

May 22, 1935

[Message to Congress: Veto of Veterans Bonus]

0780

FDR Speech File

MR. SPEAKER; MEMBERS OF THE HOUSE OF REPRESENTATIVES:

Two days ago a number of gentlemen from the House of Representatives called upon me and with complete propriety presented their reasons for asking me to approve the House of Representatives Bill providing for the immediate payment of adjusted service certificates. In the same spirit of courtesy I am returning this bill today to the House of Representatives. As I told the gentlemen who waited upon me, I have never doubted the good faith lying behind the reasons which have caused them and the majority of the Congress to advocate this bill. In the same spirit I come before you dispassionately and in good faith to give you, as simply as I can the reasons which compel me to give it my disapproval.

And I am glad that the Senate by coming here in joint session gives me opportunity to give my reasons in person to the other House of the Congress.

As to the right and the propriety of the President in addressing the Congress in person, I am very certain that I have never in the past disagreed, and will never in the future disagree, with the Senate or the House of Representatives as to the constitutionality of the procedure. With your permission, I should like to continue from time

to time to act as my own messenger.

Eighteen years ago the United States engaged in the World War. A Nation of one hundred and twenty million people was united in the purpose of victory. The millions engaged in agriculture toiled to provide the raw materials and foodstuffs for our armies and for the nations with whom we were associated. Many other millions employed in industry labored to create the materials for the active conduct of the War on land and sea.

Out of this vast army consisting of the whole working population of the Nation, four and three-quarter million men volunteered or were drafted into the armed forces of the United States. One-half of them remained within our American continental limits. The other half served overseas; and of these, one million four hundred thousand saw service in actual combat.

The people and the Government of the United States have shown a proper and generous regard for the sacrifices and patriotism of all of the four and three-quarter million men who were in uniform no matter where they served.

At the outbreak of the War, the President and the Congress sought and established an entirely new policy ~~however~~ in order to guide the granting of financial aid to soldiers and sailors. Remembering the unfortunate results that came from the lack of a veterans' policy after the Civil War, they determined that a prudent and sound principle of insurance should supplant the uncertainties and unfairness of direct bounties. At the same time, their policy encompassed the most complete care for those who had suffered disabilities in service. With respect to the grants made within the lines of this general policy, the President and the Congress have fully recognized that those who served in uniform deserved certain benefits to which other citizens of the Republic were not entitled and in which they could not participate.

In line with these sound and fair principles, many benefits have been provided for veterans.

During the War itself provision was made for Government allowances for the families and other dependents of enlisted men in service. Disability and death compensation was provided for casualties in line of duty.

The original provisions for these benefits have been subsequently changed and liberalized many times by the Congress. Later, generous presumptions for veterans who became ill after the termination of the War were written into the statute to help veterans in their claims for disability. As a result of this liberal legislation for disability and for death compensation, one million one hundred and forty thousand men and women have been benefited.

During the War the Government started a system of voluntary insurance at peace-time rates for men and women in the service.

Generous provision has been made for hospitalization, vocational training and rehabilitation of veterans. You are familiar with this excellent care given to the sick and disabled.

In addition to these direct benefits, Congress has given recognition to the interest and welfare of veterans in employment matters, through veteran preference in the United States Civil Service, in the selection of employees under the Public Works Administration, through the establishment of a veterans' employment unit in the Department of Labor, and through provisions favoring veterans in the selection of those employed in the Civilian Conservation Corps. Many States have likewise given special bonuses in cash and veterans' preferences in state and local public employment.

Furthermore, unemployed veterans as a group have benefited more largely than any other group from the expenditure of the great public works appropriation of three billion three hundred million dollars made by the Congress in 1933, and under which we are still operating. In like manner the new four billion dollar Work Relief Act seeks to give employment to practically every veteran who is receiving relief.

We may measure the benefits extended from the fact that there has been expended up to the end of the last fiscal year more than \$7,800,000,000 for these items in behalf of the veterans of the World War, not including sums spent for home or work relief. With our current annual expenditures of some \$450,000,000 and the liquidation of outstanding obligations under Term insurance and the payment of the service certificates, it seems safe to predict that by the year 1945 we will have expended \$13,500,000,000. This is a sum equal to more than three-fourths of the entire cost of our participation in the World War, and ten years from now most of the veterans of that war will be barely past the half century mark.

Payments have been and are being made only to veterans of the World War and their dependents, and not to civilian workers who helped to win that War.

In the light of our established principles and policies let us consider the case of adjusted compensation. Soon after the close of the War a claim was made by several veterans' organizations that they should be paid some adjusted compensation for their time in uniform. After a complete and fair presentation of the whole subject, followed by full debate in the Congress of the United States, a settlement was reached in 1924.

This settlement provided for adjustment in compensation during service, by an additional allowance per day for actual service rendered. Because cash payment was not to be made immediately, this basic allowance was increased by 25% and to this was added ~~the~~ compound interest for twenty years, the whole to be paid in 1945. The result of this computation was that an amount two and one-half times the original grant would be paid at maturity.

Taking the average case as an example, the Government acknowledged a claim of \$400 to be due. This \$400, under the provisions of the settlement, with the addition of the 25% for deferred payment and the compound interest from that time until 1945, would amount to the sum of \$1000 in 1945. The veteran was thereupon given a Certificate containing an agreement by the Government to pay him this \$1000 in 1945

or to pay it to his family if he died at any time before 1945. In effect, it was a paid-up endowment policy, in the average case, for \$1000 payable in 1945, or sooner in the event of death. Under the provisions of this settlement, the total obligation of \$1,400,000,000 in 1924 produced a maturity or face value of \$3,500,000,000 in 1945.

Since 1924, the only major change in the original settlement was the Act of 1931 under which veterans were authorized to borrow up to fifty per cent of the face value of their certificates, as of 1945. Three million veterans have already borrowed under this provision an amount which, with interest charges, totals \$1,700,000,000.

The bill before me provides for the immediate payment of the 1945 value of the certificates. It means paying \$1,600,000,000 more than the present value of the certificates. It requires an expenditure of more than \$3,200,000,000 in cash for this purpose. It directs payment to the veterans of a much larger sum than was contemplated in the 1924 settlement. It is nothing less than a complete abandonment of that settlement. It is a new straight gratuity or bounty to the amount of \$1,600,000,000. It destroys the insurance protection for the dependents of the veterans provided in the original plan. For the remaining period of ten years they will have lost this insurance.

This proposal, I submit, violates the entire principle of veterans' benefits so carefully formulated at the time of the war and also the entire principle of the adjusted certificate settlement of 1924.

What are the reasons presented in this bill for this fundamental change in policy? They are set forth with care in a number of "whereas" clauses at the beginning of the bill.

The first of these states as reasons for the cash payment of these certificates at this time: that it will increase the purchasing power of millions of the consuming public; that it will provide relief for many who are in need because of economic conditions; and that it will lighten the relief burden of cities, counties and states. The second states that payment will not create any additional debt. The third states that payment now will be an effective method of spending money to hasten recovery.

These are the enacted reasons for the passage of this bill. Let me briefly analyze them.

First, the spending of this sum, it cannot be denied, would result in some expansion of retail trade. But it must be noted that retail trade has already expanded to a condition that compares favorably with conditions before the depression. However, to resort to the kind of financial practice provided in this bill would not improve the

conditions necessary to expand those industries in which we have the greatest unemployment. The Treasury notes issued under the terms of this bill, we know from past experience, would return quickly to the banks. We know, too, that the banks have at this moment more than ample credit with which to expand the activities of business and industry generally. The ultimate effect of this bill will not in the long run justify the expectations that have been raised by those who argue for it.

The next reason in the first "whereas" clause is that present payment will provide relief for many who are in need because of economic conditions. The Congress has just passed an Act to provide work relief for such citizens. Some veterans are on the relief rolls, though relatively not nearly as many as is the case with non-veterans. Assume, however, that such a veteran served in the United States or overseas during the War; that he came through in fine physical shape, as most of them did; that he received an honorable discharge; that he is today thirty-eight years old and in full possession of his faculties and health; that like several million other Americans he is receiving from his Government relief and assistance in one of many forms --

I hold that that able-bodied citizen, ~~who wore a uniform and~~
~~has no other reason~~ should be accorded no treatment different from
that accorded to other citizens who did not wear a uniform during the
World War.

The third reason given in the first "whereas" clause is
that payment today would lighten the relief burden of municipalities.
Why, I ask, should the Congress lift that burden in respect only to
those who wore the uniform? Is it not better to treat every able-bodied
American alike and to carry out the great relief program adopted by
this Congress in a spirit of equality to all? This applies to every
other unit of Government throughout the nation.

The second "whereas" clause, which states that the payment
of certificates will not create an additional debt, raises a fundamental
question of sound finance. To meet a claim of one group by this
deceptively easy method of payment will raise similar demands for the
payment of claims of other groups. It is easy to see the ultimate
result of meeting recurring demands by the issuance of Treasury notes.
It invites an ultimate reckoning in uncontrollable prices and in the
destruction of the value of savings, that will strike most cruelly those
like the veterans who seem to be temporarily benefited. The first person

injured by sky-rocketing prices is the man on a fixed income. Every disabled veteran on pension or allowance is on fixed income. This bill favors the able-bodied veteran at the expense of the disabled veteran.

Wealth is not created, nor is it more equitably distributed by this method. A Government, like an individual, must ultimately meet legitimate obligations out of the production of wealth by the labor of human beings applied to the resources of nature. Every country that has attempted the form of meeting its obligations, which is here provided, has suffered disastrous consequences.

In the majority of cases printing press money has not been retired through taxation. Because of increased costs, caused by inflated prices, new issue has followed new issue, ending in the ultimate wiping out of the currency of the afflicted country. In a few cases, like our own in the period of the Civil War, the printing of Treasury notes to cover an emergency has fortunately not resulted in actual disaster and collapse but has nevertheless caused this Nation untold troubles, economic and political, for a whole generation.

The statement in this same second "whereas" clause that payment will discharge and retire an acknowledged contract obligation

of the Government is, I regret to say, not in accordance with the fact. It wholly omits and disregards the fact that this contract obligation is due in 1945 and not today.

If I, as an individual, owe you, an individual member of the Congress, one thousand dollars payable in 1945, it is not a correct statement for you to tell me that I owe you one thousand dollars today. As a matter of practical fact, if I put \$750 into a Government savings bond today and make that bond out in your name you will get one thousand dollars on the due date, ten years from now. My debt to you today, therefore, can not under the remotest possibility be considered more than \$750.

The final "whereas" clause, stating that spending the money is the most effective means of hastening recovery is so ill considered that little comment is necessary. Every authorization of expenditure by the Seventy-Third Congress in its session of 1933 and 1934, and every appropriation by the Seventy-Fourth Congress to date, for recovery purposes, has been predicated not on the mere spending of money to hasten recovery, but on the sounder principle of preventing the loss of homes and farms, of saving industry from bankruptcy, of safeguarding bank deposits, and most important of all - of giving relief and jobs through public work to individuals and families faced with starvation.

These greater and broader concerns of the American people have a prior claim for our consideration at this time. They have the right of way.

There is before this Congress legislation providing old age benefits and a greater measure of security for all workers against the hazards of unemployment. We are also meeting the pressing necessities of those who are now unemployed and in need of immediate relief. In all of this every veteran shares.

To argue for this bill as a relief measure is to indulge in the fallacy that the welfare of the country can be generally served by extending relief on some basis other than actual deserving need.

The core of the question is that a man who is sick or under some other special disability because he was a soldier should certainly be assisted as such. But if a man is suffering from economic need because of the depression, even though he is a veteran, he must be placed on a par with all of the other victims of the depression. The veteran who is disabled owes his condition to the War. The healthy veteran who is unemployed owes his troubles to the depression. Each presents a separate and different problem. Any attempt to mingle the two problems is to confuse our efforts.

Even the veteran who is on relief will benefit only temporarily by this measure, because the payment of this sum to him will remove him from the group entitled to relief if the ordinary rules of relief agencies are followed. For him this measure would give but it would also take

away. In the end he would be the loser.

The veteran who suffers from this depression can best be aided by the rehabilitation of the country as a whole. His country with honor and gratitude returned him at the end of the War to the citizenry from which he came. He became once more a member of the great civilian population. His interests became identified with its fortunes and also with its misfortunes.

