will be continued.

Efforts to develop the peaceful uses of atomic energy will be greatly increased, particularly the development of reactors to produce atomic power at competitive prices.

This budget provides for increased effort by the Atomic Energy Commission to explore new power reactor concepts, to fabricate and operate reactor experiments, and to develop the basic reactor technology essential to the Nation's progress and leadership in the field. Increased support will also be given to the growing activities by private industry and public power bodies in power reactor development.

In the belief that basic responsibility for construction of large-scale commercial power reactors should not have to be assumed by the

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Federal Government, no funds for construction of new large-scale reactors are proposed in this budget. A number of new proposals from non-Federal interests are now being developed. However, if acceptable proposals for non-Federal construction of promising reactor types do not materialize within a reasonable time, a request will be made to the Congress for funds for direct construction by the Federal Government.

As a further and necessary step to facilitate industry's investment in atomic powerplants, legislation will again be proposed to authorize the Government to supplement commercially available insurance against liability arising from possible nuclear accidents.

More resources will be applied to the longer term effort to develop thermonuclear power reactors. Increased research is planned for 1958 on the problems arising from the numerous and extensive applications of atomic energy, such as reactor safety, radioactive waste disposal, and the biological effects of radiation. At the same time, support of research in nuclear physics and in new uses of atomic energy in biology, medicine, agriculture, and industry will be strengthened. Also, the budget provides for increases in equipment grants and in teacher training to improve education in nuclear technology and to help alleviate the shortage of nuclear scientists and engineers.

In order to help other nations develop their own atomic energy programs, the 1958 budget provides for training centers in the United States and abroad, equipment grants, and other technical assistance from appropriations for the Atomic Energy Commission and the mutual security program. Four nations have already accepted and many others are expected to accept the United States offer to share the costs of building research reactors. A number of nations have indicated interest in procuring power reactors in this country, and the Export-Import Bank will consider applications for loans to finance such procurement. The budget also includes funds for United States participation in a second world conference on the peaceful uses of atomic energy to be held in calendar year 1958.

Stockpiling and defense production.—By the end of the current fiscal year, the stockpile of strategic and critical materials, such as rubber, aluminum, copper, and nickel, will have reached a value greater than 6 billion dollars. Further acquisitions toward the stockpile objectives will be limited in most instances to (1) materials for which contracts have already been made; (2) materials which can be procured at favorable prices and which will serve to maintain the mobilization base; and (3) materials obtained in exchange for surplus agricultural products.

Mutual security program, military.—The armed forces of 38 countries receive military equipment and training through the military

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assistance portion of the mutual security program. This assistance bolsters the military forces of countries faced with a threat of external aggression or internal subversion.

Military assistance plans for the fiscal year 1958 have been related to the plans for this Nation's military establishment. As in the case of United States forces, a large part of the funds will be used for new types of weapons for air defense.

In the fiscal years 1957 and 1958, an increasing amount of military assistance equipment is to be furnished on a reimbursable rather than a grant basis. Changes in legislation will be recommended to facilitate these sales.

The level of unexpended balances for military assistance will have been reduced for 5 successive years. The Department of Defense has made significant improvements in the operation of this program in this fiscal year, especially in the timing of orders and the utilization of funds.

The new obligational authority of 2,450 million dollars recommended in this budget for military assistance has been included as an appropriation to the President, as in previous years. Consideration is being given as to what pattern of appropriations will best serve the aims of the Government in providing military assistance.

MUTUAL SECURITY PROGRAM

[Fiscal years. In millions]

	Budget expenditures			Recom- mended new obligational authority for 1958 ³
	1956 actual	1957 estimate	1958 estimate	
Military: ¹				
Present program.....	\$2,611	\$2,600	\$2,100	
Proposed legislation.....			500	\$2,450
Economic, technical, and other: ²				
Present program.....	1,587	1,500	1,150	
Proposed legislation.....			600	1,950
Total.....	4,198	4,100	4,350	\$4,400

¹ Budget expenditures for military assistance do not reflect proceeds from sale of military equipment previously procured with military assistance funds, since these proceeds go directly into miscellaneous receipts of the Treasury.

² Discussed in the international affairs and finance section of this analysis. Excludes investment guaranty program.

³ Compares with new obligational authority of 2,703 million dollars in 1956 and 3,767 million dollars in 1957, excluding investment guaranty program.

INTERNATIONAL AFFAIRS AND FINANCE

The United States can work toward its goal of lasting peace by continuing to help its friends overseas protect their freedom from foreign domination and better their economic conditions. This budget is designed to do that. It also provides funds to promote

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international understanding through a wider exchange of ideas and persons, and to extend a helping hand to refugees from tyranny and victims of famine.

In the conduct of our international affairs it is necessary to allow for appropriate flexibility in choosing the proper channel to meet each particular situation. In many instances the most effective way to achieve United States objectives, particularly in the political area, is to work through the United Nations. In other instances it may be more effective to utilize regional organizations such as the North Atlantic Treaty Organization and the Organization of American States. The Government will, of course, continue to conduct a major part of its economic and military assistance bilaterally, by dealing directly with other governments through conventional channels, including the Export-Import Bank. In addition, the International Bank for Reconstruction and Development and the International Monetary Fund will undoubtedly continue their active and sound programs of lending for economic development and of strengthening the exchange systems of their members, relying in part on the capital subscriptions and guaranties of the United States Government. The United States Government will also work through the many private welfare organizations operating abroad.

INTERNATIONAL AFFAIRS AND FINANCE

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recom- mended new obligational authority for 1958
	1956 actual	1957 estimate	1958 estimate	
Gross budget expenditures:				
Economic and technical development:				
Mutual security program—economic, technical, and other:				
Present program.....	\$1,587	\$1,500	\$1,150	-----
Proposed legislation.....			600	\$1,950
Investment guaranty program.....	6	7	13	-----
Export-Import Bank.....	212	776	670	-----
Emergency commodity assistance (Department of Agriculture).....	94	127	45	94
Other.....	22	69	32	27
Foreign information and exchange activities:				
United States Information Agency.....	86	103	128	144
Department of State.....	20	21	29	35
President's Special International Program.....	5	9	18	20
Conduct of foreign affairs (Department of State and other).....	120	155	194	189
Total.....	2,151	2,767	2,878	1 2,460
Deduct applicable receipts:				
Investment guaranty program.....	3	5	6	-----
Export-Import Bank.....	302	379	427	-----
Net budget expenditures.....	1,846	2,382	2,444	-----

¹ Compares with new obligational authority of 2,123 million dollars in 1956 and 2,233 million dollars in 1957.

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The Government's varied overseas activities have been, and are being, regularly reviewed. For example, recommendations to improve our mutual security operations are being developed by the President's Citizen Advisers on the Mutual Security Program. Special studies are also being conducted by the Senate Foreign Relations and House Foreign Affairs Committees. A special message on the mutual security program will be sent to the Congress after due consideration has been given to the recommendations and studies that have been completed.

Mutual security program, economic, technical, and other.—In order that the United States may continue to help cooperating countries to develop their economies and to meet the burdens of maintaining military strength, the budget provides for an appropriation of 1,950 million dollars for the fiscal year 1958 for the nonmilitary portion of the mutual security program. The military assistance portion of the mutual security program was discussed in the major national security section of this analysis. Total appropriations recommended for the two portions together in 1958 are 4,400 million dollars, compared with 3,804 million dollars enacted for 1957 and 4,860 million dollars recommended for 1957 one year ago in the 1957 budget.

Expenditures for economic assistance are estimated at a moderately higher level in the fiscal year 1958 than in the current fiscal year, carrying on our help in the development of the economic potential of less developed countries. Many of these countries have recently won their independence. Such development should add to the stability of their institutions, and tend to remove long-run causes of international friction. A significant part of the expenditures for economic development will be in the form of loans.

When the special message on mutual security is presented to the Congress, the mutual security appropriations recommended in this budget will be identified with specific activities, insofar as the kinds and amounts of assistance can be reasonably forecast. However, there are many changing situations in the world today and it is necessary to be able to meet these situations quickly and flexibly. The amount recommended for the economic portion of the Mutual Security Program includes certain funds to be appropriated on this basis.

Middle East.—An important example of this type of changing situation was discussed in the recent message on the Middle East. The message emphasized the importance of that area of the world and recommended policies designed to strengthen the countries of that area. Currently available funds can be used to meet 1957 requirements. The recommended 1958 appropriations of 4,400 million

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dollars for the total mutual security program include 200 million dollars to be available for discretionary use in the Middle East, in addition to the specific country programs for the area. In order to make most effective use of these funds, especially in relation to solving some of the current problems, it is essential that adequate flexibility be permitted in their use.

International investments and loans.—Loans by the Export-Import Bank for development projects and for assisting the export of United States goods are expected to continue at a high level in the coming fiscal year.

The estimated increase since 1956 in expenditures of the Bank results both from the current rate of loans and from reduced estimates of private participation in the Bank's loans because of attractive alternative private investment opportunities in the United States. Despite rising collections of the Export-Import Bank from loan repayments, the increase in expenditures is estimated to result in a change from net receipts of 90 million dollars in the fiscal year 1956 to net expenditures of 243 million dollars in 1958. While this budget proposes no increase in the Bank's presently available borrowing authority, it may later become necessary to request some increase in borrowing authority to meet future needs.

The International Monetary Fund will be the major source of funds to strengthen the reserve position of the United Kingdom at the present time. The Fund is an international organization to which the United States has made substantial amounts of capital available in the past. Therefore, a drawing on these funds does not appear as an expenditure in the budget now.

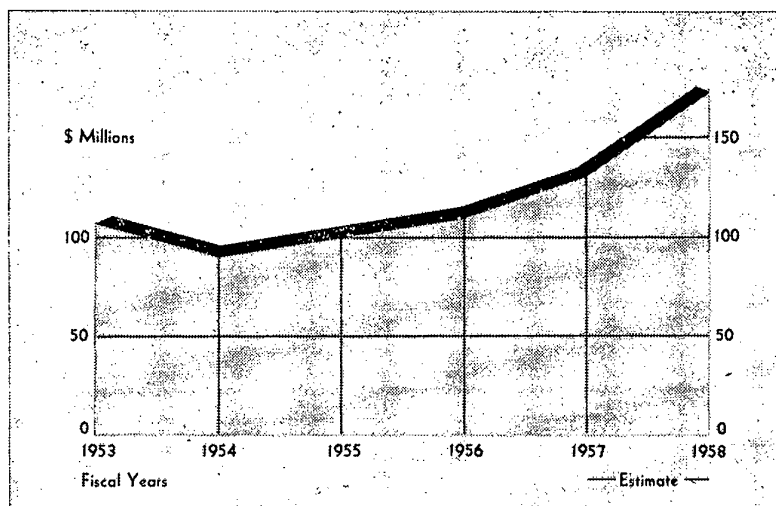
The Export-Import Bank recently announced a line of credit against securities to the United Kingdom for the purchase of United States products.

