

Text of President Roosevelt's Budget Message to Congress

WASHINGTON, Jan. 8 (U. P.).—The text of President Roosevelt's budget message:

To the Congress of the United States:

The budget of the United States Government for the fiscal year ending June 30, 1942, which I transmit herewith, is a reflection of a world at war.

Carrying out the mandate of the people, the Government has embarked on a program for the total defense of our democracy.

This means warships, freighters, tanks, planes and guns to protect us against aggression; and jobs, health and security to strengthen the bulwarks of democracy. Our problem in the coming year is to combine these two objectives so as to protect our democracy against external pressure and internal slackness.

The threatening world situation forces us to build up land, sea and air forces able to meet and master any contingency. It is dangerous to prepare for a little defense. It is safe only to prepare for total defense.

Total defense means more than weapons. It means an industrial capacity stepped up to produce all the material for defense with the greatest possible speed. It means people of health and stamina, conscious of their democratic rights and responsibilities. It means an economic and social system functioning smoothly and geared to high-speed performance.

The defense budget, therefore, must go beyond the needs of the Army and Navy.

It is not enough to defend our national existence. Democracy as a way of life is equally at stake. The ability of the democracies to employ their full resources of manpower and skill and plant has been challenged. We meet this challenge by maximum utilization of plant and manpower and by maintaining governmental services, social security and aid to those suffering through no fault of their own.

Only by maintaining all of these activities can we claim the effective use of resources which our democratic system is expected to yield, and thus justify the expenditures required for its defense.

The National Program

In this budget I am presenting a program for 1942, carefully worked out to combine these objectives. This program, including defense and non-defense activities, will cost about \$17,500,000,000. For the same period we expect the largest national income for the nation as a whole and also the largest tax receipts.

In addition to, but essentially and rightly as a complement to this program, the time has come for immediate consideration of the continuation of the flow of vital necessities to those nations which are defending themselves against attack and against the imposition of new forms of government upon them.

Such a complementary program would call for appropriations and contract authorizations over and above this budget. The sum of all these defense efforts should be geared to the productive capacity of this nation expanded to literally its utmost efforts.

The Defense Program and Defense Expenditures

Sixty-two per cent of the expenditures proposed in this budget are for national defense. No one can predict the ultimate cost of a program that is still in development, for no one can define the future. When we recall the staggering changes in the world situation in the last six months, we realize how tentative all present estimates must be.

These expenditures must be seen as a part of a defense program stretching over several years. On the basis of the appropriations and authorizations enacted for national defense from June, 1940, up to the present time, plus the recommendations for supplementary appropriations and authorizations for 1941 and the recommendations contained in this budget for 1942, we have a program of 28 billion dollars.

This is a vast sum, difficult to visualize in terms of work actually to be done. If we can prove that we are able to organize and execute such a gigantic program in a democratic way, we shall have made a positive contribution in a world in which the workability of democracy is challenged.

This defense program is summarized below:

Appropriations, Authorizations and Recommendations, June, 1940, 1941, 1942, in Millions of Dollars:

Army \$12,744
Navy 11,287
Expansion of Industrial Plant 24,589
Other Defense Activities 24,589
Total \$23,489

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VICKS VAPORUB

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30 years ago a Buffalo druggist created an ointment for relief from the itching and smarting of Piles. It brought such quick cooling, soothing, astringent relief that its fame spread throughout the country, and made Peterson's Ointment a favorite in thousands of homes. Ask your druggist for a 35c box of Peterson's Ointment today, or 60c tube with applicator. Money back if you are not delighted with the relief.

If You

Get Up Nights

How Are

Your Kidneys?

Most people never think of their kidneys although these vital organs contain about 1 million tiny tubes and work night and day cleaning and filtering excess acids, poisons and waste from the blood. Because they never get a rest it's easy to see that you grow older the kidneys may get tired and slow down. These excess acids and wastes may accumulate and poison your system because of functional rather than organic or systemic kidney and bladder trouble. So if you have to get up at night, suffer from burning, scanty or frequent urination, backaches and groin pains, due to non-organic and non-systemic kidney or bladder weakness, you'll make no mistake in trying the prescription called DENTUR-EZE. One million packages of DENTUR-EZE have been sold in 10 countries and have given joyous, happy relief to so many thousands of people that it is now sold under a positive guarantee of money back or refund of package unless completely satisfactory to you. DENTUR-EZE costs only 50c a package and the guarantee protects you.

DENTUR-EZE

Hoek's Dependable Drug Stores.

THE INDIANAPOLIS TIMES

WEDNESDAY, JAN. 8, 1941

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AMERICA'S NEWEST TRAVEL THRILL!

TAKE THE STREAMLINED PENNSYLVANIA TURNPIKE

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HOURS SAVED

NO LOCAL STOPS

NO EXTRA FARE

Start the New Year with a new travel thrill! Ride the streamlined Super-Highway in a streamlined Super-Coach. You'll save money—you'll save time—and you'll be one of the first to see Pennsylvania's great modern turnpike.

To New York... One Way \$11.50 Round Trip \$20.70

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Lv. Indpls. 7:30 A.M. 9:30 A.M. 2:15 P.M. 11:00 P.M.

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Traction Terminal Station—
Phone: RI 6381
Corner Market and Illinois Streets
Indianapolis, Indiana
Crossroads of Bus Travel

GREYHOUND LINES

The Army funds provide for the training and maintenance of a force of men increasing from 100,000 in 1940 to 1,400,000 in 1942, equipped with the most modern devices of motorized and mechanical warfare.