Some years ago it was well said by the distinguished Senior Senator from Idaho that "The soldier of this country cannot be aided except as the country itself is rehabilitated. The soldier cannot come back except as the people as a whole come back. The soldier cannot prosper unless the people prosper. He has now gone back and intermingled and become a part of the citizenship of the country; he is wrapped up in its welfare or in its adversity. The handing out to him of a few dollars will not benefit him under such circumstances, whereas it will greatly injure the prospects of the country and the restoration of normal conditions."

It is generally conceded that the settlement by adjusted compensation certificates made in 1924 was fair, and it was accepted as fair by the overwhelming majority of World War veterans themselves.

I have much sympathy for the argument that some who remained at home in civilian employ enjoyed special privilege and unwarranted

remuneration. That is true -- bitterly true -- but a recurrence of that type of war profiteering can and must be prevented in any future war.

I invite the Congress and the veterans with the great masses of the American population to join with me in progressive efforts to root a recurrence of such injustice out of American life. But we should not destroy privilege and create new privilege at the same time. Two wrongs do not make a right.

The Herculean task of the United States Government today is to take care that its citizens have the necessities of life. We are seeking honestly and honorably to do this, irrespective of class or group. Rightly, we give preferential treatment to those men who were wounded, disabled, or who became ill as a result of war service. Rightly, we give care to those who subsequently have become ill. The others - and they represent the great majority - are today in the prime of life, are today in full bodily vigor. They are American citizens who should be accorded equal privileges and equal rights to enjoy life, liberty and the pursuit of happiness -- no less and no more.

It is important to make one more point. In accordance with the mandate of the Congress, our budget has been set. The public has accepted it. On that basis this Congress has made and is making its

appropriations. That budget asked for appropriations in excess of receipts to the extent of four billions of dollars. The whole of that deficit was to be applied for work relief for the unemployed. That was a single minded, definite purpose. Every unemployed veteran on the relief rolls was included in that proposed deficit -- he will be taken care of out of it.

I cannot in honesty assert to you that to increase that deficit this year by two billion, two hundred million dollars will in itself bankrupt the United States. Today the credit of the United States is safe. But it cannot ultimately be safe if we engage in a policy of yielding to each and all of the groups that are able to enforce upon the Congress claims for special consideration. To do so is to abandon the principle of Government by and for the American people and to put in its place Government by and for political coercion by minorities. We can afford all that we need; but we cannot afford all that we want.

I do not need to be a prophet to assert that if these certificates, due in 1945, are paid in full today, every candidate for election to the Senate or to the House of Representatives will in the near future be called upon in the name of patriotism to

support general pension legislation for all veterans, regardless of need or age.

Finally, I invite your attention to the fact that solely from the point of view of the good credit of the United States, the complete failure of the Congress to provide additional taxes for an additional expenditure of this magnitude would in itself, and by itself alone, warrant disapproval of this measure.

I well know the disappointment that the performance of my duty in this matter will occasion to many thousand of my fellow citizens. I well realize that some who favor this bill are moved by a true desire to benefit the veterans of the World War and to contribute to the welfare of the nation. These citizens will, however, realize that I bear an obligation as President and as Commander-in-Chief of the Army and Navy, which extends to all groups, to all citizens, to the present and to the future. I cannot be true to the office I hold if I do not weigh the claims of all in the scales of equity. I cannot swerve from this moral obligation.

I am thinking of those who served their country in the Army and in the Navy during the period which convulsed the entire civilized world. I saw their service at first-hand at home and

overseas. I am thinking of those millions of men and women who increased crops, who made munitions, who ran our railroads, who worked in the mines, who loaded our ships during the War period.

I am thinking of those who died in the cause of America here and abroad, in uniform and out; I am thinking of the widows and orphans of all of them; I am thinking of five millions of Americans who, with their families, are today in dire need, supported in whole or in part by Federal, State and local governments who have decreed that they shall not starve. I am thinking not only of the past, not only of today, but of the years to come. In this future of ours it is of first importance that we yield not to the sympathy which we would extend to a single group or class by special legislation for that group or class, but that we should extend assistance to all groups and all classes who in an emergency need the helping hand of their Government.

I believe the welfare of the Nation, as well as the future welfare of the veterans, wholly justifies my disapproval of this measure.

Therefore, Mr. Speaker, I return, without my approval, House of Representatives Bill No. 3896, providing for the immediate payment to veterans of the 1945 face value of their adjusted service certificates.

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THE PRESIDENT'S VETO MESSAGE TO CONGRESS
WITH RESPECT TO THE BILL PROVIDING FOR THE
PAYMENT OF ADJUSTED SERVICE CERTIFICATES
READ BY THE PRESIDENT
May 22, 1935

Mr. Speaker, Members of the House of Representatives:

Two days ago a number of gentlemen from the House of Representatives called upon me and with complete propriety presented their reasons for asking me to approve the House of Representatives Bill providing for the immediate payment of adjusted service certificates. In the same spirit of courtesy I am returning this bill today to the House of Representatives. As I told the gentlemen who waited upon me, I have never doubted the good faith lying behind the reasons which have caused them and the majority of the Congress to advocate this bill. In the same spirit I come before you dispassionately and in good faith to give you, as simply as I can, the reasons which compel me to give it my disapproval.

Under the Constitution, I address this message to the House of Representatives but, at the same time, I am glad that the Senate by coming here in joint session

This is a transcript made by the White House stenographer from his shorthand notes taken at the time the speech was made. Underlining indicates words extemporaneously added to the previously prepared reading copy text. Words in parentheses are words that were omitted when the speech was delivered, though they appear in the previously prepared reading copy text.

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gives me opportunity to give my reasons in person to the other House of the Congress.

As to the right and the propriety of the President in addressing the Congress in person, I am very certain that I have never in the past disagreed, and will never in the future disagree, with the Senate or the House of Representatives as to the constitutionality of the procedure. With your permission, I should like to continue from time to time to act as my own messenger. (Applause)

Eighteen years ago the United States engaged in the World War. A Nation of one hundred and twenty million people was united in the purpose of victory. The millions engaged in agriculture toiled to provide the raw materials and foodstuffs for our armies and for the nations with whom we were associated. Many other millions employed in industry labored to create the materials for the active conduct of the War on land and sea.

Out of this vast army consisting of the whole working population of the Nation, four and three-quarter million men volunteered or were drafted into the armed forces of the United States. One-half of them remained within our American continental limits. The other half

served over-seas; and of these, one million four hundred thousand saw service in actual combat.

The people and the Government of the United States have shown a proper and generous regard for the sacrifices and patriotism of all of the four and three-quarter million men who were in uniform, no matter where they served.

At the outbreak of the War, the President and the Congress sought and established an entirely new policy (however) in order to guide the granting of financial aid to soldiers and sailors. Remembering the unfortunate results that came from the lack of a veterans' policy after the Civil War, they determined that a prudent and sound principle of insurance should supplant the uncertainties and the unfairness of direct bounties. At the same time, their policy encompassed the most complete care for those who had suffered disabilities in service. With respect to the grants made within the lines of this general policy, the President and the Congress have fully recognized that those who served in uniform deserved certain benefits to which other citizens of the Republic were not entitled, and in which they could not participate.

In line with these sound and fair principles, as we know, many benefits have been provided for veterans.

During the War itself provision was made for government allowances for the families and other dependents of enlisted men in service. Death and disability compensation was provided for casualties in line of duty.

The original provisions for these benefits have been subsequently changed and liberalized many times by the Congress. Later generous presumptions for veterans who became ill after the termination of the War were written into the statute to help veterans in their claims for disability. As a result of this liberal legislation for disability and for death compensation, one million one hundred and forty thousand men and women have been benefited.

During the War the Government started a system of voluntary insurance at peace-time rates for men and women in the service.

Generous provision (has been) was made for hospitalization, for vocational training (and), for rehabilitation of veterans. You are familiar with this excellent care given to the sick and disabled.

In addition to these direct benefits, Congress has given recognition to the interest and welfare of veterans in employment matters, through veteran preference in the United States Civil Service, in the selection of employees under the Public Works Administration, through the establishment of a veterans' employment unit in the Department of Labor, and through provisions favoring veterans in the selection of those employed in the Civilian Conservation Corps. Many States have likewise given special bonuses in cash and veterans' preferences in state and local public employment.

Furthermore, unemployed veterans as a group have benefited more largely than any other group from the expenditure of the great public works appropriation of three billion three hundred million dollars made by the Congress in 1933, and under which we are still operating. In like manner the new four billion dollar Work Relief Act seeks to give employment to practically every veteran who is receiving relief.

We may measure the benefits extended from the fact that there has been expended up the end of the last fiscal year more than \$7,800,000,000 for these items in

behalf of the veterans of the World War, not including sums spent for home or work relief. With our current annual expenditures of some \$450,000,000 and the liquidation of outstanding obligations under Term Insurance and the payment of service certificates, it seems safe to predict that by the year 1945 we will have expended \$13,500,000,000. This is a sum equal to more than three-fourths of the entire cost of our participation in the World War, and ten years from now most of the veterans of that war will be barely past the half century mark.

Payments have been and are being made only to veterans of the World War and their dependents, and not to civilian workers who helped to win that War.

In the light of our established principles and policies let us consider the case of adjusted compensation. Soon after the close of the War a claim was made by several veterans' organizations that they should be paid some adjusted compensation for (their time) the time they had spent in uniform. After a complete and fair presentation of the whole subject, followed by full debate in the Congress of the United States, a settlement was reached in 1924.

This settlement provided for adjustment in compensation during service by an additional allowance per day for actual service rendered. Because cash payment was not (to be) made immediately, this basic allowance was increased by 25% and to this was added (at) compound interest for twenty years, the whole to be paid in 1945. The result of this computation was that an amount two and one-half times the original grant would be paid at maturity.

Taking the average case as an example, the Government acknowledged a claim of \$400 to be due. This \$400, under the provisions of the settlement, with the addition of the 25% for deferred payment and the compound interest from that time until 1945, would amount to the sum of \$1,000 in 1945. The veteran was thereupon given a Certificate containing an agreement (by) with the Government to pay him this \$1,000 in 1945 or to pay it to his family if he died at any time before (1945) that date. In effect, it was a paid-up endowment policy in the average case for \$1,000 payable in 1945, or sooner in the event of death. Under the provisions of this settlement, the total obligation of \$1,400,000,000 in 1924

produced a maturity or face value of \$3,500,000,000 in 1945.

Since 1924, the only major change in the original settlement was the Act of 1931 under which veterans were authorized to borrow up to fifty per cent of the face value of their certificates, the face value as of 1945. Three million veterans have already borrowed under this provision an amount which, with interest charges, totals \$1,700,000,000.

(The) This bill before me provides for the immediate payment of the 1945 value of the certificates. It means paying \$1,600,000,000 more than the present value of the certificates. It requires an expenditure of more than \$2,200,000,000 in cash at once for this purpose. It directs payment to the veterans of a much larger sum than was contemplated in the 1924 settlement. It is nothing less than a complete abandonment of that settlement. It is a new straight gratuity or bounty to the amount of \$1,600,000,000. It destroys the insurance protection for the dependents of the veterans as was provided in the original plan. For the remaining period of ten years they will have lost this insurance.

This proposal, I submit, violates the entire principle of veterans' benefits so carefully formulated at the time of the War and also the entire principle of the adjusted (certificate) service settlement of 1924.

What are the reasons presented in this bill for cash payment, for this fundamental change in policy? They are set forth with care in a number of "whereas" clauses at the beginning of the bill.

The first of these "whereas" clauses states as reasons for the cash payment of these certificates at this time: that it will increase the purchasing power of millions of the consuming public; that it will provide relief for many who are in need because of economic conditions; and that it will lighten the relief burden of cities, counties and states. The second "whereas" clause states that payment will not create any additional debt. The third "whereas" clause states that payment now will be an effective method of spending money to hasten recovery.

These are the enacted reasons for the passage of this bill. Let me briefly analyze them.