The Government of the United Kingdom has also sought a waiver of the 81 million dollar interest payment that was due last month under the terms of the Anglo-American Financial Agreement of 1945 and the related lend-lease and surplus property settlement. The exact applicability of the waiver provisions is now not clear. Since there have been changes in the conditions envisaged at the time the agreement was signed, recommendations will shortly be made to the Congress for appropriate modification of the present language of the Agreement so as to carry out the spirit of the original intention. This interest payment has been excluded from the estimates of receipts for the fiscal year 1957.

Foreign information and exchange activities.—The intensified worldwide ideological conflict emphasizes the importance of the role of both the Government and private organizations in exchanging information, persons, and ideas abroad. Overseas information services

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EXPENDITURES FOR FOREIGN INFORMATION AND EXCHANGE

and cultural exchanges are designed to facilitate sympathetic understanding of American life, culture, and institutions by other peoples. Another major role of these programs is to demonstrate to the people of other nations the way in which American policies and objectives are in keeping with their own aspirations.

This budget recommends that expenditures in the fiscal year 1958 for the entire range of foreign information and exchange activities—including exchanges under the Fulbright and Smith-Mundt legislation, and cultural and trade fair programs abroad—be increased by 42 million dollars over the 1957 estimate. This will permit extension of this work within the free world, especially in Asia and Africa, as well as providing more information to those peoples not yet free. Emphasis will be placed on person-to-person contacts on both official and unofficial levels.

Conduct of foreign affairs.—The tasks of the Department of State have been steadily extended, both in Washington and in a growing number of overseas posts. The budget recommendations continue to strengthen the staff and facilities of the Department. Estimated expenditures in 1958 for the conduct of foreign affairs, including buildings, are 194 million dollars, 40 million dollars more than in 1957.

COMMERCE AND HOUSING

The capital investment in several Federal programs for commerce and housing plays an important role in the continued growth of our economy. In the fiscal year 1958, the Government will (1) carry

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forward improvements in transportation services, (2) acquire facilities and equipment essential to provide better and more economical postal service, and (3) assist local communities to complete an increasing number of projects to foster orderly community development and to remove slums. At the same time, the Government is taking steps to aid buyers of homes obtain a reasonable share of the savings which help to supply the credit necessary to maintain a satisfactory level of private housing construction.

Budget expenditures for commerce and housing programs, in the aggregate, are expected to decline from 2.3 billion dollars in the fiscal year 1957 to 1.7 billion dollars in 1958. Principal changes include the proposed adjustments in postal rates and other legislation designed to reduce the postal deficit and the anticipated reductions in temporary Government loans to finance mortgage purchases. Other expenditures will rise to help meet the demands of a growing economy for transportation facilities, housing aids, and community development.

Promotion of aviation.—Civil and military use of the Federal airways system continues to grow rapidly. The increasing number of commercial, private, and military aircraft must be able to fly safely and on schedule. The military jet aircraft already in use and the jet airliners that will be operating by 1960 create a whole new range of problems. The capacity of the air traffic control system must keep pace.

The comprehensive appraisal of emerging needs for aviation facilities announced in the budget message last year will be completed soon. This will set the broad outline for the Federal airways system of the future. In the meantime, we must install now the best available traffic control equipment and techniques to keep abreast of the growing demand.

The 413 million dollars of new obligational authority recommended for the Civil Aeronautics Administration for 1958 include 150 million dollars to procure and install airways facilities. These include radar installations, better communications, and airport approach lights. In addition, a supplemental appropriation of 26 million dollars will be requested in 1957 to cover the initial cost of integrating two existing short-range air navigational systems into a single system capable of meeting the navigational needs of all users of the airspace.

The recommended 1958 appropriations for the Civil Aeronautics Administration include 195 million dollars to operate the Federal airways system and to maintain high safety standards in aircraft design and operation. The 1958 estimate is about 40 percent above the 1957 amount.

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COMMERCE AND HOUSING

[Fiscal years. In millions]

Program or agency	Gross budget expenditures			Net budget expenditures			Recommended new obligational authority for 1958
	1956 actual	1957 estimate	1958 estimate	1956 actual	1957 estimate	1958 estimate	
Promotion of aviation:							
Civil Aeronautics Administration.....	\$148	\$225	\$333	\$148	\$225	\$333	\$413
Civil Aeronautics Board.....	33	39	45	33	39	45	52
National Advisory Committee for Aeronautics.....	71	75	86	71	75	86	118
Provision of highways ¹	783	44	42	783	44	42	32
Promotion of water transportation:							
Department of Commerce.....	247	232	222	219	204	194	259
Treasury Department.....	189	213	222	189	213	222	230
Panama Canal Company.....	105	89	83	12	2	5	
Postal Service:							
Present program.....	2,913	3,015	3,284	463	459	642	651
Proposed legislation.....			70			² -584	³ -584
Community development and facilities:							
Urban Renewal Administration:							
Present program.....	35	86	118	17	49	47	2
Proposed legislation.....							250
Other.....	15	17	33	-13	14	29	12
Public housing programs.....	347	590	474	31	71	64	112
Other aids to housing:							
Federal Housing Administration.....	165	145	131	-25	-43	-83	36
Federal National Mortgage Association:							
Present program.....	452	1,052	968	-20	437	140	
Proposed legislation.....		100			100		600
College housing:							
Present program.....	37	91	157	32	85	147	
Proposed legislation.....							175
Veterans Administration.....	103	127	152	54	73	91	
Department of Agriculture.....	1	28	43	1	28	43	
Other.....	11	13	17	-22	-29	-30	10
Other aids to business:							
Small Business Administration:							
Present program.....	36	84	10	26	68	-8	
Proposed legislation.....		24	87		19	65	66
Area redevelopment (proposed legislation).....			10			10	53
Other.....	119	112	79	-109	-21	38	47
Regulation of commerce and finance.....	43	47	55	41	45	52	52
Disaster insurance, loans, and relief:							
Present program.....	48	48	72	43	39	63	14
Proposed legislation.....		2	11		1	10	12
Civil defense:							
Present program.....	57	76	91	56	71	85	130
Proposed legislation.....			10			10	50
Total.....	5,958	6,574	6,904	2,028	2,269	1,748	³ 2,791

¹ In 1957 and 1958, Federal-aid highway expenditures are carried as trust fund transactions.² Reflects proposed postal rate adjustment of 654 million dollars offset in part by 70-million-dollar supplemental appropriation for capital outlay.³ Compares with new obligational authority of 4,526 million dollars in 1956 and 3,992 million dollars in 1957.

MESSAGE OF THE PRESIDENT

Grants to communities for airport construction and improvement will increase. To meet the need for an additional airport for the District of Columbia, a supplemental appropriation of 35 million dollars will be requested for the fiscal year 1957. Although the Congress has been studying alternative solutions, the proposal for a new airport at the Burke, Virginia, site still appears to be the best long-term solution to Washington's airport needs.

The success of this country in military and civil aeronautics depends heavily on the research and development programs of the National Advisory Committee for Aeronautics. The recommended appropriations of 118 million dollars will enable the Committee to give further emphasis to basic research upon which the development of the aircraft of the future must depend. This amount will also permit the acquisition of new, highly specialized facilities for investigation of problems encountered under widely varying conditions of flight.

Estimated budget expenditures in the fiscal year 1958 for all Federal aids to aviation, including the continuing subsidy payments by the Civil Aeronautics Board to certain airlines, will total 464 million dollars, 85 percent more than the amount spent in 1956.

Government aids to aviation confer substantial special benefits upon the users of the airspace. As the cost of providing these benefits rises, it becomes increasingly appropriate for the users to share with the general taxpayers in paying for them.

Highways.—Legislation enacted last year authorized the largest roadbuilding program in history. In accordance with this legislation, expenditures for the Federal-aid highway programs of the Department of Commerce in 1957 and later years will be made from a separately financed highway trust fund. The receipts and expenditures of the trust fund are discussed later in this section.

Budget expenditures for highways are now limited to forest highways and other direct Federal construction. They are estimated at 42 million dollars in the fiscal year 1958.

Promotion of water transportation.—The worldwide shortage of modern oceangoing ships emphasizes the importance of the ship replacement program begun 2 years ago by the Department of Commerce. Most of the United States merchant fleet was built during World War II and should be replaced over the next 15 to 20 years. In order that construction may be scheduled on an orderly basis, the Department is entering into long-term contracts with subsidized ship operators for the replacement of their ships. It is also guaranteeing ship mortgages and using other incentives which do not require substantial expenditures of Federal funds to encourage construction of other new ships.

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As the next installment in the replacement program, the budget includes 120 million dollars in 1958 appropriations for ship construction and for maritime research. The 1958 program would permit construction of a new sister ship for the superliner *United States* and several smaller ships. Construction will be well underway in 1958 on the nuclear-powered merchant ship being built jointly by the Department of Commerce and the Atomic Energy Commission under previous appropriations.

Expenditures for ship construction will not increase substantially until the fiscal year 1959, primarily because of the long period required to get work underway. Other expenditures for water transportation are primarily for the Coast Guard and for ship operating subsidies.

Postal service.—Over the past few years the Post Office Department has introduced major economies in the processing and handling of mail. These economies, however, have only partially offset the rising costs resulting from a larger mail volume, higher salaries, increased prices for supplies and equipment, and especially the extension of city delivery service to unprecedented numbers of new suburban residential developments. As a result, if present postal rates are not adjusted to cover costs, net expenditures of 642 million dollars will be required in the fiscal year 1958 to make up for insufficient postal receipts.