The Navy estimates continue the construction of our fleet, and contemplate the doubling of naval personnel. There is provision for a great increase in the number of Army and Navy planes and for training pilots, technicians and ground crews.

Behind the lines a whole new defense industry is being built with the financial support of the Federal Government. One hundred and twenty-five new plants are under construction, and many more are planned.

In submitting these recommendations, I have not covered the full requirements of the civilian training program. At present, surveys are underway which will provide a basis for estimating the amount of funds needed for the extension of this essential defense activity in the current fiscal year over a million men and women are included in the training program.

Behind the lines a whole new defense industry is being built with the financial support of the Federal Government. One hundred and twenty-five new plants are under construction, and many more are planned.

Expenditures under the defense program during the last six months amount to 7150 million dollars. This is two and one-half times the amount spent for national defense in the same period of the fiscal year 1940.

However, these expenditures underestimate the progress already made. In six months, contracts and orders for 10 billion dollars have been placed. This means that in addition to present defense production, large and small, are getting ready rapidly to increase production. Once these preparations have been completed actual deliveries and expenditures will be greatly accelerated.

I expect actual expenditures to be stepped up to four and three-quarter billion dollars in the six months ending June, 1941, and to almost 11 billion in the fiscal year 1942. We actually expended more than 25 billion dollars for defense within a 3-year period. This can be accomplished, but only if management, labor and consumers co-operate to the utmost.

Non-Defense Expenditures

The increased military expenditures permit a substantial reduction in non-defense expenditures, particularly for those activities which are made less necessary by improved economic conditions. Obligations for interest, pensions and insurance benefits are fixed.

Almost as fixed are the appropriations for which the Congress has already made legislative commitments—security grants to the states, Federal aid for highways, the 30 per cent of tariff revenue set aside for reducing agricultural surpluses, and similar items.

Together, these fixed items make up nearly half of the non-defense expenditures of the Government for the fiscal year 1942. For the items subject to administrative rather than legislative action I have been able to reduce expenditures by 600 million dollars or 15 per cent. This reduction in the relation to total expenditures are shown below:

Expenditures in Millions of Dollars

Defense Program \$12,744
Fixed Commitments 11,287
Other Activities 24,589
Total \$28,620

ESTIMATES OF EXPENDITURES AND REVENUE

THE defense program dominates not only the expenditure side of the budget, but influences also the expected revenue. Economic activities and national income are rising to record heights. From a higher national income a greater revenue will flow, although in the case of most taxes there is, of course, a time lag. The revenue for the year 1941 will reflect some of the increase in defense activities; the revenue for the fiscal year 1942 will

be affected to a larger extent; but the full impact will not be felt before the fiscal year 1943.

The revenue for the fiscal year 1942 is expected to be 9 billion dollars. It will exceed the revenue collected in the fiscal year 1940—the last year before the start of the present defense program—by 3 billion dollars. One-half of this increase will come from the defense taxes already enacted by the Congress, the other half from the increase in national income.

The revenue expected for 1942 will be 1.6 billion dollars larger than the total of all non-defense expenditures. This 1.6 billion is greater than the annual expenditure on defense before the present program started, but less than will be necessary for maintaining the Army and Navy at the new level.

Estimates of receipts for 1942 and 1941 are set forth below:

Receipts in Millions of Dollars

Progressive taxes on individuals and estates \$1979
Profit and capital taxes on corporations 2839
Customs, excise, stamp, and miscellaneous taxes 2756
Employment taxes for Federal old-age and survivors insurance 725
Other employment taxes 243
Miscellaneous receipts (including back income taxes) 429
Total receipts (excluding returns from Government corporations) 8971
Deduct net appropriation for Federal old-age and survivors insurance trust fund 695
Net receipts (excluding returns from Government corporations) 8275
(X-Plus)

Under present tax laws, deficits of 6.2 billion dollars in 1941 and 9.2 billion dollars in 1942 may be expected. The calculations follow:

Estimated in Millions of Dollars

Expenditures \$17,485
Receipts 8275
Excess of expenditures over receipts 9210
Less return of surplus funds from Government corporations 700
Deficit 9910

In presenting the above calculations, I am assuming that the Congress will accept the recommendation of the Secretary of the Treasury that the earmarking of taxes for defense purposes be repealed; and the proposal of the Postmaster General that the 3-cent rate on first-class postage be continued.

TAX POLICY.—There is no agreement on how much of such an extraordinary defense program should be financed on a pay-as-you-go basis and how much by borrowing. Only very drastic and restrictive taxation which curtails consumption would finance defense wholly on a pay-as-you-go basis. I fear that such taxation would interfere with the full use of our productive capacities. We have a choice between restrictive tax measures applied to the present national income and a higher tax yield from increased national income under a progressive tax measure. I suggest, therefore, a financial policy aimed at collecting progressive taxes out of a higher level of national income. I am opposed to a tax policy which restricts general consumption as long as unused capacity is available and as long as the labor force can be employed.

We cannot yet conceive the complete measure of extraordinary taxes which are necessary to pay off the cost of emergency defense and to aid in avoiding inflationary price rises which may occur when full capacity is approached.

However, a start should be made this year to meet a larger percentage of defense payments from current tax receipts. The additional tax measures should be based on the principle of ability to pay. Because it is the fixed policy of the Government that no citizen should

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