First, the spending of this sum, it cannot be denied, would result in some expansion, especially, of

retail trade. But it must be noted that retail trade has already expanded to a condition that compares favorably with conditions before the depression. However, to resort to the kind of financial practice provided in this bill would not improve the conditions necessary to expand those industries in which we have the greatest unemployment. The Treasury notes issued under the terms of this bill we know from past experience would return quickly to the banks. We know, too, that the banks have at this moment more than ample credit with which to expand the activities of business and industry generally. The ultimate effect of this bill will not in the long run justify the expectations that have been raised by those who argue for it.

The next reason in the first "whereas" clause is that present payment will provide relief for many who are in dire need because of economic conditions. The Congress at this session has just passed an Act to provide work relief for such citizens. Some veterans are on the relief rolls, though relatively not nearly as many as in the case (with) of non-veterans. Assume, however, that such a veteran on the relief rolls served in

the United States or overseas during the War; that he came through in fine physical shape as most of them did; that he received an honorable discharge; that he is today thirty-eight years old and in full possession of his faculties and health; and that like several million other Americans he is receiving from his Government relief and assistance in one of many forms -- I hold that that able-bodied citizen (, because he wore a uniform and for no other reason,) should be accorded no treatment different from that accorded to other citizens who did not wear a uniform during the World War.

The third reason given in the first "whereas" clause is that payment today would lighten the relief burden of municipalities. Why, I ask, should the Congress lift that burden in respect only to those who wore the uniform? Is it not better to treat every able-bodied American alike and to carry out the great relief program adopted by this Congress in a spirit of equality to all? This applies to every other unit of government throughout the Nation.

The second "whereas" clause, which states that the payment of certificates will not create an additional

debt, raises a fundamental question of sound finance. To meet a claim of one group by this deceptively easy method of payment will raise similar demands for the payment of claims of other groups. It is easy to see the ultimate result of meeting recurring demands by the issuance of Treasury notes. It invites an ultimate reckoning in uncontrollable prices and in the destruction of the value of savings, that will strike most cruelly those like the veterans who seem to be temporarily benefited. The first person injured by sky-rocketing prices is the man on a fixed income. Every disabled veteran on pension or allowance is on fixed income. This bill favors the able-bodied veteran at the expense of the disabled veteran.

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costs, caused by inflated prices, new issue has followed upon new issue, ending in the ultimate wiping out of the currency of the afflicted country. In a few cases, like our own in the period of the Civil War, the printing of Treasury notes to cover an emergency has fortunately not resulted in actual disaster and collapse but (has nevertheless) as we all know caused this Nation untold troubles, economic and political, for a whole generation after the close of that war.

The statement in this same second "whereas" clause that payment will discharge and retire an acknowledged contract obligation of the Government is, I regret to say, not in accordance with the fact as I see it. It wholly omits and disregards the fact that this contract obligation is due in 1945 and not today.

If I, as an individual, owe you, an individual member of the Congress, one thousand dollars payable in 1945, it is not correct, it is not a correct statement for you to tell me that I owe you one thousand dollars today. (Applause) As a matter of practical fact, if I were to put \$750 into a Government savings bond today and make that bond out in your name you will get one thousand

dollars on the due date, ten years from now. My debt to you today, therefore, cannot under the remotest possibility be considered to be more than \$750.

The final "whereas" clause, stating that spending the money is the most effective means of hastening recovery I think is so ill considered that little comment is necessary. Every authorization of expenditure by the Seventy-third Congress in its sessions of 1933 and 1934, and every appropriation by the Seventy-fourth Congress to date, for recovery purposes, has been predicated not on the mere spending of money to hasten recovery, but on the sounder principle of preventing the loss of homes and farms, of saving industry from bankruptcy, of safeguarding bank deposits, and most important of all -- of giving relief, (and) of giving jobs through public work to individuals and families faced with starvation. These (greater and) broader, these greater concerns of the American people have a prior claim for (our) consideration at this time. They have the right of way.

There is before this Congress legislation providing old age benefits and a greater measure of security for all workers against the hazards of unemployment. We are

also meeting the pressing necessities of those who are now unemployed and in need of immediate relief. In all of this, in every one of these measures, every veteran shares.

To argue for this bill as a relief measure is to indulge in the fallacy that the welfare of the country can be generally served by extending relief on some basis other than actual deserving need.

The core of the question is that a man who is sick or under some other special disability because he (was) is a soldier should certainly be assisted as such. But if a man is suffering from economic need because of the depression, even though he is a veteran, he must be placed on a par with all of the other victims of the depression. The veteran who is disabled owes his condition to the war. The healthy veteran who is unemployed owes his troubles to the depression. Each presents a separate and different problem. Any attempt to mingle the two problems is to confuse our efforts.

(Even the) Every veteran (who is) on relief will benefit only temporarily by this measure, because the payment of this sum to him will remove him from the

group entitled to relief (if the ordinary rules of relief agencies are followed) under the rules of relief agencies which have been unanimously adopted and unanimously approved. For him this measure would give but it would also take away. And in the end he would be the loser.

The veteran who suffers from this depression can best be aided by the rehabilitation of the country as a whole. His country with honor and gratitude returned him at the end of the War to the citizenry from which he came. He became once more a member of the great civilian population. His interests became identified with its fortunes and also with its misfortunes.

Some years ago (it) this was well said by the distinguished Senior Senator from Idaho: (that) "The soldier of this country cannot be aided except as the country itself is rehabilitated. The soldier cannot come back except as the people as a whole come back. The soldier cannot prosper unless the people prosper. He has now gone back and intermingled and become a part of the citizenship of the country; he is wrapped up in its welfare or in its adversity. The handing out to him of a few dollars will not benefit him under such circumstances,

whereas it will greatly injure the prospects of the country and the restoration of normal conditions."

It is generally conceded that the settlement by adjusted compensation certificates made in 1924 was fair and it was accepted as fair by the overwhelming majority of World War Veterans themselves.

I have much sympathy for the argument that some who remained at home in those three years, remained at home in civilian employ enjoyed special privilege and unwarranted remuneration. That is true -- bitterly true -- but a recurrence of that type of war profiteering can and must be prevented in any future war. (Applause)

I invite the Congress and the veterans with the great masses of the American population to join with me in progressive efforts to root a recurrence of such injustice out of American life. But we should not destroy privilege and create new privilege at the same time. Two wrongs do not make a right. (Applause)

The herculean task of the United States Government today is to take care that its citizens have the necessities of life. We are seeking honestly and honorably to do this, irrespective of class or group. Rightly,

we give preferential treatment to those men who were wounded, disabled, or who became ill as a result of war service. Rightly, we give care to those who subsequently have become ill. The others -- and they represent the great majority -- are today in the prime of life, are today in full bodily vigor. They are American citizens who should be accorded equal privileges and equal rights to enjoy life, liberty and the pursuit of happiness -- no less and no more.

It is important to make one more point. In accordance with the mandate of the Congress, our budget has been set. The public has accepted it. On that basis this Congress has made and is making its appropriations. That budget asked for appropriations in excess of receipts to the extent of four billions of dollars. The whole of that deficit was to be applied for work relief for the unemployed. That was a single-minded, definite purpose. Every unemployed veteran on the relief rolls was included in that proposed deficit -- he will be taken care of out of it.

I cannot in honesty assert to you that to increase that deficit this year by two billion, two hundred

million dollars will in itself bankrupt the Treasury of the United States. Today the credit of the United States is safe. But it cannot ultimately be safe if we engage in a policy of yielding to each and all of the groups that are able to enforce upon the Congress claims for special consideration. To do so is to abandon the principle of Government by and for the American people and to put in its place Government by and for political coercion by minorities. We can afford all that we need; but we can not afford all that we want.

I do not need to be a prophet to assert that if these certificates, due in 1945, are paid in full today, every candidate for election to the Senate or to the House of Representatives will in the near future be called upon in the name of patriotism to support general pension legislation for all veterans, regardless of need (or), regardless of age.

Finally, I invite your attention to the fact that (solely) only from the point of view of the good credit of the United States, the complete failure of the Congress to provide additional taxes for an additional expenditure of this magnitude would in itself and by itself alone warrant my disapproval of this measure.

I well know the disappointment that the performance of my duty in this matter will occasion to many thousand of my fellow citizens. I well realize that some who favor this bill are moved by a true desire to benefit the veterans of the World War and to contribute to the welfare of the Nation. These citizens will, however, realize that I bear an obligation as President and as Commander-in-Chief of the Army and Navy, an obligation which extends to all groups, to all citizens, to the present and to the future. I cannot be true to the office I hold if I do not weigh the claims of all in the scales of equity. I cannot swerve from this (moral) obligation.

I am thinking of those who served their country in the Army and in the Navy during the period which convulsed the entire civilized world. I saw their service at first-hand at home and overseas. I am thinking of those millions of men and women who increased crops, who made munitions, who ran our railroads, who worked in the mines, who loaded our ships during the War period.

I am thinking of those who died in the cause of America here and abroad, in uniform and out; I am thinking of the widows and orphans of all of them; I am thinking of

five millions of Americans who, with their families, are today in dire need, supported in whole or in part by Federal, State and local governments who have decreed that they shall not starve. I am thinking not only of the past, not only of today, but of the years to come. In this future of ours it is of first importance that we yield not to the sympathy which we would extend to a single group or class by special legislation for that group or class, but that we should extend assistance to all groups and all classes who in an emergency need the helping hand of (their) the Government of the United States.

I believe the welfare of the Nation, as well as the future welfare of the veterans of the Nation, wholly justifies my disapproval of this measure.

Therefore, Mr. Speaker, I return, without my approval, House of Representatives Bill No. 3896, providing for the immediate payment to veterans of the 1945 face value of their adjusted service certificates. (Prolonged applause)

STATEMENTS FILE
Shorthand By Kannee

FOR THE PRESS

MAY 22, 1935.

CAUTION -- HOLD FOR RELEASE

CONFIDENTIAL: To be held in STRICT CONFIDENCE and no portion, synopsis, or intimation to be published or given out until its READING has been begun in the House of Representatives. Extreme care must therefore be exercised to avoid premature publication.

STEPHEN EARLY
Assistant Secretary to the President

MR. SPEAKERS MEMBERS OF THE HOUSE OF REPRESENTATIVES:

Two days ago a number of gentlemen from the House of Representatives called upon me and with complete propriety presented their reasons for asking me to approve the House of Representatives Bill providing for the immediate payment of adjusted service certificates. In the same spirit of courtesy I am returning this bill today to the House of Representatives. As I told the gentlemen who waited upon me, I have never doubted the good faith lying behind the reasons which have caused them and the majority of the Congress to advocate this bill. In the same spirit I come before you dispassionately and in good faith to give you, as simply as I can the reasons which compel me to give it my disapproval.

And I am glad that the Senate by coming here in joint session gives me opportunity to give my reasons in person to the other House of the Congress.

As to the right and the propriety of the President in addressing the Congress in person, I am very certain that I have never in the past disagreed, and will never in the future disagree, with the Senate or the House of Representatives as to the constitutionality of the procedure. With your permission, I should like to continue from time to time to act as my own messenger.

Eighteen years ago the United States engaged in the World War. A Nation of one hundred and twenty million people was united in the purpose of victory. The millions engaged in agriculture toiled to provide the raw materials and foodstuffs for our armies and for the nations with whom we were associated. Many other millions employed in industry labored to create the materials for the active conduct of the War on land and sea.

Out of this vast army consisting of the whole working population of the nation, four and three-quarter million men volunteered or were drafted into the armed forces of the United States. One-half of them remained within our American continental limits. The other half served overseas; and of these, one million four hundred thousand saw service in actual combat.

The people and the Government of the United States have shown a proper and generous regard for the sacrifices and patriotism of all of the four and three-quarter million men who wore in uniform no matter where they served.

At the outbreak of the War, the President and the Congress sought and established an entirely new policy, however, in order to guide the granting of financial aid to soldiers and sailors. Remembering the unfortunate results that came from the lack of a veterans' policy after the Civil War, they determined that a prudent, and sound principle of insurance should supplant the uncertainties and unfairness of direct bounties. At the same time, their policy encompassed the most complete care for those who had suffered disabilities in service. With respect to the grants made within the lines of this general policy, the President and the Congress have fully recognized that those who served in uniform deserved certain benefits to which other citizens of the Republic were not entitled, and in which they could not participate.

In line with these sound and fair principles, many benefits have been provided for veterans.

During the War itself provision was made for government allowances for the families and other dependents of enlisted men in service. Disability and death compensation was provided for casualties in line of duty.