The adjustments in rates recommended in this budget are designed to increase postal revenues by 654 million dollars in the fiscal year 1958. If this recommendation is approved by the Congress, a supplemental appropriation, tentatively estimated at 70 million dollars, will be proposed to permit investment in equipment and facilities necessary for more efficient handling of the ever-increasing volume of mail. The budget figures reflect these recommendations. Also, the Post Office Department should be specifically reimbursed for the cost—estimated at 28 million dollars in 1958—of services it is required by law or international agreement to perform free or at reduced rates for nonprofit associations and other special groups.

Community development and facilities.—The first slum clearance project under legislation enacted in 1949 was brought to a close last spring, and an estimated 40 more projects will be completed by the end of 1958. More important, by that time 285 projects will be in process of actual clearance and redevelopment, and plans will be underway for 246 more—many of these in smaller cities. In addition to the extensive private investment in redeveloped areas, these 572 projects will ultimately involve total costs of more than 2.5 billion dollars, of which Federal capital grants will provide an estimated 1.2 billion dollars.

To underwrite the Federal share of the cost of this program, legislation is recommended to provide new obligational authority of 250

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million dollars a year for 2 years. Budget expenditures in 1958 are estimated at 47 million dollars and will gradually increase in later years.

Public housing programs.—The Housing Act of 1956 authorized the Public Housing Administration to contract with local public agencies for construction and operation of 70,000 additional units of low-rent public housing, at the rate of 35,000 new units a year. These units will be particularly helpful in meeting the needs of low-income families displaced as more urban renewal sites are cleared.

Many small communities which need low-rent public housing units have unnecessary difficulty in qualifying for Federal aid because of the requirement for a workable program to eliminate or prevent slum conditions in their areas. Since the benefits to be obtained in small communities from this requirement do not justify the burdens and expense involved, such communities should be exempted from it.

By the end of the fiscal year 1958, the Public Housing Administration expects to dispose of all remaining war and emergency housing units from an inventory that originally exceeded 900,000 such units. In addition, a substantial start will have been made in sales of housing units and commercial properties in the Government-owned communities of Oak Ridge, Tennessee, and Richland, Washington.

College housing.—Rising college enrollments, plus the attractiveness of a very low statutory interest rate on Federal loans, have caused sharp increases in applications for loans for college dormitories and related facilities. To continue the present commitment level of 250 million dollars a year, additional borrowing authority of 175 million dollars is requested for the fiscal year 1958. Also, a more realistic formula for interest rates on these loans should be provided in legislation. This formula should be based on current Treasury borrowing costs for comparable maturities.

Aids to private housing.—The Government encourages private housing primarily through insurance of mortgages by the Federal Housing Administration and guaranties of loans by the Veterans Administration. Increased demands for credit for other purposes last year made these insured and guaranteed mortgages unattractive to many private lenders at the maximum interest rates then permitted. As a result, many potential buyers were unable to borrow for the purchase of homes, and as the demand fell off, builders curtailed the number of new homes begun. To bring interest rates on insured mortgages into line with market rates of interest, the Federal Housing Administration has permitted adjustments in all rates which were not already at their

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statutory ceilings. Legislation is recommended to permit similar interest rates on loans guaranteed by the Veterans Administration, so that more veterans may obtain these loans.

Private lenders cooperating with the Housing and Home Finance Agency under the voluntary home mortgage credit program have provided insured or guaranteed loans for many veterans and other home buyers living in remote areas as well as for members of minority groups otherwise unable to obtain private credit. This program should be extended for 3 years beyond the present expiration date of June 30, 1957.

The Veterans Administration makes direct housing loans to veterans in areas where credit is hard to obtain. Adjustment of interest rates on guaranteed loans and extension of the voluntary home mortgage credit program should make the funds now available adequate for the direct loan program. Legislation is also proposed to adjust the interest rate on direct loans so as to keep it the same as on guaranteed loans, in conformity with past practice.

The direct loan program for all veterans and the guaranty program for World War II veterans expire in July 1958. To help make adequate mortgage funds available at that time, additional authority may be needed to permit the Federal Housing Administration to liberalize the terms under which it insures mortgages for veterans and nonveterans alike.

Federal National Mortgage Association.—Under its secondary market functions, the Federal National Mortgage Association purchases both insured and guaranteed mortgages at prevailing market prices. Adjustments in interest rates on these mortgages should encourage private lenders to reenter this market, thus reducing the volume of mortgages offered to the Association. However, as a result of the substantial purchases made over the past several months, the effective borrowing authority of the Association will be fully committed before the close of the fiscal year 1957.

To enable the Association to continue making available a reasonable minimum of mortgage funds, new obligational authority in two forms should be provided by legislation early in the present session of the Congress. First, the Government should be authorized to buy an additional 100 million dollars of preferred stock of the Association. This will allow the Association to obtain up to an additional 1 billion dollars privately, through the sale of nonguaranteed debentures to private investors. Second, the Association should be authorized to borrow an additional 700 million dollars from the Treasury. One-half of this borrowing authority should be made available in the fiscal year 1957, and the remaining half in 1958. If the Congress provides adequate authority to draw temporarily on the Treasury when necessary, it should be possible to finance privately the bulk of the secondary

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market operations in 1958. Budget expenditures for such temporary Treasury loans are estimated at 203 million dollars in the fiscal year 1958.

In other operations of the Association, substantial commitments are anticipated in both 1957 and 1958 to purchase mortgages insured under the urban renewal, military family, elderly family, and other specially designated housing programs. Additional legislation to authorize new purchases amounting to 250 million dollars, including 50 million dollars for cooperative housing, is recommended for the fiscal year 1958.

Other aids to business.—The Small Business Administration has been providing effective assistance to help small concerns obtain adequate financing and a fair share of Government contracts. Because of the difficulties many small businesses encounter in obtaining adequate bank credit in a money market subject to heavy competing demands, applications for loans have been increasing. Available funds will shortly be exhausted, and additional appropriations of 45 million dollars in 1957 and 66 million dollars in 1958 are requested. These figures assume extension of the basic legislation for the Small Business Administration which expires on June 30, 1957.

The fees of the Patent Office in the Department of Commerce should be adjusted to make the Office more nearly self-supporting. Under an 8-year program initiated last year, substantial progress is now being made to reduce the backlog of pending patent applications.

Area redevelopment—proposed legislation.—Despite continuing high levels of employment and income, pockets of unemployment persist in several areas. Legislation is again recommended to authorize the Secretary of Commerce, with the assistance of other appropriate agencies, to provide loans and other aids to communities which seem to be in chronic economic distress. This aid will help those communities in attempting to solve their basic problems.

Disaster insurance, loans, and relief.—The experimental program for Federal insurance against flood losses, which was recommended and enacted last year, will soon be underway. A supplemental appropriation of 100 million dollars is recommended for this fiscal year to finance initial operations. An additional appropriation of 4 million dollars for administrative expenses is recommended for 1958.

The 1958 recommendations also include 12 million dollars under proposed legislation for disaster loans by the Small Business Administration.

Civil defense.—For budget classification purposes, expenditures for civil defense are grouped with those for peacetime disasters. The

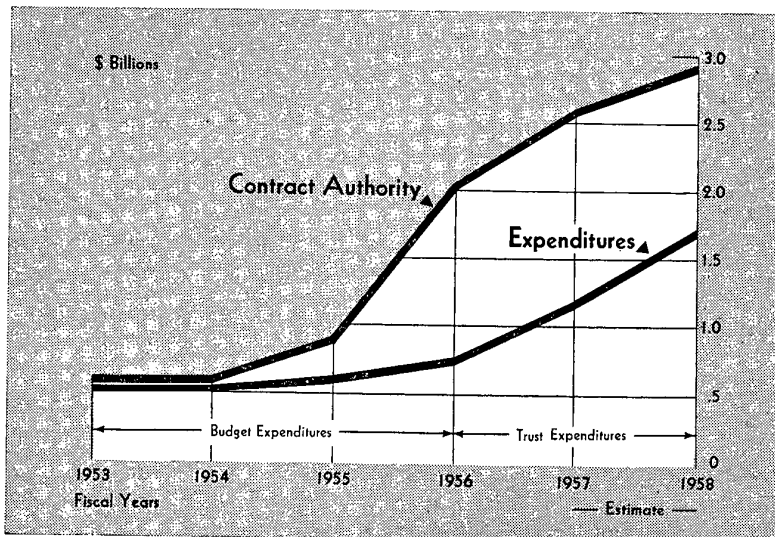
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civil defense program was discussed, however, in the major national security section of this analysis.

Highway and housing trust funds.—Under legislation enacted last year, the Federal share of the new highway program will be financed from proceeds of certain excises on motor fuels, tires, and vehicles. These receipts are deposited in a highway trust fund.

The legislation authorized Federal grants averaging about 2 billion dollars a year for a 13-year period to cover 90 percent of the cost of completing the Interstate Highway System—an integrated network of efficient and safe roads linking major centers of population and industry. Increased grants amounting to 875 million dollars for the fiscal year 1958 were also provided for primary, secondary, and urban highways not in the Interstate Highway System. Prudent planning is continuing in cooperation with the States in order to assure maximum value for each dollar spent.

FEDERAL-AID HIGHWAY PROGRAM

Expenditures from the trust fund in the fiscal year 1958 for Federal-aid highways are estimated at 1.7 billion dollars and are expected to rise gradually in later years to nearly 3 billion dollars annually. The excess of receipts over expenditures in the early years will accumulate in the trust fund for later use. Balances in the fund are expected to reach 770 million dollars by the close of the fiscal year 1958.

The privately financed mortgage purchases under the secondary market functions of the Federal National Mortgage Association are

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trust rather than budget expenditures. They are estimated at 500 million dollars in 1958. Temporary borrowing from the Treasury and preferred stock investment by the Treasury, amounting together to 705 million dollars in 1957 and 203 million dollars in 1958, are included in budget expenditures.

COMMERCE AND HOUSING TRUST FUNDS

(Under existing and proposed legislation)

[Fiscal years. In millions]

Fund and item	1956 actual	1957 estimate	1958 estimate
Highway trust fund:			
Balance in fund at start of year.....			\$390
Receipts:			
Excise taxes transferred from general receipts.....		\$1,539	2,173
Interest.....		2	12
Payments (-):			
Grants, including administration.....		-1,150	-1,690
Refunds of taxes.....			-116
Net accumulation.....		390	379
Balance in fund at close of year.....		390	770
Federal National Mortgage Association (secondary market operations):			
Treasury loans and preferred stock purchases, net.....	\$94	705	203
Sales of common stock.....	7	14	10
Net operating income and other.....	4	14	13
Net purchases of mortgages (-).....	-217	-1,005	-726
Net trust expenditures (-).....	-112	-272	-500

AGRICULTURE AND AGRICULTURAL RESOURCES

Agriculture is confronted with serious adjustment problems that stem from international as well as domestic agricultural developments. Technological advances in agriculture by other nations are resulting in increased production which in many instances has restricted United States export markets. These problems are further complicated by our own improved capacity to produce as well as by the large agricultural inventories held by the Commodity Credit Corporation.