The original provisions for these benefits have been subsequently changed and liberalized many times by the Congress. Later generous provisions for veterans who became ill after the termination of the War were written into the statute to help veterans in their claims for disability. As a result of this legislation for disability and for death compensation, one million one hundred and forty thousand men and women have been benefited.

During the War the Government started a system of voluntary insurance at peace-time rates for men and women in the service.

Generous provision ~~was made~~ made for hospitalization, vocational training and rehabilitation of veterans. You are familiar with this excellent care given to the sick and disabled.

In addition to these direct benefits, Congress has given recognition to the interest and welfare of veterans in employment matters, through veteran preference in the United States Civil Service, in the selection of employees under the Public Works Administration, through the establishment of a veterans' employment unit in the Department of Labor, and through provisions favoring veterans in the selection of those employed in the Civilian Conservation Corps. Many States have likewise given special bonuses in cash and veterans' preferences in state and local public employment.

Furthermore unemployed veterans as a group have benefited more largely than any other group from the expenditure of the great public works appropriation of three billion three hundred million dollars made by the Congress in 1933, and under which we are still operating. In like manner the new four billion dollar Work Relief Act seeks to give employment to practically every veteran who is receiving relief.

Many measure the benefits extended from the fact that there has been expended up to the end of the last fiscal year more than \$7,800,000,000 for these items in behalf of the veterans of the World War, not including sums spent for home or work relief. With our current annual expenditures of some \$450,000,000 and the liquidation of outstanding obligations under Term insurance and the payment of service certificates, it seems safe to predict that by the year 1945 we will have expended \$15,500,000,000. This is a sum equal to more than three-fourths of the entire cost of our participation in the World War, and ten years from now most of the veterans of that war will be barely past the half century mark.

Payments have been and are being made only to veterans of the World War and their dependents, and not to civilian workers who helped to win that War.

In the light of our established principles and policies let us consider the case of adjusted compensation. Soon after the close of the War a claim was made by several veterans' organizations that they should be paid some adjusted compensation for their ~~time~~ service in uniform. After a complete and fair presentation of the whole subject, followed by full debate in the Congress of the United States, a settlement was reached in 1924.

K 118

This settlement provided for adjustment in compensation during service by an additional allowance per day for actual service rendered. Because cash payment was not ~~made~~ made immediately, this basic allowance was increased by 25% and to this was added ~~the~~ compound interest for twenty years, the whole to be paid in 1945. The result of this computation was that an amount two and one-half times the original grant would be paid at maturity.

Taking the average case as an example, the Government acknowledged a claim of \$400 to be due. This \$400, under the provisions of the settlement, with the addition of the 25% for deferred payment and the compound interest from that time until 1945, would amount to the sum of \$1,000 in 1945. The veteran was thereupon given a Certificate containing an agreement ~~of~~ the government to pay him this \$1,000 in 1945 or to pay it to his family if he died at any time before ~~1945~~ 1945. In effect, it was a paid-up endowment policy in the average case for \$1,000 payable in 1945, or sooner in the event of death. Under the provisions of this settlement, the total obligation of \$1,400,000,000 in 1924 produced a maturity or face value of \$3,500,000,000 in 1945.

Since 1924, the only major change in the original settlement was the Act of 1931 under which veterans were authorized to borrow up to fifty per cent of the face value of their certificates ~~as of 1945~~. Three million veterans have already borrowed under this provision an amount which, with interest charges, totals \$1,700,000,000. L.C.

~~The~~ bill before me provides for the immediate payment of the 1945 value of the certificates. It means paying \$1,600,000,000 more than the present value of the certificates. It requires an expenditure of more than \$2,500,000,000 in cash for this purpose. It directs payment to the veterans of a much larger sum than was contemplated in the 1924 settlement. It is nothing less than a complete abandonment of that settlement. It is a new straight gratuity or bounty to the amount of \$1,600,000,000. It destroys the insurance protection for the dependents of the veterans provided in the original plan. For the remaining period of ten years they will have lost this insurance.

This proposal, I submit, violates the entire principle of veterans' benefits so carefully formulated at the time of the war and also the entire principle of the adjusted ~~certificates~~ settlement of 1924. C. J. 726

What are the reasons presented in this bill for this fundamental change in policy? They are set forth with care in a number of "whereas" clauses at the beginning of the bill.

The first of these states as reasons for the cash payment of those certificates at this time: that it will increase the purchasing power of millions of the consuming public; that it will provide relief for many who are in need because of economic conditions; and that it will lighten the relief burden of cities, counties and states. The second states that payment will not create any additional debt. The third states that payment now will be an effective method of spending money to hasten recovery.

These are the enacted reasons for the passage of this bill. Let me briefly analyze them.

First, the spending of this sum, it cannot be denied, would result in some expansion of retail trade. But it must be noted that retail trade has already expanded to a condition that compares favorably with conditions before the depression. However, to resort to the kind

The statement in this same second "whereas" clause that payment will discharge and retire an acknowledged contract obligation of the Government is, I regret to say, not in accordance with the fact. It wholly omits and disregards the fact that this contract obligation is due in 1945 and not today.

If I, as an individual, owe you, an individual member of the Congress, one thousand dollars payable in 1945, it is not a correct statement for you to tell me that I owe you one thousand dollars today. As a matter of practical fact, if I put \$750 into a Government savings bond today and make that bond out in your name you will get one thousand dollars on the due date, ten years from now. My debt to you today, therefore, can not under the remotest possibility be considered more than \$750.

The final "whereas" clause, stating that spending the money is the most effective means of hastening recovery is so ill considered that little comment is necessary. Every authorization of expenditure by the Seventy-Third Congress in its sessions of 1933 and 1934, and every appropriation by the Seventy-Fourth Congress to date, for recovery purposes, has been predicated not on the mere spending of money to hasten recovery, but on the sounder principle of preventing the loss of homes and farms, of saving industry from bankruptcy, of safeguarding bank deposits, and most important of all - of giving relief and jobs through public work to individuals and families faced with starvation. These greater and broader concerns of the American people have a prior claim for consideration at this time. They have the right of way.

There is before this Congress legislation providing old age benefits and a greater measure of security for all workers against the hazards of unemployment. We are also meeting the pressing necessities of those who are now unemployed and in need of immediate relief. In all of this every veteran shares.

To argue for this bill as a relief measure is to indulge in the fallacy that the welfare of the country can be generally served by extending relief on some basis other than actual deserving need.

The core of the question is that a man who is sick or under some other special disability because he was a soldier should certainly be assisted as such. But if a man is suffering from economic need because of the depression, even though he is a veteran, he must be placed on a par with all of the other victims of the depression. The veteran who is disabled owes his condition to the war. The healthy veteran who is unemployed owes his troubles to the depression. Each presents a separate and different problem. Any attempt to mingle the two problems is to confuse our efforts.

~~Even the veteran who is on relief will benefit only temporarily by this measure, because the payment of this sum to him will remove him from the group entitled to relief if the ordinary rules of relief agencies are followed. For him this measure would give but it would also take away. In the end he would be the loser.~~

The veteran who suffers from this depression can best be aided by the rehabilitation of the country as a whole. His country with honor and gratitude returned him at the end of the War to the citizenry from which he came. He became once more a member of the great civilian population. His interests became identified with its fortunes and also with its misfortunes.

Some years ago it was well said by the distinguished Senior Senator from Idaho: "The soldier of this country cannot be aided except as the country itself is rehabilitated. The soldier cannot come back except as the people as a whole come back. The soldier cannot prosper unless the people prosper. He has now gone back and intermingled and become a part of the citizenship of the country; he is wrapped up in its welfare or in its adversity. The handing out to him of a few dollars will not benefit him under such circumstances, whereas it will greatly injure the prospects of the country and the restoration of normal conditions."

It is generally conceded that the settlement by adjusted compensation certificates made in 1924 was fair and it was accepted as fair by the overwhelming majority of World War Veterans themselves.

I have much sympathy for the argument that some who remained at home/in civilian employ enjoyed special privilege and unwarranted remuneration. That is true -- bitterly true -- but a recurrence of that type of war profiteering can and must be prevented in any future war.

I invite the Congress and the veterans with the great masses of the American population to join with me in progressive efforts to root a recurrence of such injustice out of American life. But we should not destroy privilege and create new privilege at the same time. Two wrongs do not make a right.

The herculean task of the United States Government today is to take care that its citizens have the necessities of life. We are seeking honestly and honorably to do this, irrespective of class or group. Rightly, we give preferential treatment to those men who were wounded, disabled, or who became ill as a result of war service. Rightly, we give care to those who subsequently have become ill. The others -- and they represent the great majority -- are today in the prime of life, are today in full bodily vigor. They are American citizens who should be accorded equal privileges and equal rights to enjoy life, liberty and the pursuit of happiness-- no less and no more.

It is important to make one more point: In accordance with the mandate of the Congress, our budget has been set. The public has accepted it. On that basis this Congress has made and is making its appropriations. That budget asked for appropriations in excess of receipts to the extent of four billions of dollars. The whole of that deficit was to be applied for work relief for the unemployed. That was a single minded, definite purpose. Every unemployed veteran on the relief rolls was included in that proposed deficit -- he will be taken care of out of it.

I cannot in honesty assert to you that to increase that deficit this year by two billion, two hundred million dollars will in itself bankrupt the United States. Today the credit of the United States is safe. But it cannot ultimately be safe if we engage in a policy of yielding to each and all of the groups that are able to enforce upon the Congress claims for special consideration. To do so is to abandon the principle of Government by and for the American people and to put in its place Government by and for political coercion by minorities. We can afford all that we need; but we cannot afford all that we want.

I do not need to be a prophet to assert that if these certificates, due in 1945, are paid in full today, every candidate for election to the Senate or to the House of Representatives will in the near future be called upon in the name of patriotism to support general pension legislation for all veterans, regardless of need or age.

Finally, I invite your attention to the fact that solely from the point of view of the good credit of the United States, the complete failure of the Congress to provide additional taxes for an additional expenditure of this magnitude would in itself and by itself alone warrant disapproval of this measure.

I well know the disappointment that the performance of my duty in this matter will occasion to many thousand of my fellow citizens. I well realize that some who favor this bill are moved by a true desire to benefit the veterans of the World War and to contribute to the welfare of the nation. These citizens will, however, realize that I bear an obligation

as President and as Commander-in-Chief of the Army and Navy, which extends to all groups, to all citizens, to the present and to the future. I cannot be true to the office I hold if I do not weigh the claims of all in the scales of equity. I cannot swerve from this ~~new~~ obligation.

I am thinking of those who served their country in the Army and in the Navy during the period which convulsed the entire civilized world. I saw their service at first-hand at home and overseas. I am thinking of those millions of men and women who increased crops, who made munitions, who ran our railroads, who worked in the mines, who loaded our ships during the War period.

I am thinking of those who died in the cause of America here and abroad, in uniform and out; I am thinking of the widows and orphans of all of them; I am thinking of five millions of Americans who, with their families, are today in dire need, supported in whole or in part by Federal, State and local governments who have decreed that they shall not starve. I am thinking not only of the past, not only of today, but of the years to come. In this future of ours it is of first importance that we yield not to the sympathy which we would extend to a single group or class by special legislation for that group or class, but that we should extend assistance to all groups and all classes who in an emergency need the helping hand of the Government.

I believe the welfare of the Nation, as well as the future welfare of the veterans, wholly justifies my disapproval of this measure.

Therefore, Mr. Speaker, I return, without my approval, House of Representatives Bill No. 3896, providing for the immediate payment to veterans of the 1943 face value of their adjusted service certificates.

(Am. Co.)

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FOR THE PRESS

HOLD FOR RELEASE

May 22, 1955

Corrections in the President's Veto Message, stencilled
copies:

Page one, last paragraph, first sentence, make read:

"At the outbreak of the War, the President and the Congress
sought and established an entirely new policy in order to
guide the granting of financial aid to soldiers and sailors."

This eliminates the word "however."

Page three, first paragraph, second sentence, make read:

"This basic allowance was increased by 25% and to this was
added compound interest for twenty years," etc.

This correction eliminates the word "at."

Page four, first paragraph, last sentence, make read:

" - I hold that that able bodied citizen should be
accorded no treatment different from that accorded to other
citizens who did not wear a uniform during the World War."

This correction eliminates, "because he wore a uniform and
for no other reason."

STENCIL COPY

*This is the
real message*

MESSAGE TO THE CONGRESS

I am returning without my approval Bill No. 3896 originating in the House of Representatives providing for the immediate payment to veterans of the face value of their adjusted service certificates, and for other purposes.

the United States engaged in the World War. A nation
Eighteen years ago ~~this Nation~~ ^{one hundred twenty million} people was united in the purpose of victory. The millions engaged in agriculture toiled to provide the raw materials and foodstuffs for our armies and for the Nations with whom we were associated. ^{Many} Other millions ^{in industry} toiled to create the material for the active conduct of the War on land and sea.

Out of the population representing the whole working population of the nation
Four and three-quarter million men volunteered or were drafted into the armed forces of the United States. Of these, about

one-half remained within ^{our} continental limits, ~~of the United States.~~
The other half served overseas and of those
~~of the others~~, one million four hundred thousand saw service in actual combat.

In line with our national policy, The people and the government of the United States have shown a proper and generous regard

for the sacrifices and patriotism of all of the four and three-quarter million men who were in uniform ^{no matter where they served. At the outbreak of the} during the World War, the President and

the Congress sought an entirely new principle, however, to guide the granting of financial aid to veterans. Recognizing the unfortunate

results that came from ^{the} lack of a veterans' policy after the Civil War, they determined that the prudent principle of insurance should

supplant the uncertainties and unfairness ~~in~~ of bounties. At the same time, their policy recognized the most complete care for those who had

suffered disabilities in service. With respect to the grants made within the lines of this general policy ^{the President and the Congress} ~~they~~ ^{have} fully recognized that the veterans deserved certain benefits which were not accorded to other citizens of the Republic. ^{It} In line with these sound and fair principles, many benefits have been provided for veterans! ^{It} During the War itself provision was made for allotments for the families and other dependents of enlisted men. ~~For this purpose the government contributed two hundred eighty-two million dollars.~~ ^{and} Disability and death compensation was provided for casualties in line of duty. The original provisions for this have been changed and liberalized many times by ^{the} Congress. ~~Presently,~~ ^{Later} provision ^{was} made for generous presumptions for veterans who became ill after the termination of the War. As a result of this legislation for disability and death compensation, one million one hundred ^{and} forty thousand men and women have been benefitted. ~~This has cost over two and one-half billion dollars.~~ ^{to date} During the War the government began to grant voluntary insurance at peace-time rates for men and women in the service. ~~This insurance has cost and will cost the government many millions.~~ ^{to date} Generous provision has been made for hospitalization, vocational training and rehabilitation of veterans. ~~In addition to these direct benefits, Congress has given recognition to the interest and welfare of veterans in employment matters, through veteran preference in the U. S. Civil Service, in the selection of employees under the Public Works Administration, through the establishment of a veterans' bureau in the Department of~~

Labor, and through provisions favoring veterans in the selection of those employed in the Civilian Conservation Corps. Many states have likewise given ^{special bonuses on work and} veterans preference in state and local public employment.

It is an undeniable fact that the veterans as a group benefitted more largely than any other group from the expenditure of the great public works appropriation of three billion three hundred million dollars

made by the Congress in 1933 and under which we are still operating.

In like manner the new \$4,000,000,000 work act will give
~~We shall recognize the same preferences that were guaranteed by law~~
employment to practically every needy veteran ~~the various benefits that~~
under the Public Works Administration

the federal government has paid to the veterans of the World War not including payments in connection with the adjusted service certificates

the fact this act is to date ~~something~~ *and twenty*
in excess of five billion ~~two hundred~~ million dollars. Our

current payments are in excess of six hundred million dollars annually, *paid*
526,000 individual men and women
to ~~one hundred thousand~~ *in addition* the government has undertaken

to pay adjusted compensation in the total amount of three and one-half billion dollars. The total amount, ~~therefore~~, which will be paid to *of the veterans and their dependents*
veterans by 1945 under present laws will amount to ~~well over ten~~ billion dollars.

This is a sum equal to more than three-quarters of the entire cost of the War. *It has been paid and is being paid only to veterans of the world war and their dependents and not to our civilian workers who*

to win the war *to maintain* *have established*
In the light of ~~these~~ principles and policies let us consider the case of adjusted compensation, ~~or the bonus~~. *Sacrificed*

after the Armistice, veterans were given adjusted compensation amounting

Even *after the close of the war* *here*
to one dollar a day for the first sixty days of their service. Subsequently, a claim was made by several veterans' organizations that ~~this~~ should be

paid 20% of
~~supplemented by further~~ adjusted compensation for ~~the remainder of~~ their
time in uniform. After a complete and fair presentation of the whole
subject followed by full debate in the Congress of the United States,
a settlement was reached in 1924. ~~It~~ *The so-called bonus or* adjusted
service certificates were provided, ~~by law in 1924.~~

no ~~It~~ Taking *the average* ~~a standard~~ case as an example, this settlement
meant that the government acknowledged a claim of four hundred dollars
to be due. This amount was increased by adding compound interest and
a twenty-five percent addition because of deferred payment. A claim
for four hundred dollars meant that one thousand dollars would be due
in 1945. The veteran was then given a certificate which was in effect
a twenty year *paid up* ~~endowment~~ insurance policy. The provisions of this law
meant that a total ~~obligation~~ *in 1945* of \$1,400,000,000 in
1924 would have *in 1945* a face value of \$3,500,000,000. Since 1924, the only
major change in the original settlement was the Act of 1931 under which
veterans were authorized to borrow up to fifty percent of the face amount
on the certificates due in 1945. Three million veterans have borrowed
under this provision an amount which, with interest charges, totals
\$1,700,000,000. ~~This is on a sound actuarial basis, over \$400,000,000~~
~~more than the present value of the certificates.~~

The bill before me provides for the immediate payment of
the 1945 value of the certificates. It means paying \$1,600,000,000 more
than the present value of the certificates. It involves an expenditure
in cash of more than \$2,000,000,000 for this purpose. It means paying
to the veterans a much larger sum than was contemplated in the 1924
settlement. It is, as I see it, a complete abandonment of that settlement

and the payment of what amounts to a straight gratuity or bounty. It destroys the insurance protection for the dependents of the veterans provided in the original plan.

Over the remaining period of ten years they will have lost their insurance.
This proposal, I submit, violates the entire principle

of veterans' benefits so carefully formulated at the time of the war and thereafter ~~subsequent changes~~ *the entire principle of the adjusted certificate with amount of 1924.* to the same confusion and injustice *31* that marked the generation following the Civil War.

The reasons for ~~the~~ *the* change in policy *produced in this bill* are set forth in a number of "whereas" clauses *at the beginning of the bill.* ~~included in the bill before me.~~ The first of these states as a reason for the cash payment of these certificates *at this time* that it will increase the purchasing power of millions of the consuming public, that it will provide relief for many who are in need because of economic conditions and will lighten the relief burden of cities, counties and states. The second states that payment will not create any additional debt. The third states that payment now will be an effective method of spending money to hasten recovery.

These are the stated reasons for the passage of this bill. *It* Let me briefly analyze these reasons. ~~in order.~~ First, the spending of this sum, ~~it~~ it cannot be denied, would result in some expansion of retail ~~the~~ trade. But it must be noted that ~~the~~ retail trade ~~has~~ *partly* ~~to some degree~~ *has* because of the expenditures we have already made, expanded to a condition that favorably compares with conditions before the depression. However, to resort to the kind of financial practice provided in this bill would impair the conditions necessary

to expand those industries in which we have the greatest unemployment. The Treasury notes issued under the terms of this bill would undoubtedly return quickly to the banks. There is no certainty that they would become the basis for that expansion of credit which ~~is~~ ^{is} generally acknowledged ^{to be} ~~for~~ the soundest way to expand the activities of business and industry generally. The ultimate effect of this effort might even be deflationary and thus destroy the very expectations that have been raised by the arguments for this bill.

(A) ~~It~~ ST ~~The sound argument~~ ^{Sound business should be made} raises a fundamental question of ~~sound~~ ~~financial~~ ^{to} finance. ~~To~~ ^{by} meet a claim of one group, ~~this~~ ^{by} this deceptively easy method of payment raises similar questions as to the payments of claims of other groups. It is easy to see the ultimate result of meeting demands by the issuance of treasury notes. Such a method invites an ultimate reckoning in uncontrollable prices and in the destruction of the value of savings that will react most cruelly on those like the veterans who seem to be temporarily benefitted. ~~A~~ ^A Wealth is not created nor is it more ~~equitably~~ ^{equitably} distributed by this method. A government or an individual must ultimately meet legitimate obligations out of the production of wealth by the labor of ~~economic~~ human beings applied to the resources of nature. Every country that has attempted this form of meeting its obligations has suffered disastrous consequences. ~~ST~~

~~ST~~ B

~~Moreover, this particular "whereas" clause is not in accordance with the facts. It says that the payment of these certificates "will discharge and retire an acknowledged contract obligation of the Government." It does not say that this contract obligation is not due for ten years.~~

If I, as an individual, owe you, an individual member of the Congress, one thousand dollars payable in 1945, it is not^a correct statement for you to tell me that I owe you one thousand dollars today. As a matter of practical fact, if I put \$750 into a Government savings bond today and make that bond out in your name you will get one thousand dollars on the due date, ten years from now. My debt to you today, therefore, can not under the remotest possibility be considered more than \$750.

The final "whereas" clause, stating that spending the money is the most effective means of hastening recovery is so ill considered that little comment is necessary. Every authorization of expenditure by the 73rd Congress in its session of 1933 and 1934 and every appropriation by the 74th Congress to date for recovery purposes has been predicated not on the mere spending of money to hasten recovery, but on the sounder principle of preventing the loss of homes and farms, in saving industry from bankruptcy, in safeguarding bank deposits, and most important of all - of giving relief and relief through public work to those individuals and families faced with starvation. These great concerns of the American people have a prior claim for our consideration at this time. They have the right of way.

There is before this Congress legislation providing for old age benefits and for a greater measure of security for all workers against the hazards of unemployment. We are ^{also} ~~are~~ meeting the immediate necessities of those who are ^{now} ~~are~~ unemployed and in need of relief.

To argue for this bill as a relief measure is to indulge in the fallacy that the welfare of the country can be generally served by extending relief on some basis other than actual deserving need.

The core of the question is that a man who is under special disability because he was a soldier should certainly be assisted as such. But if a man is suffering from economic need, even though he is a veteran, because of the depression he must be placed on a par with all of the other victims of the depression. Any attempt to mingle the two problems is to confuse our efforts.

Even the veteran who is on relief will benefit only temporarily by this measure because the payment of this sum to him will remove him from the group entitled to relief if the ordinary rules of relief agencies are followed. For him this measure would give but it would also take away.

The veteran who suffers from the vicissitudes of this depression can best be aided by the rehabilitation of the country as a whole. His country with honor and gratitude returned him at the end of the war to the citizenry from which he came. ^C He became once more a member of the great civilian population. His interests are identified with its fortunes and also with its misfortunes.

Insert C

? I shall not reopen the issue that was closed in 1924 when the
? adjusted compensation certificates were issued, except to remind those
who served that the compensation that they received in the pay was, on an
average, in line with that enjoyed by the civilian population. It is
true -- bitterly true -- that some who stayed at home enjoyed special
privilege and unwarranted remuneration; and that injustice should be
rectified and its recurrence forever prevented. I invite the Congress
and the veterans with the great masses of the American population to join
with me in progressive efforts to root such injustice out of American
life. But we should not destroy privilege and create new privilege
at the same time.

The United States Government is today taking care that its
citizens have the necessities of life. We are seeking honestly and
honorably to do this irrespective of class or group. Rightly, we give
preferential treatment to those men who served in uniform in the World
War and who were wounded, disabled, or became ill as a result of service.
Rightly, we give care to those who subsequently have become ill. The
others -- and they represent the great majority -- are today in the prime
of life, are today in full bodily vigor. They are American citizens
who should be accorded the ^{equal} ~~same~~ privileges, ^{Full equal} ~~the same~~ rights to enjoyment
~~of~~ life, liberty and the pursuit of happiness, ^{- no law and no order} ~~such as everyone~~ ^Q ~~the~~
~~same~~ ~~policy~~ ~~for the nation that while they continue to enjoy health~~
~~they have no honest right to seek special favor or segregation for~~ ?