The agricultural programs of the Federal Government are designed to meet these problems and to foster long-run improvements and adjustments in the Nation's farm economy. The soil bank legislation enacted last year is helping to curtail crop production and support farm income; it also facilitates the shifting of cropland to uses more consistent with long-term conservation objectives. Other Federal programs are helping to move large quantities of food and other farm products into consumption at home and abroad. Research programs

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have been enlarged to find ways to reduce marketing and production costs and to develop new industrial uses and other permanent market outlets for our farm products. Educational and credit services have been expanded to help farmers take advantage of the results of research, and special attention is being given in the rural development program to low-income farmers.

AGRICULTURE AND AGRICULTURAL RESOURCES

[Fiscal years. In millions]

Program or agency	Gross budget expenditures			Net budget expenditures			Recommended new obligational authority for 1958
	1956 actual	1957 estimate	1958 estimate	1956 actual	1957 estimate	1958 estimate	
Stabilization of farm prices and farm income:							
Price support, supply and purchase programs (CCC).....	\$5,639	\$5,482	\$4,961	\$3,554	\$1,889	\$1,950	\$1,877
Soil bank (excluding conservation practice payments).....	4	1,012	1,023	4	1,012	1,023	984
International Wheat Agreement.....	92	100	111	92	100	111	93
National Wool Act.....	2	66	95	2	64	60	35
Removal of surplus agricultural commodities.....	179	245	245	179	245	245	219
Federal crop insurance.....	33	39	36	10	14	7	7
Sugar Act.....	65	67	74	65	67	74	72
Acreage allotments and marketing quotas.....	39	41	43	39	41	43	43
Financing rural electrification and rural telephones¹.....	217	234	265	217	234	265	249
Financing farm ownership and operation:							
Farm Credit Administration.....	1,991	1,101	3	43	-45	-5	2
Farmers' Home Administration: ²							
Present program.....	188	263	282	185	260	278	275
Proposed legislation.....			16			16	25
Disaster loans and emergency feed.....	90	91	55	3	(³)	-18	
Conservation of agricultural land and water resources:							
Agricultural conservation and Great Plains programs.....	222	250	254	222	250	254	257
Soil bank (conservation practice payments).....		236	270		236	270	270
Soil Conservation Service, watershed protection, and other.....	83	93	111	83	93	111	113
Research and other agricultural services.....	215	241	280	215	241	280	270
Total.....	9,060	9,560	8,123	4,913	4,701	4,965	³ 4,792

¹ Net expenditures for the Farmers' Home Administration and for rural electrification and telephone loans do not reflect loan collections, since these collections go directly into miscellaneous receipts of the Treasury. In 1958 these collections are estimated at 167 million dollars and 95 million dollars respectively.

² Less than one-half million dollars.

³ Compares with new obligational authority of 3,310 million dollars in 1956 and 5,096 million dollars in 1957.

Stabilization of farm prices and farm income.—Net price support expenditures of the Commodity Credit Corporation are expected to be about the same in the fiscal year 1958 as in the current year but sub-

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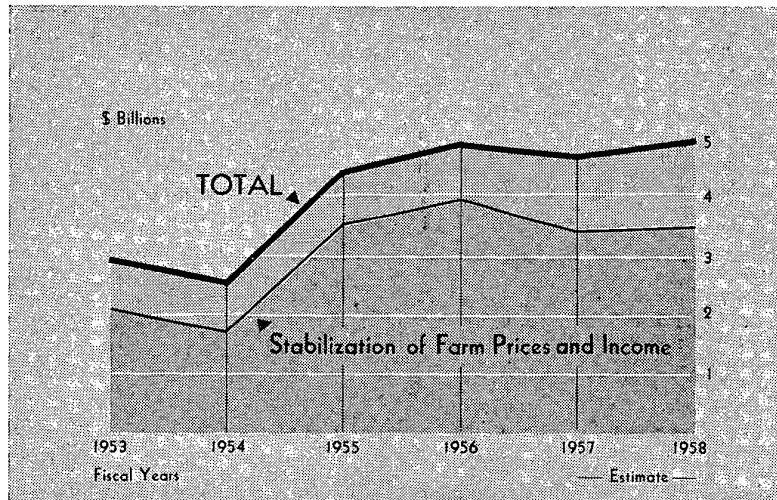
stantially below the amount spent in 1956. However, the decrease from 1956 is more than offset by increases in expenditures for the soil bank and other agricultural programs.

In the fiscal year 1956, retirement of all outstanding certificates of interest used in financing previous price support loans, and curtailed purchases of United States cotton by foreign buyers in anticipation of more favorable prices, contributed to the high net price support expenditures in that year.

In the fiscal year 1957, no funds will be required for the redemption of certificates of interest. In addition, increased sales of farm commodities abroad, particularly cotton, are expected to decrease net budget expenditures for price supports still further.

In the fiscal year 1958, exports of price supported commodities are expected to be less than in 1957. This factor, which tends to increase net price support expenditures, will be partially offset by the initial effects of crop acreage reductions under the soil bank. The full effects of the soil bank on price support expenditures will come in later years.

Under the acreage reserve program of the soil bank, farmers are compensated for loss of net income resulting from their voluntary withdrawal of land from crop production. Under the conservation reserve program of the soil bank, they receive rent for other cropland placed in cover crops and reforestation and also receive payments to cover part of the cost of carrying out certain conservation practices. Expenditures for both programs are estimated to total 1.3 billion dollars in 1958, somewhat more than in 1957.

NET EXPENDITURES FOR AGRICULTURAL PROGRAMS

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Under title I of the Agricultural Trade Development and Assistance Act of 1954 (P. L. 480), substantial quantities of farm products have been disposed of abroad in return for foreign currencies. This title expires on June 30, 1957. It should be extended for 1 year and the present legal limit of 3 billion dollars on the permissible loss under this program should be increased by 1 billion dollars. Extension for a 1-year period will enable the Congress to consider alternative measures that will contribute to a continued development of normal export markets.

The new obligational authority recommended for the fiscal year 1958 for price support, supply, and purchase programs of the Commodity Credit Corporation is made up of (1) 1,240 million dollars to restore the capital impairment of the Corporation experienced in 1956, mainly from price-support losses, and (2) 637 million dollars to reimburse the Corporation for costs and losses incurred in 1956 under title I of the Agricultural Trade Development and Assistance Act.

Rural electrification, rural telephones, and farm credit.—This budget continues strong support for the rural electrification and rural telephone programs. It provides for new electrification loans totaling 185 million dollars and new telephone loans totaling 80 million dollars in the fiscal year 1958, the same amount of loan approvals as anticipated in 1957. Disbursements on loans and administrative expenses are expected to result in budget expenditures of 265 million dollars in 1958, which is 31 million dollars more than in 1957 and 48 million dollars more than in 1956.

Budget expenditures for the credit programs of the Farmers' Home Administration, exclusive of farm housing loans which are included in the commerce and housing section of this analysis of the budget, are estimated at 294 million dollars in the fiscal year 1958. The substantial rise of 109 million dollars in estimated annual expenditures since 1956 reflects in part the legislation enacted last year expanding the scope of this agency's authority to refinance farm debts and to make loans to farmers whose farms are smaller than family size. The increase results also from the operating loans estimated to be made in designated counties as a part of the rural development program and from the additional credit needs of farmers suffering from continued drought and other economic disasters.

In connection with the loan program of the Farmers' Home Administration, legislation will be proposed to modify the present formula for the distribution of loan funds among States and Territories. The budget also provides for some increase in the authority to appropriate for loans under title I of the Bankhead-Jones Farm Tenant Act.

In accordance with the proposals of the Hoover Commission, legislation will be recommended to liquidate the Agricultural Marketing

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Act revolving fund by transferring its assets to the Treasury. As of June 30, 1956, this fund had assets of 186 million dollars, consisting of 150 million dollars of the capital stock of the central and regional banks for cooperatives and 36 million dollars of balances with the Treasury.

Agricultural land and water resources.—A substantial increase in budget expenditures for the conservation and development of land and water resources is provided for in this budget. Cost-sharing payments for conservation practices under the soil bank, which were begun in the current fiscal year, are a major addition to the previous level of conservation expenditures.

Under the Great Plains conservation program, which was authorized by legislation enacted last year, long-term contracts will be entered into with farmers whereby they agree to carry out specified soil management and land-use practices. The budget provides for 20 million dollars of new obligational authority for the Great Plains conservation program in 1958.

Spending under the program authorized by the Watershed Protection and Flood Prevention Act is estimated to increase in 1958. Funds are provided in the budget for the continuing cost of some 83 projects underway in 1957 and for the Federal share of first-year costs on approximately 80 additional projects expected to be started by local groups in 1958.

Research and other agricultural services.—The expansion of research and educational programs of the Department of Agriculture, which was undertaken at the beginning of this administration, will be continued under this budget. Efficiency in agricultural production, development of new industrial uses for farm products, and expansion of markets for farm commodities will continue to be emphasized in order to advance the long-run interests of both farmers and consumers.

As a part of the rural development program, specialized research, technical assistance, and credit will be provided to assist State and local groups to develop and improve economic opportunities in rural areas with low average family income. The Federal Government and States and local groups are now working jointly in designated pilot counties.

Federal intermediate credit banks trust fund.—In accordance with the Farm Credit Act of 1956, the production credit corporations were merged into the Federal intermediate credit banks as of January 1, 1957, and provision was made for the retirement of the Government's capital in the banks and for their eventual ownership by the production credit associations. Because of this change in financial struc-

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ture, the transactions of the banks are being carried as trust fund expenditures starting January 1, 1957.

In the fiscal year 1958, the total loans and other outlays of these banks are estimated at 2,201 million dollars; total collections, principally from loan repayments, at 2,159 million dollars; the resulting net outlay of the trust fund is an estimated 42 million dollars.

At the time the Farm Credit Act of 1956 was approved last year, the lack of adequate protection of the Government's interest in the surplus of the intermediate credit banks was pointed out. The Government's interest should be protected, even though the prospect of dissolution or liquidation of any bank is remote.

NATURAL RESOURCES

The development and conservation of the resources of America are vital to the present and future strength of the Nation. They must be a concern not only of the Federal Government, but of everyone. Individual enterprise and State and local participation are essential to effective development of the Nation's soils and forests, water, minerals, fuels, and fisheries.

Federal budget expenditures for natural resources in the fiscal year 1958 are estimated at 1.5 billion dollars, 167 million dollars more than in 1957. In addition to their general economic value, many of the resource development programs produce substantial revenues for the Government.

The policies enunciated in the budget message with respect to the present active competition for labor, materials, and equipment in the construction industry and to the rate of Federal construction expenditures are especially applicable to natural resource programs.

Land and water resources.—The Presidential Advisory Committee on Water Resources Policy has recommended national policies and improved administrative organization to bring about the best use of water resources. This budget provides for certain of these recommendations which can be achieved by budgetary action. Important among these is expansion of the collection of basic data needed for planning water resource developments. Legislative proposals to carry out other recommendations of the Committee will be transmitted to the Congress as developed.

The Corps of Engineers and the Bureau of Reclamation will continue construction on 299 going projects for flood control, navigation, irrigation, water supply, and power. Construction of 38 of these projects will be completed in 1958.

This budget provides for starting construction on certain new projects which are now authorized. It is recommended that the Bureau of Reclamation start 6 irrigation and water-supply projects,

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and the Corps of Engineers start 7 navigation projects, 13 flood-protection projects, 3 flood-control reservoirs, and a powerplant at an existing installation, as well as some small projects to be selected by the Secretary of the Army. Advance planning on these new projects has reached the stage where the design and scope of the major structure have been clearly determined and a sound estimate of cost has been prepared. First-year expenditures for these new starts are estimated at 12 million dollars. The total estimated cost to complete these projects is 300 million dollars.

NATURAL RESOURCES

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recom- mended new obligational authority for 1958
	1956 actual	1957 estimate	1958 estimate	
Gross budget expenditures:				
Land and water resources:				
Corps of Engineers, civil functions:				
Present program.....	\$534	\$600	\$654	\$647
Proposed legislation:				
Partnership projects.....			5	10
Advance planning.....			1	1
Department of the Interior:				
Bureau of Reclamation:				
Present program.....	163	176	202	203
Proposed legislation:				
Fryingpan-Arkansas project.....			1	2
Small reclamation projects.....			4	5
Power marketing agencies.....	42	42	44	49
Indian lands resources.....	43	47	52	55
Public domain (Bureau of Land Management) and other.....	20	26	29	31
St. Lawrence Seaway Development Corporation:				
Present program.....	9	48	49	
Proposed legislation.....				35
Tennessee Valley Authority:				
Present program.....	236	262	307	15
Proposed legislation.....			3	30
Department of State.....	3	7	5	4
Federal Power Commission.....	5	5	6	6
Forest resources.....	138	163	186	186
Fish and wildlife resources.....	45	65	63	62
Recreational resources.....	44	76	76	80
Mineral resources.....	43	94	104	89
General resource surveys and other.....	35	39	47	49
Total.....	1,361	1,649	1,836	1,559
Deduct applicable receipts:				
Land and water resources:				
Department of the Interior.....	5	4	5	
St. Lawrence Seaway Development Corporation.....	1	9	3	
Tennessee Valley Authority.....	246	258	282	
Fish and wildlife resources.....		(*)	2	
Mineral resources.....	5	6	6	
Net budget expenditures.....	1,104	1,371	1,538	

* Compares with new obligational authority of 1,213 million dollars in 1956 and 1,391 million dollars in 1957.

* Less than one-half million dollars.

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Recommendations for related watershed and flood prevention activities of the Department of Agriculture were discussed in the section on agriculture and agricultural resources.

Work is underway on the comprehensive Upper Colorado River Basin development which the Congress authorized during the past session. Legislation is still needed, however, to permit the Fryingpan-Arkansas multiple-purpose project to proceed. Appropriations which will enable the Bureau of Reclamation to initiate this construction are included under proposed legislation for 1958.

This budget also includes 10 million dollars under proposed legislation to enable the Corps of Engineers to participate in 1958 with States, local governments, and private groups in the development of partnership water resources projects, such as the Bruces Eddy Reservoir in Idaho and the Oroville Reservoir in California, neither of which has yet been authorized. Also, where feasible and in the public interest, non-Federal interests will be encouraged to participate with the Federal Government in certain previously authorized projects now in various stages of planning or construction. Similar partnership arrangements are being considered by the Bureau of Reclamation.

In previous years this administration has recommended legislation to provide that the Federal Government make payments to owners of non-Federal water resources projects when Federal hydroelectric power developments benefit from these projects. In simple equity, the Government should pay for such benefits in the same way that licensees must pay for the benefits they derive from Federal or other projects. The Federal Power Act should be amended during this session to provide for such Federal payments.

The Small Reclamation Projects Act of 1956 is a step forward in Federal, State, and local cooperation. Appropriations to permit the Bureau of Reclamation to proceed with the program will be requested as soon as the basic legislation is amended to correct deficiencies with respect to the responsibility for approval of project proposals by the executive branch, which were pointed out at the time the legislation was approved.

To assure efficient use of resources and to safeguard the public investment, the 1958 budget includes funds for the Bureau of Reclamation and the Corps of Engineers to make general investigations and to prepare project designs that are needed prior to construction of water resources projects. Also, an appropriation of 1 million dollars is included under proposed legislation to permit immediate initiation of planning of the most urgently needed projects expected to be authorized in river and harbor and flood-control legislation early in this session of the Congress. Presidential approval of the measure enacted during the last session was withheld primarily because many of the

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projects included had not been reviewed in accordance with established procedures.

As a further step in coping with the growing water scarcity, increased appropriations are recommended in the fiscal year 1958 for research and pilot-plant operations for converting saline water to fresh water for municipal, industrial, and agricultural uses. This research is undertaken by the Department of the Interior in cooperation with other public and private groups.

Construction of the St. Lawrence Seaway will go forward in the fiscal year 1958. To meet increased construction costs and provide for additional dredging work not originally contemplated, 35 million dollars of additional borrowing authority is recommended for 1958 under proposed legislation.

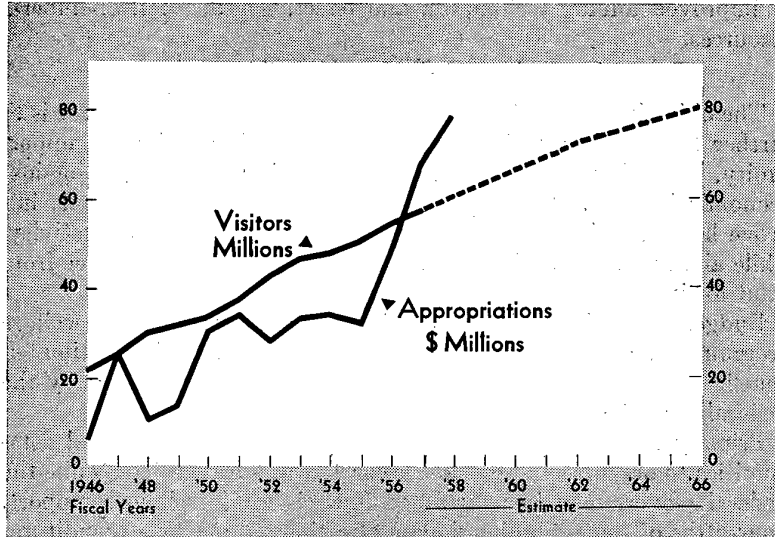
The Tennessee Valley Authority will continue construction in the fiscal year 1958 of the Wilson Lock started in 1957. Work on 7 steam-electric generating units at present plants was started in the fiscal years 1956 and 1957 with proceeds from the sale of power, as approved by the last Congress, and will be continued in 1958. Based on the best information now available, it appears that additional generating capacity will be needed to meet TVA power requirements by the end of the calendar year 1960. Legislation is recommended to authorize the TVA, subject to regular budgetary review, to finance new generating facilities by the sale of revenue bonds. After the Congress has acted upon this legislative proposal, the power requirements of the TVA will be reexamined. Pending this re-examination, an authorization of 30 million dollars for construction of a new unit of about 180,000 kilowatts at an existing steam plant is included in the budget under proposed revenue-bond legislation to meet power needs of the area.

Forest, fish and wildlife, and recreational resources.—This budget provides funds to increase soil-conservation work on the lands in the national forests, in the public domain under the Bureau of Land Management, in the national parks and wildlife refuges, and on Indian lands held in trust by the Government. The budget also provides for forestry research and reforestation, for leasing of mineral and grazing lands, and for necessary construction of schools for Indians. Consistent with the needs for expanded timber sales, provision is made for access roads.

Provision is made for carrying forward the 10-year development and improvement program of the National Park Service. This program is designed to provide the necessary facilities and personnel to accommodate an estimated 80 million visitors to the national parks in 1966.

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NATIONAL PARK SERVICE PROGRAM

National forests also offer recreational opportunities for many millions of our citizens. The 1958 budget provides for an enlarged program to develop and improve campgrounds, picnic areas, and sanitation and other facilities to accommodate the recreational users of these forests.

A reorganization of the Federal programs for fish and wildlife resources has been effected in accordance with legislation enacted by the last Congress. To assist commercial fisheries in improving their competitive position, expenditures for fishery research will be increased in the fiscal years 1957 and 1958. It is estimated that loans of 12 million dollars over the 2-year period will be made from the newly established fisheries loan fund, and a program of vocational education grants for training fishery technicians will be inaugurated in 1958.

Our sport fishery and wildlife resources make a substantial contribution to meeting the recreational needs of our citizens. A study is underway to determine future needs for fish and wildlife programs.

Mineral resources.—The Secretary of the Interior is developing a minerals program to meet the long-range needs of the Nation, now that the defense minerals programs are nearing completion. In the meantime, a program authorized in the past session of the Congress will provide 91 million dollars of assistance to segments of the mining industry in adjusting from defense needs to normal market conditions. The Geological Survey and the Bureau of Mines will also continue

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their activities in support of exploration for new deposits, development of improved mining techniques, and effective utilization of mineral resources.