~~presented treatment.~~ In order, however, that I shall omit no vital reason, I state categorically that the method of payment to all veterans provided in this bill is not in keeping with the century old policy of your Government for the financing of Government obligations. This is true for many reasons:

~~Thus,~~ In accordance with the mandate of the Congress, our budget has been set. The public has accepted it. On that basis this Congress has proceeded and is proceeding with its appropriations. That budget asked for appropriations in excess of receipts to the extent of four billions of dollars. The whole of that deficit was to be applied for work relief for all the unemployed ~~that was a single minded, definite purpose.~~ That was a single minded, definite purpose. Every unemployed veteran was included in that proposed deficit - he will be taken care of out of it.

I can not in honesty assert to you that to increase that deficit this year by two billion, two hundred million dollars will bankrupt the United States. ^{Today} The credit of the United States is ~~very~~ safe. But it can not ultimately be safe if we engage in a policy of yielding to each and all of the groups that are able to enforce upon the Congress claims for special consideration. To do so is to abandon the principal of Government by and for the American people and to put in its place Government by and for political coercion. We can ~~not~~ afford all that we need; but we can not afford all that we want. ~~To provide for all we want is to deny to some.~~

Wholly
~~Not from the point of view of the moral obligation of the~~
~~country toward its veterans~~ *I have announced that above, ^{and salary} from the*
point of view of the good credit of the United States, ~~I dissent that the~~ *complete*
failure of the Congress to provide additional taxes for an additional
expenditure of this *magnitude* ~~would in itself warrant~~ *the failure of*
~~by the President~~ *this measure*

I well know the disappointment that the performance of my duty in this matter will occasion to many thousands of my fellow citizens. I well realize that some who favor this bill are moved by a true desire to benefit the veterans of the World War and to contribute to the welfare of the nation. These citizens will, however, realize that I bear an obligation as President and as Commander-in-Chief of the Army and Navy, which extends to all groups, to all citizens, to the present and to the future. I can not be true to the office I hold if I do not weigh the claims of all in the scales of equity. I can not swerve from ^{these} moral obligation.

I am thinking of those who served their country in the Army and in the Navy during the period which convulsed the entire civilized world. I saw their service at first hand. I am thinking of those millions who ^{of men and women} increased crops, who made munitions, who ran our railroads, who loaded our ships during the War period. I am thinking of those who died in the cause of America at home and abroad in uniform and out; I am thinking of the widows and orphans of all of them; I am thinking of five millions of Americans who with their families are today in dire need, supported in whole or in part by Federal, State and local governments who have decreed

that they shall not starve. I am thinking not only of the past, not only of today, but of the years to come. In this future of ours it is of primary importance that we yield not to the sympathy which we would extend to a single group or class by special legislation for that group or class, but that we should extend to all groups and all classes who in an emergency need the helping hand of their Government, ~~a uniform regard and treatment without fear or favor.~~

7. These of us who are old enough to remember the decades of unfortunate experiences relating to Civil War pension legislation hope that this Congress will announce an American policy establishing the principles under which the veterans of the World War can expect to live with their fellow citizens for all time.

I suggest as a basis for that policy:

- (1) Complete and adequate care for every veteran of the World War, wounded or subsequently disabled as a result of that war.
- (2) Adequate care for the widows and dependent children, provided that this shall not extend to the families of veterans physically and mentally well after 1925 and married subsequent to that date.
- (3) Medical care for all time for any veteran otherwise unable to obtain it.
- (4) Insurance and payment of adjusted service certificates in accordance with the complete and satisfactory agreement of 1924.
- (5) Future care of dependent veterans in old soldiers' homes subject to their own election.

(6) Continuation of preference in Government employment now granted by the Federal and State Governments.

(7) No further description, in addition to the above, in favor of those who wore the uniform in the World War over and above their fellow citizens who under the provisions of the proposed and future social security legislation, such as employment insurance or old age pensions, are about to receive from their Government adequate guarantee against need, distress and the hardships which in the course of human experience follow to those because of old age or because of the inequalities of our modern economic life are faced with.

MESSAGE TO THE CONGRESS

Eighteen years ago the United States engaged in ^{the} World War. A Nation of one hundred ^{over} twenty million people was united in the purpose of victory. The millions engaged in agriculture toiled mightily to provide the raw materials and foodstuffs for our armies and for the Nations with whom we were associated. The many millions engaged in industry toiled mightily to create the materiel for the active conduct of the War on land and sea.

Out of the vast army representing in effect the whole working population of the Nation — four and one-half million men volunteered or were drafted into the armed forces of the United States. Of these, approximately one-half remained within the continental limits of the United States. The other half saw service in the war area. Of the two and one-quarter million in this war area approximately one-half or one million ^{of} men were at one time or another in action with the enemy. The people and the government of the United States have shown proper regard for and generosity to all of these four and one-half million men who were in uniform during the World War. To them have been accorded the following benefits which were not accorded to the other citizens of the Republic:

- (1) ^{For} the families of all who died in the service as a result of battle or of injuries, a complete pension system has been set up. *And thus cost the taxpayers of the nation*
- (2) To all veterans wounded or injured during the period of the World War, complete medical treatment, complete hospitalization

and a graduate system of pensions have been granted. *And this is not etc*

(3) To all veterans who became ill after the termination of the War during a period of four years, hospitalization and pensions have been accorded with generous presumptions relating to the origin of their sickness. *And this is not etc*

(4) To those who have suffered sickness not caused by their service, the government has accorded free treatment in practically all cases when so desired. *And this is not etc*

(5) To the widows and children of those who married after the termination of the War and before 1924, the government is paying pensions regardless of the cause of death of the veteran. *And this is not etc*

6. Civil Service (7) Several years after the end of the War the claim was made by several veterans' organizations that the four and one-half million men who served in uniform received less compensation than those of their fellow citizens who were not in uniform. (It seems to be an established fact that the average of the pay of our uniform forces during the World War was not below the average of pay or of earnings of the workers of the American Nation as a whole.) ?

After a complete and fair presentation of the whole subject followed by full debate in the Congress of the United States, the so-called bonus or adjusted service certificates law was passed in the year 1924.

This law provided for an adjustment representing an amount equal to one dollar a day for each day of service in uniform in the United States and one dollar and a quarter a day for service in uniform

over-seas over and above the regular pay. In addition twenty-five percent of this supplementary adjustment was added.

Page 2 * Special civil service preferences in the federal service and in most state services were granted by law to veterans of the World War.

Because the average age of the men who served in uniform was still that of young men and because it was believed by the Congress and by the veterans themselves that the feature of insurance should be adopted, it was agreed in 1924 that instead of paying the additional sums to each individual in cash, every soldier and sailor should receive an adjusted service certificate carrying with it continuing life insurance and payable at the end of twenty years; i.e. in 1945, in a total amount representing the original amount with interest at [?] percent.

Taking a standard case as an example, the settlement meant that the government agreed that in 1924 the base amount as of that date was four hundred dollars. To this was added twenty-five percent or one hundred dollars. To this was added compound interest over a period of twenty years. During the twenty year period the veteran was insured for one thousand dollars. On the due date, 1945, the veteran would receive the original four hundred dollars, the one hundred dollars additional and interest amounting to five hundred dollars, ^{in a} ~~besides a~~ total of ¹⁰⁰⁰ ~~one hundred~~ dollars.

Since 1924 the only major change in the original settlement which received the approval of the overwhelming majority of veterans of the World War and of all the principal organisations of these veterans [?] has been the Act of 1930 under which veterans were authorized to borrow

up to fifty percent of the face amount on the certificates due in 1945.

I have thus briefly and simply outlined the policy of the people and the Congress of the United States relating to the four and one-half million people who served in uniform in the World War. This policy falls into ³ ~~two~~ simple parts.

(1) The legislation relating to those who were killed, those who were wounded, those who suffered illness as a result of their service in the War and during the immediately subsequent period.

(2) To the widows and children of those who were killed or died as the result of such service.

(3) Those who came through the War in full health and vigor. In other words, those who are still alive. To these men representing as they do the great majority of those who served in uniform during the War, the people and the Congress have said: (a) If they are sick and cannot in other ways obtain medical treatment, the United States will give it them. (b) Compensation agreed to by them individually and collectively in 1924 by which they are receiving continuing insurance and the payment of adjusted service certificates with full compound interest in the year 1945.

Today, I am asked by the Congress to approve a bill paying the 1945 value of the certificates ten years before they are due. On an interest basis or on an insurance basis, the amount due today is only about [?] sixty percent of that face value.

The Act contains a number of "whereas clauses". The first of these gives as a reason for paying forty percent more than

the amount now due that payment today will increase the purchasing power of the Nation, will provide relief for those who are in need and will lighten the relief burden of municipalities. The second states that payment will not create an additional debt. The third states that payment now will be an effective method of spending money to hasten recovery.

Those are the stated reasons for the passage of this bill.

Let me briefly analyze. It is in all probability true that immediate cash payment will increase the momentary purchasing power of the Nation; but it is well worthwhile remembering that present payment will decrease the future purchasing power of the Nation.

It is probably true that present payment will provide relief for those who are at this moment in need. I ask the Congress of the United States this pertinent question. "John Doe" served in the United States or over-seas during the War; he came through in fine physical shape; he received an honorable discharge; he is today thirty-eight years old and in full possession of his faculties and health; like several million other Americans; like several million other Americans he is receiving from his government relief and assistance in one of many forms; should he because he wore a uniform and for no other reason be accorded a different treatment from those other millions who are in need but who did not wear a uniform during the World War?

In regard to the lightening of the relief burden of municipalities, I ask this further question. Why should the Congress of the United States lift that burden in respect to those who wore the uniform? Is it not better to treat every able-bodied American alike

and to carry out the great relief program already enacted by this Congress in a spirit of equality to all?

The statement that the payment of certificates will not create an additional debt but will discharge and retire an acknowledged contracted obligation of the government, it is sufficient to say that this particular "whereas clause" is ^{not} in accordance with the facts. If I, as an individual, owe you, an individual member of the Congress, one thousand dollars payable in 1945, it is not a correct statement for you to tell me that I owe you one thousand dollars today. As a matter of practical fact, if I put seven hundred and fifty dollars into a government savings bond today and make that bond out in your name, you will get one thousand dollars on the due date ten years from now. My debt to you, today, therefore, could not under the remotest possibility be considered more than seven hundred and fifty dollars.

The final whereas clause, stating that "Spending the money is the most effective means of hastening recovery", is so ill-considered that little comment is necessary. Every authorization of expenditure by the 73rd Congress in its session of 1933 and 1934 and every appropriation by the 74th Congress to date has been predicated not on the mere spending of money to hasten recovery, but on the sounder principle of preventing the loss of homes and farms, in saving industry from bankruptcy, in safe guarding bank deposits, and most important of all - of giving work through relief and public works to those individuals and families faced with starvation. I have thus demolished the arguments or reasons given to me in the whereas clause by the Congress. Little more need be said on this score.

The United States Government is today taking care that its citizens have the necessities of life. We are seeking honestly and honorably to do this irrespective of class or group. Rightly, we give preferential treatment to those men who served in uniform in the World War and who were wounded, disabled, or became ill as a result of service. Rightly, we give care to those who subsequently have become ill. The others - and they represent the great majority - are today in the prime of life, are today in full bodily vigor. They are American citizens who should be accorded the same privileges, the same right to enjoyment of life, liberty and the pursuit of happiness just as everyone. I lay down as a policy for the nation that while they continue to enjoy health they have no honest right to seek special favor

or segregation for preferential treatment. In order, however, that I shall omit no vital reason, I state categorically that the method of payment to all veterans provided in this bill is not in keeping with the century old policy of your Government for the financing of Government obligations. This is true for many reasons:

First, in accordance with the mandate of the Congress, our budget has been set. The public has accepted it. On that basis this Congress has proceeded and is proceeding with its appropriations. That budget asked for appropriations in excess of receipts to the extent of four billions of dollars. The whole of that deficit was to be applied for work relief for all the unemployed. That was a single minded, definite purpose. Every unemployed veteran was included in that proposed deficit - he will be taken care of out of it. ~~I~~ I cannot in honesty assert to you that to increase that deficit this year by two billion, two hundred million dollars will bankrupt the United States. Nevertheless, I do tell you that to increase ~~that~~ deficit by any such sum will very definitely cast a shadow of doubt on the present and future governmental policy of the Government of the United States.