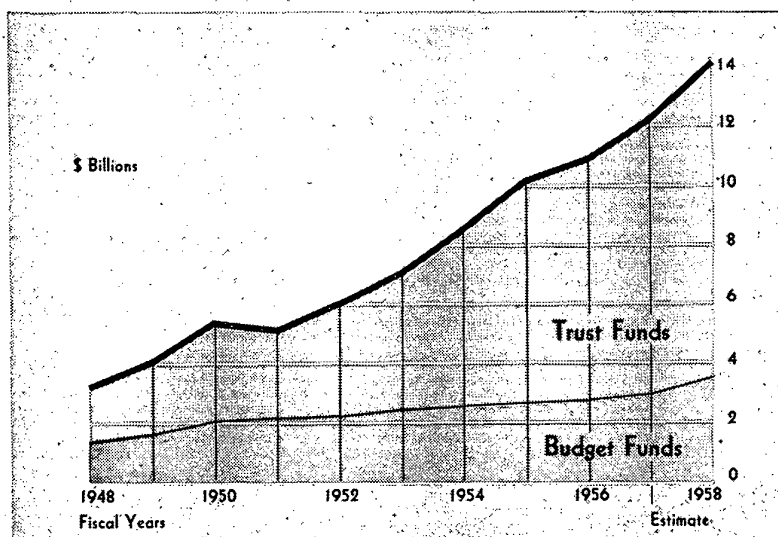
LABOR AND WELFARE

The objective of the Government's labor and welfare programs is to further the well-being of the people by increasing individual opportunity, fostering self-reliance, and providing safeguards against economic hazards. These programs aid education and science, improve health, facilitate employment and increase labor productivity, while aiding the aged, disabled, and dependent to enjoy life free from want for its necessities.

Budget expenditures in the fiscal year 1958 for labor and welfare programs are estimated at 3.5 billion dollars. In addition, estimated benefit payments of more than 10 billion dollars will be paid by the Federal social insurance and retirement trust funds.

Primary reliance has been placed upon the States and local communities to organize and operate labor and welfare services, while the Federal Government has furnished financial and technical support. Four-fifths of the 3.5 billion dollars of estimated budget expenditures for labor and welfare services in 1958 is for grants-in-aid to State and local governments.

As science lengthens the span of life and the average age of the population increases, the problems of older people—there are now 15 million past the age of 65—assume increasing significance. The

EXPENDITURES FOR LABOR AND WELFARE

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Federal Government's participation in activities that benefit older citizens is extensive. Payments for old-age and railroad retirement benefits (paid from trust funds and not included in budget expenditures), and veterans' pensions and public assistance grants for the aged are estimated to total more than 8 billion dollars in 1958. In addition, other special activities in health research, employment assistance, housing, and veterans' services benefit our aged citizens.

Last March a Federal Council on Aging was established to coordinate Federal activities, to improve working relationships with the States in this field, and to devise better means for meeting the needs of the aged. In this coming year the Federal Government will provide leadership in a cooperative effort with business, private organizations, and State and local governments to enlarge the employment opportunities which many of our older citizens need and want. The Department of Labor will continue its program to remove barriers to employment of older workers, and State employment security agencies will give increased attention to employment opportunities for such workers. This budget also provides greater emphasis on health services to older persons.

The President's Council on Youth Fitness, of which the Vice President is chairman, was established in July to promote and coordinate the numerous Federal activities in the field of physical and general youth fitness and to work with State, local, and private groups in this field.

Promotion of education.—Since the White House Conference on Education was held a year ago, the States and communities have made greater efforts to overcome their educational problems. Sixty-nine thousand classrooms, 10 percent more than last year, are expected to be built in the school year 1956-57. The number of teachers and their average salaries have also been increasing. Despite these gains, growing enrollments are straining the financial capacities of school districts in many areas of the country. Today, 31.5 million children crowd the public schools beyond their normal capacity and enrollments are increasing by well over 1 million per year.

Legislation is recommended to complete in 4 years the general school construction assistance program which was proposed as a 5-year program last year. This budget includes new obligational authority of 451 million dollars for the first year under this proposed legislation.

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LABOR AND WELFARE

[Fiscal years. In millions]

Program or agency	Budget expenditures ¹			Recommended new obligational authority for 1958
	1956 actual	1957 estimate	1958 estimate	
Promotion of education:				
Office of Education:				
School construction—general aid (proposed legisla- tion).....			\$185	\$451
Assistance for school construction in federally af- fected areas.....	\$95	\$68	105	42
Assistance for maintenance and operation of schools in federally affected areas.....	86	106	125	127
Vocational education.....	33	39	41	41
Other:				
Present program.....	9	11	12	13
Proposed legislation.....			2	2
Department of the Interior and other.....	52	58	63	64
Labor and manpower:				
Unemployment compensation and employment serv- ice:				
Grants to States (Department of Labor).....	231	238	257	270
Payment to unemployment trust fund (Treasury Department).....	168	62	53	53
Other:				
Present program.....	76	81	88	88
Proposed legislation.....			3	3
Promotion of public health:				
National Institutes of Health.....	99	173	211	220
Hospital construction grants.....	56	83	100	121
Grants for construction of waste treatment facilities.....		7	62	50
Other:				
Present program.....	197	238	231	227
Proposed legislation.....			3	15
General-purpose research, libraries, and museums:				
National Science Foundation:				
Regular program.....	15	36	50	65
International Geophysical Year.....	5	21	10	
Department of Commerce (Census Bureau and Bureau of Standards).....	27	23	28	29
Libraries and museums.....	13	18	22	21
Correctional and penal institutions.....	31	33	35	42
Other welfare services:				
School lunch program.....	83	100	100	100
Vocational rehabilitation.....	36	44	51	51
Other:				
Present program.....	7	8	12	11
Proposed legislation for health, education, and welfare.....			5	9
Public assistance.....	1,457	1,584	1,684	1,684
Total.....	2,776	3,032	3,538	3,799

¹ After deducting applicable receipts—primarily Mexican farm labor supply fund (part of other labor and manpower programs) of 2 million dollars in 1956, 3 million dollars in 1957, and 4 million dollars in 1958.

² Compares with new obligational authority of 2,860 million dollars in 1956 and 3,196 million dollars in 1957.

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Last April the President's Committee on Education Beyond the High School was appointed to consider problems created by the record enrollments in colleges and universities. The budget anticipates a supplemental appropriation for the fiscal year 1957 to finance the State and regional conferences which the Committee plans to hold before it prepares its final report. It also provides in 1958 for assistance under proposed new legislation to encourage States to undertake specific planning action to meet their needs in higher education.

Expenditures for other activities of the Office of Education are primarily to carry out the 2-year extension of assistance to areas where school enrollments are seriously affected by Federal activities and to provide for educational research and for grants for vocational education.

The budget recommendations for the Department of the Interior include funds for the education of Indian children and for a recently enacted program for vocational education of adult Indians.

Labor and manpower.—The budget provides grants to the States for the administrative costs of providing employment service and unemployment compensation, and for the employment security work of the Department of Labor. The recommended grants include funds for job placement of older and handicapped workers. Better methods of scheduling placement will continue to assure longer and steadier work for domestic migrant farm workers. The budget for other labor and manpower programs continues enforcement and promotional work to insure greater compliance with labor legislation, and provides for enforcement of labor standards in the use of Mexican nationals who work on farms. Further improvements are recommended in labor statistics.

Rapid scientific and technological developments are creating new industries which are faced with shortages of skilled workers and technicians. The Department of Labor has recently undertaken training programs in a broader range of occupations. Support is provided for these programs in 1958 through the newly reorganized Bureau of Apprenticeship and Training.

In addition to the new legislation to improve the Government's labor programs which was recommended earlier in the budget message, legislation is also recommended to (1) increase, as part of the proposed area redevelopment program, assistance in labor services to local areas where there has been persistent and chronic unemployment and (2) provide insurance benefits to workers in the District of Columbia who are temporarily disabled because of nonoccupational accidents or illness and improve the District of Columbia unemployment insurance law.

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Promotion of public health.—Expenditures for promotion of health during the fiscal year 1958 are estimated to be 607 million dollars, 106 million dollars more than in the current year.

The budget recommendations for the National Institutes of Health for the fiscal year 1958 provide for more research, while keeping in proper balance support of individual projects, training of additional technicians, and new laboratories and other facilities. This balance is necessary to safeguard the quality of research because of the high utilization of the present technical resources. An increase of 38 million dollars in expenditures is estimated, primarily for the new grants to assist in the construction of medical research facilities and to provide the non-Federal institutions receiving grants with more equitable payments for the indirect costs of these programs.

Expenditures for Federal aid to hospital construction are estimated at 100 million dollars in the fiscal year 1958. The increase of 17 million dollars over the 1957 estimate includes the provision of nursing homes, rehabilitation facilities, and chronic disease hospitals which are especially important to older people and to others suffering from long-term illness or disability. The budget also includes 62 million dollars in 1958 for the recently started program for grants to communities to stimulate construction of waste treatment facilities where Federal aid is appropriate.

To meet other health needs, this budget includes increased expenditures for community health services to the aged and those with chronic diseases, for research in combating air and water pollution, for accident prevention, and for health services to children and Indians. Grants for poliomyelitis vaccine will no longer be needed. Enforcement of the food and drug laws will be strengthened.

To help meet the critical need for more medical research scientists and other health personnel, the recently enacted legislation for construction grants for medical and dental research facilities should be amended to include teaching facilities. New obligational authority of 15 million dollars is recommended for this purpose. First-year expenditures are estimated at 3 million dollars.

National Science Foundation.—An increase of 25 million dollars in the appropriations for the regular program of the National Science Foundation is recommended for the fiscal year 1958. This will enable the Foundation to deal more effectively with two problems of national importance in the field of science. First, only a very small proportion of the billions of private and public funds devoted to research and development is for the basic research on which progress in the applied scientific fields of health, industrial technology, and weapons development depends. The Foundation will increase its grants for basic research projects and for special research facilities. Second,

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to help overcome the acute shortage of skilled scientists and engineers, the Foundation will make a major effort to improve training in science, particularly by increasing the number of qualified teachers, by interesting a larger number of able students to enter scientific careers, and by granting fellowships to graduate and post-doctoral students.

Although expenditures for the International Geophysical Year program will decline, most of the actual scientific operations all over the world will be carried out during the fiscal year 1958.

Other welfare services.—The appropriation for the school lunch program, mainly for cash grants to the States, is recommended at 100 million dollars for 1958, the same as for 1957. The Federal Government will also contribute to the school lunch program in 1958 by (1) making donations of surplus agricultural commodities estimated to have a value of approximately 130 million dollars, and (2) spending 70 million dollars through the Commodity Credit Corporation for the school milk program.

For the past 3 years the Federal Government has increased its financial aid and technical assistance to States and communities for rehabilitating the disabled. The number of persons rehabilitated each year has reached a record level. This budget reflects a further expansion in this program.

Legislation is recommended to (1) authorize construction of sanitation facilities for Indians, (2) transfer Freedmen's Hospital to Howard University, with provision for construction of a new teaching hospital, (3) authorize special grants for training of teachers for mentally retarded children, and (4) assist States in combating juvenile delinquency more effectively. The budget anticipates expenditures of 5 million dollars in the fiscal year 1958 for these new programs.

Provision is made in the budget to promote the principle of self-help and self-care through research into causes of dependency and through training grants for welfare personnel as authorized by the 1956 social security amendments.

Public assistance.—The social security amendments enacted in 1956 raised Federal matching funds for State public assistance to people whose needs are not met by social security insurance, and provided new grants for medical care. Largely as a result of the 1956 amendments, Federal grants for public assistance are estimated to increase 100 million dollars to a total of 1.7 billion dollars in the fiscal year 1958. Benefits will be paid by State agencies to an average of 5 million persons in 1958, including 2.5 million on the old-age assistance rolls which are declining as social insurance benefits cover more people.

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Social insurance and retirement trust funds.—Expenditures for social insurance programs and for the payment of Federal civilian employees' retirement benefits do not appear in the total of budget expenditures because they are financed separately through trust funds. The total disbursements from these funds for 1958 will exceed 10.5 billion dollars, mainly for benefits under the various insurance programs. Reserves for future payments, which are invested in Government bonds, will increase to approximately 46 billion dollars at the end of the fiscal year 1958.

Benefits will be paid in 1958 from the old-age, survivors, and disability insurance trust funds to some 9,100,000 retired persons, 380,000 disabled workers, and 1,800,000 mothers and children. These numbers include women between the ages of 62 and 65 and disabled workers between the ages of 50 and 65, who will receive benefits for the first time under the social security amendments enacted in 1956. Legislation is recommended to improve coordination between old-age insurance tax and income tax reporting procedures.

The Federal Government is responsible under law for payments under the social security and railroad retirement funds for credits toward benefits which are accorded for time spent in military service. In the case of the railroad retirement account, the Comptroller General of the United States has informed the Congress that payments already made to the fund by the Federal Government under existing law exceed the estimated actual cost of future benefits for time spent in military service prior to July 1948 by more than 300 million dollars. In order to avoid further overpayments, it is recommended that legislation be enacted to change the basis for appropriations so that the Government henceforth will reimburse the fund for the actual cost of military service benefits as they are paid.

With respect to the employer and employee contributions to the railroad retirement system, provision should be made for adequate long-term financing of the system on a self-supporting basis. The congressional committees concerned reported they would take action, and the need for a sounder financial basis was pointed out in the statement issued last summer when new legislation raising benefits was signed.

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SOCIAL INSURANCE AND RETIREMENT TRUST FUNDS

(Based on existing legislation)

[Fiscal years. In millions]

Fund	1956 actual	1957 estimate	1958 estimate
Federal old-age and survivors insurance trust fund:			
Balance in fund at start of year.....	\$21, 141	\$22, 593	\$23, 437
Receipts:			
Payroll tax transferred from general receipts.....	6, 337	6, 445	6, 609
Deposits by States.....	172	305	320
Interest and other.....	495	563	576
Payments of benefits, construction and administrative expenses, and tax refunds.....	-5, 551	-6, 469	-7, 366
Net accumulation.....	+1, 452	+844	+139
Balance in fund at close of year.....	22, 593	23, 437	23, 576
Federal disability insurance trust fund:			
Balance in fund at start of year.....			327
Receipts:			
Payroll tax transferred from general receipts.....		335	326
Deposits by States.....		10	40
Interest and other.....		1	15
Payments of benefits and administrative expenses.....		-19	-313
Net accumulation.....		+327	+568
Balance in fund at close of year.....		327	895
Railroad retirement account:			
Balance in fund at start of year.....	3, 534	3, 659	3, 736
Receipts:			
Payroll tax transferred from general receipts.....	631	660	665
Interest and other.....	105	109	110
Payments of benefits and administrative expenses.....	-611	-692	-739
Net accumulation.....	+125	+77	+37
Balance in fund at close of year.....	3, 659	3, 736	3, 772
Federal employees' retirement funds (Civil Service and Foreign Service):			
Balance in funds at start of year.....	6, 210	6, 728	7, 504
Receipts:			
Employee contributions.....	574	585	588
Interest.....	213	226	234
Government contributions and other.....	238	530	571
Payment of annuities and refunds.....	-507	-566	-598
Net accumulation.....	+518	+775	+795
Balance in funds at close of year.....	6, 728	7, 504	8, 299
Unemployment trust fund:			
Balance in fund at start of year.....	8, 454	8, 790	9, 090
Receipts:			
Deposits by States and railroad unemployment insurance...	1, 361	1, 519	1, 580
Interest.....	199	223	253
Transfer from general fund ¹	168	62	53
Payments: State and railroad withdrawals for benefits.....	-1, 393	-1, 504	-1, 534
Net accumulation (+) or withdrawal (-).....	+335	+300	+351
Balance in fund at close of year.....	8, 790	9, 090	9, 441

¹ Excess of Federal unemployment tax collections over Federal expenditures for unemployment compensation and employment service administration.

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VETERANS' BENEFITS AND SERVICES

The Nation's obligation to provide for the special needs of war veterans and their dependents is being met by a wide range of special services and benefits, which account for nearly one-fifth of all budget expenditures other than those for major national security programs. Expenditures for veterans programs will continue to increase in the fiscal year 1958, largely because of the rising number of veterans and their survivors who receive non-service-connected pensions.

Veterans programs generally have served their purpose well. However, the problems which face veterans change as economic and social conditions change and as the Government's general health and economic security programs expand in scope and adequacy.

Against this background, executive review is being made of agency comments on the comprehensive report of the President's Commission on Veterans' Pensions, headed by General of the Army Omar N. Bradley. A special message will be transmitted to the Congress outlining legislative proposals in this field. This budget includes 100 million dollars to cover the estimated cost in 1958 of these proposals.

VETERANS' SERVICES AND BENEFITS

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1958
	1956 actual	1957 estimate	1958 ¹ estimate	
Gross budget expenditures:				
Readjustment benefits:				
Education and training.....	\$767	\$791	\$758	\$758
Loan guaranty and other benefits.....	54	65	72	72
Unemployment compensation.....	68	56	38	42
Compensation and pensions:				
Present program.....	2,798	2,896	3,003	2,990
Proposed legislation.....			100	100
Hospital and medical care.....	758	768	797	803
Hospital construction.....	29	49	38	54
Insurance and servicemen's indemnities.....	121	72	67	46
Other services and administration (Veterans Administration and others).....	208	209	211	177
Total.....	4,804	4,906	5,085	5,042
Deduct applicable receipts:				
Insurance program.....	16	23	25	
Other services and administration.....	32	32	33	
Net budget expenditures.....	4,756	4,851	5,027	

¹ Compares with new obligational authority of 4,823 million dollars in 1956 and 4,890 million dollars in 1957.

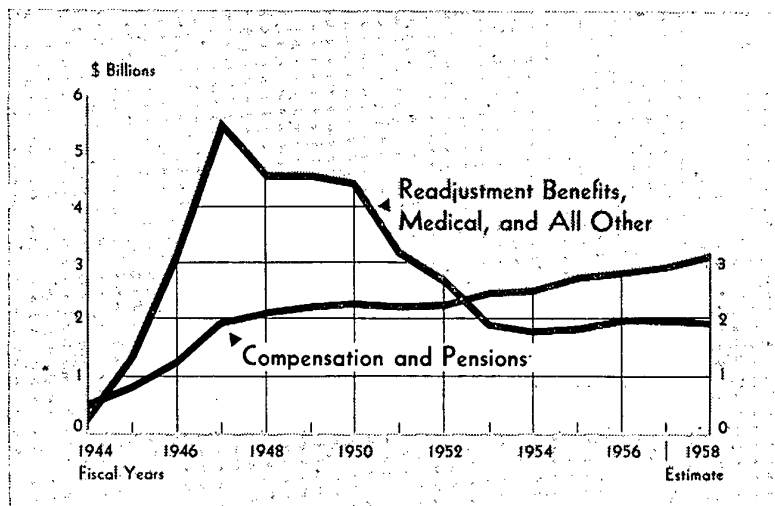
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Readjustment benefits.—The education and training program now applies principally to veterans of the Korean conflict. Average enrollment of this group is expected to reach a peak in the fiscal year 1957 and then drop about 4 percent to 569,000 in 1958. As a result, expenditures are estimated to drop by 33 million dollars in 1958, even though they include the cost of education and training for some 9,000 children under the War Orphans' Educational Assistance Act which was enacted in 1956. This latter cost is not a readjustment benefit but is financed from the same appropriation.

The Veterans Administration is expected to guarantee home, farm, and business loans to about 540,000 veterans of World War II and the Korean conflict in the fiscal year 1958. Budget expenditures of 61 million dollars are estimated to result from veterans' defaults on guaranteed loans, but a large part of these expenditures will be offset by recoveries from the sale of properties which are deposited in the Treasury as miscellaneous receipts.

Most World War II veterans have had over 10 years to use their loan guaranty benefits, which were intended to assist their adjustment from military to civilian life. As a group, they have successfully reestablished themselves in civilian pursuits with the aid of a wide range of readjustment benefits. New applications under the World War II loan program, which was extended by the last Congress to permit orderly termination, should therefore end as now scheduled in July 1958. Loan guaranty benefits for veterans of the Korean conflict will continue, under current legislation, until 1965, and mortgage insurance benefits remain available to all home buyers, including veterans, through the Federal Housing Administration.