Not from the point of view of the moral obligation of the country toward its veterans have I announced that above, but from the point of view of the good credit of the United States, the complete

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failure of the Congress to provide additional taxes for an additional expenditure of this size, or nature, would in itself warrant disapproval by the President.

I well know the disappointment that the performance of my duty in this matter will occasion to many thousands of my fellow citizens. I well realize that some who favor this bill are moved by a true desire to benefit the veterans of the World War and to contribute to the welfare of the nation. These citizens will, however, realize that I bear an obligation as President and as Commander-in-Chief of the Army and Navy, which extends to all groups, to all citizens, to the present and to the future. I cannot be true to the office I hold if I do not weigh the claims of all in the scales of equity. I cannot swerve from my moral obligation.

I am thinking of those who served their country in the Army and in the Navy during the period which convulsed the entire civilized world. I saw their service at firsthand. I am thinking of those millions who increased crops, who made munitions, who ran our railroads, who loaded our ships during the War period. I am thinking of those who died in the cause of America at home and abroad in uniform and out; I am thinking of the widows and orphans of all of them; I am thinking of five millions of Americans who with their families are today in dire need, supported in whole or in part by Federal, State and local governments who have decreed that they shall not starve. I am thinking not only of the past, not only

of today but of the years to come. In this future of ours it is of primary importance that we yield not to the sympathy which we would extend to a single group or class by special legislation for that group or class, but that we should extend to all groups and all classes who in an emergency need the helping hand of their Government a uniform regard and treatment without fear or favor.

Those of us who are old enough to remember the decades of unfortunate experiences relating to Civil War pension legislation hope that this Congress will announce an American policy establishing the principles under which the veterans of the World War can expect to live with their fellow citizens for all time.

I suggest as a basis for that policy:

- (1) Complete and adequate care for every veteran of the World War, wounded or subsequently disabled as a result of that war.
- (2) Adequate care for the widows and dependent children, provided that this shall not extend to the families of veterans physically and mentally well after 1923 and married subsequent to that date.
- (3) Medical care for all time for any veteran otherwise unable to obtain it.
- (4) Insurance and payment of adjusted service certificates in accordance with the complete and satisfactory agreement of 1924.

(5) Future care of dependent veterans in old soldiers' homes subject to their own election.

(6) Continuation of preference in Government employment now granted by the Federal and State Governments.

(7) No further ^{discrimination} ~~discrimination~~, in addition to the above, in favor of those who wore the uniform in the World War over and above their fellow citizens who under the provisions of the proposed and future social security legislation, such as employment insurance or old age pensions, are about to receive from their Government adequate guarantee against need, distress and the hardships which in the course of human experience follow to those because of old age or because of the inequalities of our modern economic life are faced with.

This has caused the taxpayer up to date a total of billion dollars. Under the present bill it proposes to give to the veterans two billions of green backs. This eventually must be redeemed out of the pockets of the taxpayer.

foreign table of veteran payments.

History of inflation by this method.

Draft 1a

Mr. Speaker; Members of the House of Representatives;

Two days ago a number of gentlemen from the House of Representatives called upon me and with complete ~~promptness~~ ^{promptness} presented their reasons for asking me to approve the House of Representatives Bill providing for the immediate payment of adjusted service certificates. In the same spirit of courtesy I am returning this bill today to the House of Representatives. As I told the gentlemen who waited upon me, I have never doubted the good faith lying behind the reasons which have caused them and the majority ^{of the Congress} to advocate this bill. In the same spirit I come before you dispassionately and in good faith to give you, as simply as I ^{can} ~~may~~ ^{the} reasons which compel ~~my disapproval~~ ^{me to give it my disapproval}.

And I am glad that the Senate by coming here in joint session gives me opportunity to give my reasons in person to the other House of the Congress.

As to the right and the propriety of the President in addressing the Congress in person, I am very certain that I ~~at least~~ have never in the past disagreed, and will never in the future disagree, with the Senate or the House of Representatives as to the constitutionality of the procedure.

With your permission, I should like to continue from time to time to act as my own messenger.

Eighteen years ago the United States engaged in the World War. A Nation of one hundred and twenty million people was united in the purpose of victory. The millions engaged in agriculture toiled to provide the raw materials and foodstuffs for our armies and for the nations with whom we were associated. Many other millions employed in industry ~~toiled~~ ^{labored} to create the materials for the active conduct of the War on land and sea.

Out of ~~the~~ ^{this} vast army ~~representing~~ ^{consisting of} the whole working population of the Nation, four and three-quarter million men volunteered or were drafted into the armed forces of the United States. ~~Of these, about one-half~~ ^{of them} remained within our ^{American} continental limits. The other half served overseas, and of these, one million four hundred thousand saw service in actual combat.

The people and the Government of the United States have shown a proper and generous regard for the sacrifices and patriotism of all of the four and three-quarter million men who were in uniform no matter where they served. At the outbreak of the War, the President and the Congress sought ^{and established} an entirely new ^{policy} ~~principles~~, however, to ^{in order} guide the granting of financial aid to ^{soldiers and sailors} ~~returning~~ ^{Reconciling} the unfortunate results that came from the lack of a veterans' ^{Remembering}

policy after the Civil War, they determined that the prudent and sound principle of insurance should supplant the uncertainties and unfairness of bounties. At the same time, their policy ~~encompassed~~ ^{direct} ~~recognized~~ the most complete care for those who had suffered disabilities in service. With respect to the grants made within the lines of this general policy, the President and the Congress ^{have} fully recognized that ^{those who served in uniform} ~~the veterans~~ deserved certain benefits which ^{to} ~~were not accorded to~~ other citizens of the Republic ^{were not entitled, and in which they} ~~could not participate~~.

In line with these sound and fair principles, many benefits have been provided for veterans. ②

During the War itself provision was made for ~~Government~~ ^{allowances} ~~allowances~~ for the families and other dependents of ~~enlisted~~ ^{enlisted} men in service.

Disability and death compensation was provided for casualties in line of duty. ^{65m/115} ~~The~~ ^{subsequently} ~~original~~ provisions for ~~these~~ ^{have been changed and liberalized many times by the} Congress. Later ~~provisions were made for~~ generous presumptions for veterans who became ill after the termination of the War ^{added into the statute to keep veterans in their claims for disability.} As a result of this legislation for disability and death compensation, one million one hundred and forty thousand men and women have been benefitted.

During the War the Government ^{Started a system of} ~~began to grant~~ voluntary insurance at peace-time rates for men and women in the service. ③

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Generous provision has been made for hospitalization, vocational training and rehabilitation of veterans. *You are familiar with this excellent care given to the sick and disabled.*

In addition to these direct benefits, Congress has given recognition to the interest and welfare of veterans in employment matters, through veteran preference in the ^{United} States Civil Service, in the selection of employees under the Public Works Administration, through the establishment of a veterans' ^{Employment Unit} ~~in the~~ in the Department of Labor, and through provisions favoring veterans in the selection of those employed in the Civilian Conservation Corps. Many States have likewise given special bonuses in cash and veterans' preferences in state and local public employment.

Furthermore in employment
~~It is an undeniable fact that the~~ ^{have} veterans as a group ^{have} benefitted more largely than any other group from the expenditure of the great public works appropriation of three billion three hundred million dollars made by the Congress in 1933, and under which we are still operating. In like manner the new four billion dollar Work Relief Act ^{Dricks to} ~~will~~ give employment to practically every ~~new~~ veteran ^{who is receiving relief.}

~~Summing up, the various benefits that the Federal Government has paid to the veterans of the World War, not including payments in connection with the adjusted service certificates, has cost the Nation to date in excess of five~~

See page 3 of Ten Hinds New Draft, 1934 (A)

(4a)

~~billion and twenty million dollars. Our current payments are~~
~~excess of six hundred million dollars annually, paid five~~
~~hundred and twenty-six thousand individual men and women. In~~
~~addition the Government has undertaken to pay adjusted compensation~~
~~in the total amount of three and one-half billion dollars. The~~
~~total amount which will be paid to veterans by 1945, under present~~
~~laws, will amount to well over ten billion dollars. This is a~~
~~sum equal to more than three-quarters of the entire cost of the~~
~~War. ^{It had been and is being paid} only to veterans of the World~~
~~War and their dependents, and not to ~~the~~ civilian workers who~~
~~helped to win that War.~~

UK In the light of our established principles and policies let us consider the case of adjusted compensation. Soon after the close of the War a claim was made by several veterans' organizations that ~~these~~ ^{they} should be paid some adjusted compensation for their time in uniform. After a complete and fair presentation of the whole subject, followed by full debate in the Congress of the United States, a settlement was reached in 1924. } STET

~~Adjusted service certificates were provided. Taking~~
~~the average case as an example, this settlement meant that the~~
~~Government acknowledged a claim of four hundred dollars to be~~
~~due. This amount was increased by adding compound interest~~
~~and a twenty-five per cent addition because of deferred payment.~~
~~A claim for four hundred dollars meant that one thousand dollars~~

Substitute for Page 4.

46 75
~~After a complete and fair presentation of the whole subject followed by full debate in the Congress of the United States a settlement was reached in~~

~~1924. To effect, this settlement provided for adjustment in compensation during service by an allowance per day for service rendered. To this basic amount, be-~~

~~cause cash payment was not undertaken at that time, the basic allowance was increased~~

~~and to this was added by 25% and compounded at compound interest which would mature at the end of twenty years~~

the whole to be paid in 1945. The result of this computation was that
~~was an amount two and one-half times the original grant. Taking an average~~
would be paid at maturity.

~~case as an example, this settlement meant that the Government acknowledged a claim~~

~~of \$400 to be due. This \$400, under the provisions of the settlement, with the~~

~~addition of the 25% for deferred payment and the compound interest from that time~~

~~until 1945, would mature \$1,000. The veteran was given a Certificate~~

Amount to the sum of 1000 in 1945
thereupon
containing an agreement by the government to pay him this 1000 in 1945 or to pay at that time the value which, in effect, was a paid-up endowment policy in the average case, time,

payable in 1945 or sooner in the event of death.
~~for \$1,000 which was purchased by the basic credit of \$400 in 1924. Under the~~

~~provisions of this settlement, the total obligation of \$1,400,000,000 in 1924~~

~~produced a maturity or face value of \$3,500,000,000 in 1945.~~

~~Since 1924, some minor changes have been made in the original settle-~~
~~ment, but the change of the greatest significance was that made by the Act passed in~~

would be due in 1945. The veteran was then given a certificate which was in effect a twenty year paid up endowment insurance policy. The provisions of this law meant that a total obligation of \$1,600,000,000 in 1924 would have a matured face value of \$3,500,000,000 in 1945.

Since 1924, the only major change in the original settlement was the Act of 1931 under which veterans were authorized to borrow up to fifty per cent of the face value of their certificates as of 1945. Three million veterans have borrowed under this provision an amount which, with interest charges, totals \$1,700,000,000.

The bill before me provides for the immediate payment of the 1945 value of the certificates. It means paying \$1,600,000,000 more than the present value of the certificates. It requires an expenditure in cash of more than \$2,200,000,000 in cash for this purpose. It means paying to the veterans a much larger sum than was contemplated in the 1924 settlement. It is as if

we were making a complete abandonment of that settlement, and the payment of what amounts to a new straight gratuity or bounty to the amount of \$1,600,000,000. It destroys the insurance protection for the dependents of the veterans provided in the original plan. For the remaining period of ten years they will have lost their insurance. ~~They will have lost their insurance.~~

This proposal, I submit, violates the entire principle of veterans' benefits so carefully formulated at

the time of the war and ~~thereafter~~ ^{also} the entire principle of the adjusted certificate settlement of 1924.

If I don't mind ^{presented in this bill for this fundamental} ~~the reasons for the change in policy proposed in~~
~~this bill~~ ^{They} are set forth ^{with care} in a number of "whereas" clauses at the beginning of the bill. ^{It} The first of these states as ~~3~~ ³ reasons for the cash payment of these certificates at this time; that it will increase the purchasing power of millions of the consuming public; that it will provide relief for many who are in need because of economic conditions; ^{that it} and ^{will} lighten the relief burden of cities, counties and states. The second states that payment will not create any additional debt. The third states that payment now will be an effective method of spending money to hasten recovery.

If These are the ~~stated~~ ^{inacted} reasons for the passage of this bill.

Let me briefly analyze ^{these} ~~these~~ reasons. *If* First, the spending of this sum, it cannot be denied, would result in some expansion of retail trade. But it must be noted that retail trade, ~~partly because of the expenditures we have already made,~~ ^{already} has expanded to a condition that ~~favorably compares~~ ^{favorably} with conditions before the depression. However, ^{to} resort to the kind of financial practice provided in this bill would ^{not improve} ~~improve~~ the conditions necessary to expand those industries in which we have the greatest ~~employment~~ ^{unemployment}. The Treasury notes issued under the terms of this bill ^{we know from past experience would} ~~would not~~ return quickly to the banks. ^{We know, too,} ~~there is no~~

That the banks have at this moment more than ample
 certainty that they would become the basis for that expansion of
 credit which is generally acknowledged to be the soundest way to
 expand the activities of business and industry generally. The
 ultimate effect of this ~~effect~~ ^{effect} ~~might~~ ^{will} ~~be~~ ^{be} ~~destruction~~ ^{destruction} and
 will not in the long run justify the
~~the~~ ~~destruction~~ ~~the~~ ~~very~~ ~~expectations~~ that have been raised by those
 who argue for ~~this bill~~ ^{this bill}.

The next reason in the first "whereas" clause is that
 present payment will provide relief for many who are in need
 because of economic conditions. The Congress has ^{just} ~~recently~~ passed
 an Act to provide work relief for such citizens ^{some veterans as} ~~and~~ ^{and} therefore,
 are they not self-sufficiently not nearly as many as is the case with non-veterans,
 impelled to ask the Congress this pertinent question: ^{a veteran}
^{As a matter of fact, that such a veteran}
~~has~~ ^{has} served in the United States or overseas during the war; that
 he came through in fine physical shape; ^{that} he received an honorable
 discharge; he is today thirty eight years old and in full possession
 of his faculties and health; ^{that} like ~~many~~ ^{many} several million other
 Americans he is receiving from his Government relief and assistance
 in one of many forms -- ^{I hold that that able-bodied citizen} ~~should~~ ^{that citizen}, because he wore a
 uniform and for no other reason, be accorded ^{should} ~~different~~ ^{no} treatment
^{different} ~~from~~ ^{that accorded to} other citizens who did not wear a uniform during the World
 War.

The third reason given in the first "whereas" clause
 is that payment today would lighten the relief burden of
 municipalities. Why, I ask, should the Congress lift that burden
 in respect ^{only} to those who wore the uniform? Is it not better to

treat every able-bodied American alike and to carry out the great relief program adopted by this Congress in a spirit of equality to all? *This applies to every other unit of government throughout the nation.*

The second "whereas" clause, which states that the payment of certificates will not create an additional debt, raises a fundamental question of sound finance. To meet a claim of one group by this deceptively easy method of payment ^{will} raise similar ~~questions as to~~ the payments of claims of other groups. It is easy to see the ultimate result of meeting ^{demands} demands by the issuance of Treasury notes. ~~Such a method~~ ^{It} invites an ultimate reckoning in uncontrollable prices and in the destruction of the value of savings, that will ~~cost~~ ^{strike} most cruelly ~~on~~ those like

the first person injured by sky-rocketing prices is the man on a fixed income. Every disabled veteran on pension or allowance is on a fixed income. This bill favors the able bodied

Wealth is not created, nor is it more equitably distributed by this method. A Government, ^{like} ~~as~~ an individual, must ultimately meet legitimate obligations out of the production of wealth by the labor of human beings applied to the resources of nature. Every country that has attempted ~~the~~ ^{the} form of meeting its obligations ^{which is here provided} has suffered disastrous consequences.

In the majority of cases printing press money has not been retired through taxation. ~~But~~ ^{Because} of increased costs, caused by inflated prices, ~~has been followed by~~ ^{has followed} new issue, ending in the ultimate wiping out of the currency of the afflicted country. In a few cases, like our own in the period of the Civil War, the printing of Treasury notes to

entirely at the expense of the disabled veterans.

has fortunately not resulted in actual disaster and collapse but has nevertheless
cover an emergency ^{caused} this Nation untold troubles, economic
and political, for a whole generation.

The statement in this same second "whereas" clause
that payment will discharge and retire an acknowledged contract
obligation of the Government is, I regret to say, not in accordance
with the fact. *It wholly omits and disregards the fact that*
~~It does not say that~~ this contract obligation
is due in 1945 and not today.

If I, as an individual, owe you, an individual member
of the Congress, one thousand dollars payable in 1945, it is not a
correct statement for you to tell me that I owe you one thousand
dollars today. As a matter of practical fact, if I put \$750 into
a Government savings bond today and make that bond out in your
name you will get one thousand dollars on the due date, ten years
from now. My debt to you today, therefore, can not under the
remotest possibility be considered more than \$750.

The final "whereas" clause, stating that spending
the money is the most effective means of hastening recovery is
so ill considered that little comment is necessary. Every
authorization of expenditure by the Seventy-Third Congress in
its session of 1933 and 1934, and every appropriation by the
Seventy-Fourth Congress to date, for recovery purposes has been
predicated not on the mere spending of money to hasten recovery,
but on the sounder principle of preventing the loss of homes
and farms, ^{of} ~~the~~ saving industry from bankruptcy, ^{of} ~~the~~ safeguarding
bank deposits, and most important of all - of giving relief and
^{jobs} ~~aid~~ through public work to ~~large~~ individuals and families

4/10/35

greatest and broadest
faced with starvation. These ~~great~~ concerns of the American people
have a prior claim for our consideration at this time. They have
the right of way.

There is before this Congress legislation providing
~~any~~ old age benefits and ~~any~~ a greater measure of security for
all workers against the hazards of unemployment. We are also
meeting the ~~immediate~~ ^{pressing} necessities of those who are now unemployed
and in need of ^{immediate} relief. In all of this every veteran shares.

To argue for this bill as a relief measure is to
indulge in the fallacy that the welfare of the country can be
generally served by extending relief on some basis other than
actual deserving need.

The core of the question is that a man who is ^{pick or} under ~~some other~~
special disability because he was a soldier should certainly be
assisted as such. But if a man is suffering from economic need
because of the depression, even though he is a veteran, he must
be placed on a par with all of the other victims of the depression.
Any attempt to mingle the two problems is to confuse our efforts.

Even the veteran who is on relief will benefit only
temporarily by this measure, because the payment of this sum to
him will remove him from the group entitled to relief if the
ordinary rules of relief agencies are followed. For him this
measure would give but it would also take away. In the end
he would be the loser.

The veteran who is disabled owes his condition to the war. As healthy veterans
who are unemployed owe their troubles to the depression, each presents
a separate and different problem.

The veteran who suffers from ~~the vicissitudes of~~ this depression can best be aided by the rehabilitation of the country as a whole. His country with honor and gratitude returned him at the end of the War to the citizenry from which he came. He became once more a member of the great civilian population. His interests ~~became~~ identified with its fortunes and also with its misfortunes.

Some years ago it was well said by the distinguished Senior Senator from Idaho that "The soldier of this country cannot be aided except as the country itself is rehabilitated. The soldier cannot come back except as the people as a whole come back. The soldier cannot prosper unless the people prosper. He has now gone back and intermingled and become a part of the citizenship of the country; he is wrapped up in its welfare or in its adversity. The handing out to him of a few dollars will not benefit him under such circumstances, whereas it will greatly injure the prospects of the country and the restoration of normal conditions."

It is generally conceded that the ~~xxxxxxx~~ settlement by adjusted compensation certificates made in 1924 was fair ^{and was accepted as fair by the overwhelming majority of World War Veterans}. ^{at home} I have much sympathy for the argument that some who remained in civilian employ enjoyed special privilege and unwarranted remuneration. That is true -- bitterly true -- but a recurrence of that type of war profiteering can and ~~will~~ ^{must} be prevented in any future war.

I invite the Congress and the veterans with the great masses of the American population to join with me in progressive efforts to root ^{a remnant of} such injustice out of American life. But we should not destroy privilege and create new privilege at the same time. ~~Two wrongs do not make a right.~~

^{American Task of the}
II The ^{is to take} United States Government ~~is~~ today ^{is to take} ~~is~~ care that its citizens have the necessities of life. We are seeking honestly and honorably to do this, irrespective of class or group. Rightly, we give preferential treatment to those men ~~who served in uniform in the World War and~~ who were wounded, disabled, or ^{who} became ill as a result of ^{war} service. Rightly, we give care to those who subsequently have become ill. The others - and they represent the great majority - are today in the prime of life, are today in full bodily vigor. They are American citizens who should be accorded ~~the~~ equal privileges and equal rights to enjoy life, liberty and the pursuit of happiness -- no less and no more.

~~XXXXXXXXXX~~ It is important to make one more point. In accordance with the mandate of the Congress, our budget has been set. The public has accepted it. On that basis this Congress has ^{made good its promise} ~~proceeded and is proceeding with~~ its appropriations. That budget asked for appropriations in excess of receipts to the extent of four billions of dollars. The whole of that deficit was to be applied for work relief for ~~the~~ the unemployed. That was a single minded, definite purpose. Every unemployed veteran ^{on this relief roll}

Incident A.

I I do not need to be a prophet to assert that if these certificates, due in 1945 are paid in full today, every candidate for election to the Senate or the House of Representatives will in the near future be called upon in the name of patriotism to support general pension legislation for all veterans, regardless of need or age.

I Finally, I invite your attention to the fact that solely



was included in that proposed deficit -- he will be taken care of out of it.

I cannot in honesty assert to you that to increase that deficit this year by two billion, two hundred million dollars will ^{in itself} bankrupt the United States. Today the credit of the United States is safe. But it cannot ultimately be safe if we engage in a policy of yielding to each and all of the groups that are able to enforce upon the Congress claims for special consideration. To do so is to abandon the principle of Government by and for the American people and to put in its place Government by and for political ^{by minorities} coercion. We can afford all that we need; but we cannot afford all that we want. *Do not mind the fact that*

Insert ~~Solely~~ from the point of view of the good credit of the United States, ~~I assert~~ that the ~~fact~~ complete failure of the Congress to provide additional taxes for an additional expenditure of this magnitude would in itself ^{produce a 15-14 deficit} warrant ~~the failure~~ of this measure. *disappoint*

I well know the disappointment that the performance of my duty in this matter will occasion to many thousand of my fellow citizens. I well realize that some who favor this bill are moved by a true desire to benefit the veterans of the World War and to contribute to the welfare of the nation. These citizens will, however, realize that I bear an obligation as President and as Commander-in-Chief of the Army and Navy, which extends to all groups, to all citizens, to the present and to the future. I cannot be true to the office I hold if I do not weigh the claims

of all in the scales of equity. I cannot swerve from this moral obligation.

I am thinking of those who served their country in the Army and in the Navy during the period which convulsed the entire civilized world. I saw their service at first-hand ^{at home and overseas.} I am thinking of those millions of men and women who increased crops, who made munitions, who ran our railroads, ^{who worked in the mines,} who loaded our ships during the War period. ^I I am thinking of those who died in the cause of America ^{here} ~~at home~~ and abroad, in uniform and out; I am thinking of the widows and orphans of all of them; I am thinking of five millions of Americans who, with their families, are today in dire need, supported in whole or in part by Federal, State and local governments who have decreed that they shall not starve. I am thinking not only of the past, not only of today, but of the years to come. In this future of ours it is of ^{first} ~~primary~~ importance that we yield not to the sympathy which we would extend to a single group or class by special legislation for that group or class, but that we should extend ^{assistance} ~~to~~ all groups and all classes who in an emergency need the helping hand of their Government.

I believe the welfare of the Nation, as well as the future welfare of the veterans, wholly justifies my disapproval of this measure.

Therefore, Mr. Speaker, I return, without my approval, House of Representatives Bill No. 3896, providing for the immediate payment ^{to} ~~of~~ veterans ^{of the 1945} ~~adjusted~~ face value of their adjusted service certificates.

(End)