EXPENDITURES FOR VETERANS' SERVICES AND BENEFITS

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As pointed out in the section on commerce and housing, the statutory maximum interest rate on veterans guaranteed loans should be increased to bring it more nearly into line with current market conditions. Such action is essential to encourage provision of more adequate mortgage funds from private sources for the veterans guaranty program. That section also indicates there may be need to permit liberalization of the terms of loans insured by the Federal Housing Administration when the Veterans Administration programs for World War II veterans expire.

Compensation and pensions.—Compensation benefits are paid for disabilities or deaths resulting from service; pensions are for needs not connected with service. Compensation rolls, which have been increasing since World War II, are expected to stabilize in 1958, with payments of 1.9 billion dollars to 2.1 million veterans and to 395,000 families of deceased veterans. Total compensation payments are expected to start declining slowly within a few years, as World War I and World War II veterans and dependents leave the rolls more rapidly than veterans of more recent service and their dependents become eligible.

The budget provides for pension payments in the fiscal year 1958 of over 1 billion dollars to an estimated 762,000 veterans and 488,000 families of veterans. Because many of the non-service-connected ailments accepted as establishing eligibility for pensions are normally associated with advancing age, the pension rolls will continue to grow until near the end of this century as veterans grow older and as more survivors become eligible.

Medical care and hospital construction.—Although the number of veterans receiving hospital and medical services will be about the same as in the fiscal year 1957, expenditures for hospital and medical care are expected to increase in 1958, primarily because they will include the allocable share of the Government payment to the civil service retirement fund. The budget provides for the operation of 122,500 beds in Veterans Administration hospitals. Expenditures for outpatient dental care are expected to decline in 1958.

Enactment of 54 million dollars of new authority to incur obligations is recommended to cover the replacement of 2 general hospitals, the preparation of plans for replacing a third, and the modernization of other existing facilities.

Insurance and servicemen's indemnities.—Issuance of new insurance policies to ex-servicemen without disabilities and the award of indemnities to survivors of deceased servicemen were terminated effective January 1, 1957, by the Servicemen's and Veterans' Survivor Benefits

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Act. This act provided substitute benefits in the form of new dependency and indemnity compensation benefits and of coverage in the old-age and survivors insurance system. Indemnity and insurance payments, however, will continue to be made on existing cases and to reimburse the veterans' insurance funds for claims resulting from the extra hazards of military service.

Trust funds.—The life insurance programs for veterans of the two world wars are financed through trust funds, whose operations are segregated from the regular budget transactions. About 5.2 million, or one-fourth, of the eligible veterans have retained insurance policies. Because issuance of new policies under these funds was ended in 1951, the insurance in force will continue to decline.

In the fiscal year 1957, dividend rates have been increased by approximately 12 percent, and about one-half of the total premium collections during the year will be returned to policyholders. These generous dividends have been made possible largely by the favorable mortality experience of insured veterans. The increased dividend payments will reduce the rate at which reserves are accumulated, but will not impair the soundness of the funds.

VETERANS' LIFE INSURANCE TRUST FUNDS

[Fiscal year. In millions]

Item	1956 actual	1957 estimate	1958 estimate
Balance in funds at start of year.....	\$6,587	\$6,709	\$6,777
Receipts:			
Transfers from general and special accounts.....	78	21	14
Interest on investments.....	203	205	206
Premiums and other.....	441	450	456
Total.....	722	676	676
Payments:			
Dividends to policyholders.....	212	228	250
Benefits and other.....	388	381	376
Total.....	599	608	626
Net accumulation.....	123	68	50
Balance in funds at close of year.....	6,709	6,777	6,827

INTEREST

Interest payments are estimated to rise to 7.4 billion dollars in the fiscal year 1958. These payments, almost entirely for interest on the public debt, represent 10 percent of budget expenditures.

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INTEREST

[Fiscal years. In millions]

Item	Budget expenditures			1958 new obligational authority
	1956 actual	1957 estimate	1958 estimate	
Interest on public debt.....	\$6,787	\$7,200	\$7,300	\$7,300
Interest on refunds of receipts.....	54	54	54	54
Interest on uninvested funds.....	6	6	6	6
Total.....	6,846	7,260	7,360	7,360

The public debt was reduced in the fiscal year 1956 and further modest reductions are planned for 1957 and 1958. By repaying debt, the Federal Government is enlarging the supply of funds available for private financing of other activities. However, the heavy demand for private capital funds and for State and local government financing which accompanies the present record prosperity has increased the interest rates which the Treasury has to pay on securities issued to refinance the large volume of obligations maturing each year. As a result, the average rate the Treasury pays on the outstanding interest-bearing public debt has risen in the past 12 months from 2.49 percent to 2.67 percent.

Substantial reductions in interest rates cannot be expected until there is a better balance between the present pressure of heavy credit demands and the supply of savings.

GENERAL GOVERNMENT

About 2 percent of budget expenditures will be required for general government, mainly for law enforcement and for central management costs which under present accounting practices are not allocated to other major Government functions. The estimated expenditures of 1.5 billion dollars for this category in 1958 are 419 million dollars below 1957 expenditures because of a reallocation of costs. Starting in 1958, each Government program will bear its share of the Government's payment to the civil service retirement fund, and individual appropriations throughout this budget include amounts for this purpose. The payment was previously made from a single appropriation to the Civil Service Commission.

The Commission on Intergovernmental Relations recommended, as a matter of equity, that the Federal Government make payments in lieu of taxes to local governments in those areas where recent Federal acquisition of industrial and commercial type properties has created undue fiscal difficulties. Legislation containing this principle was introduced in the last session of the Congress and is again recommended.

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GENERAL GOVERNMENT

[Fiscal years. In millions]

Program or agency	Budget expenditures ¹			Recommended new obligational authority for 1958
	1956 actual	1957 estimate	1958 estimate	
Legislative functions.....	\$77	\$95	\$107	\$80
Judicial functions.....	38	41	45	45
Executive direction.....	12	13	18	18
Federal financial management:				
Tax collection.....	304	305	331	332
Customs collection, debt management, and other.....	171	173	189	187
General property and records management:				
General Services Administration.....	164	245	303	317
Central Intelligence Agency building.....	(?)	4	4	-----
Central personnel management and employment costs:				
Civil Service Commission:				
Payments for employee retirement.....	235	527	2	2
Other.....	18	18	20	20
Labor Department:				
Unemployment compensation for Federal employees.....	30	29	29	32
Accident compensation for Federal employees.....	51	52	53	53
Civilian weather services.....	34	39	40	41
Protective services and alien control:				
Federal Bureau of Investigation.....	97	97	101	101
Immigration and Naturalization Service.....	49	47	50	50
Other.....	42	41	45	45
District of Columbia and territories and possessions:				
District of Columbia.....	22	27	43	42
Other (including proposed legislation).....	47	51	60	62
Other general government:				
Claims and relief acts.....	230	60	9	7
Other.....	8	6	4	4
Total.....	1,629	1,870	1,451	* 1,438

¹ After deducting applicable receipts of 4 million dollars in 1956 and 3 million dollars in 1957 and 1958, mainly for Virgin Islands Corporation.

² Less than one-half million dollars.

³ Compares with new obligational authority of 1,595 million dollars in 1956 and 1,851 million dollars in 1957.

General property management.—As part of the continuing endeavor to increase efficiency of Government services and to better the working conditions of Federal employees, additional improvements of Government buildings are planned. An important improvement will be the air conditioning of buildings in areas where temperature and humidity interfere unduly with efficient operations. Because of continuing deterioration in many Government buildings in recent years, more renovation and repairs have also become necessary. Additional space will be needed to avoid overcrowding in certain agencies.

Central personnel management and employment costs.—The Civil Service Retirement Act Amendments of 1956 require that in the fiscal year 1958 all agencies of the Government begin to pay to the retirement trust fund amounts equal to the contributions of their

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employees. Total agency payments are estimated at 566 million dollars in 1958. Additional expenditures of 2 million dollars will be made by the Civil Service Commission for payments to annuitants under special statutes.

The Department of Labor will transfer more of the processing of accident compensation claims for Federal employees to regional offices in 1958 in order to bring administration closer to employees and to speed up payment. Legislation should be enacted to provide for each employing agency to bear its share of the cost of these benefits and to encourage still further precautionary safety measures by the agencies.

Substantial increases in benefits for civilian employees of the Government have been adopted in the last two Congresses, and the costs are generally reflected in budget requests for the employing agencies. One of these new benefits, unemployment compensation for separated civilian employees, is financed by an appropriation to the Department of Labor. An increase is recommended in this appropriation in 1958 to provide the amount estimated to be needed because of higher average benefit rates, which are based on State statutes.

Legislation is recommended to establish a system of voluntary health and medical insurance for civilian employees and their dependents. Legislation is also recommended to authorize the training of Government employees outside as well as within the employing agency.

District of Columbia and territories and possessions.—Appropriations are recommended for the full amount of the increased Federal payment to the District of Columbia authorized by the last session of the Congress. Federal expenditures for the District are estimated to rise to 43 million dollars in the fiscal year 1958, including 17 million dollars in loans for construction of public works under the long-term program authorized in 1954.

Legislation will be proposed again to carry out the treaty and agreement made in 1955 with the Republic of Panama. The Canal Zone Government will replace schools and other facilities transferred to the Republic under the treaty, and the Panama Canal Company will replace employee quarters and other facilities in the Canal Zone.

Claims and relief acts.—Payments for miscellaneous claims and relief acts are estimated at 9 million dollars in the fiscal year 1958, compared to 60 million dollars in 1957 and 230 million dollars in 1956. Most of the decrease in this item results from legislation enacted last year, under which each agency now pays bills presented after the appropriation involved has lapsed. Such bills were previously paid out of a single Treasury Department account.

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CONCLUSION

This concludes the analysis of the 1958 budget. The budget document itself contains a great deal of additional budgetary information. In part I of the budget document there are seven tables presenting summary data on budget receipts, expenditures, public debt, new obligational authority, and balances. Detailed information, estimates, and schedules for each agency and each appropriation, including statements of program and performance, appear in part II. Part III of the budget document contains both summary tables and detailed appropriation and agency information for trust funds. Part IV consists of 12 "special analyses" which present additional details, classifications, and historical data.