

May 23, 1935

[Message to Congress: Veto of Veterans Bonus]

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MESSAGE TO THE CONGRESS

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 to create the materials for the active conduct of the War on land and sea.

Out of the vast army 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. 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 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 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 fully recognized that the veterans deserved certain benefits which were not accorded to other citizens of the Republic.

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

During the War itself provision was made for allotments for the families and other dependents of enlisted men.

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. Later provisions were 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.

During the War the Government began to grant 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.

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 in cash 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 four billion dollar Work Relief Act will give employment to practically every needy veteran.

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

are
billion and twenty million dollars. Our current payments in
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 has been and is being paid only to veterans of the World
War and their dependents, and not to any 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 these 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.

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

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 \$1,400,000,000 in 1924 would have a matured face value of \$3,500,000,000 in 1945.

Since 1934, 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 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 involves an expenditure in cash of more than \$2,200,000,000 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 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. 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 the entire principle of the adjusted certificate settlement of 1924.

The reasons for the change in policy proposed in this bill are set forth in a number of "whereas" clauses at the beginning of the bill. 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.

Let me briefly analyze these reasons. 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, has 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 ~~employment~~ 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 generally acknowledged to be 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.

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 recently passed an Act to provide work relief for such citizens and I am, therefore, impelled to ask the Congress this pertinent question: A veteran may have served in the United States or overseas 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 ~~many~~ several million other Americans he is receiving from his Government relief and assistance in one of ~~many~~ forms -- Should that citizen, because he wore a uniform and for no other reason, be accorded different treatment from 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 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?

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 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.

Wealth is not created nor is it more 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 human beings applied to the resources of nature. Every country that has attempted this form of meeting its obligations has suffered disastrous consequences.

In the majority of cases printing press money has not been retired through taxation and because of increased costs, caused by inflated prices, has been followed by new issue 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 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 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, 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 meeting the immediate necessities of those who are now 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 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.

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 are 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 ~~exemption~~ settlement by adjusted compensation certificates made in 1924 was fair.

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 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 such injustice out of American life. But we should not destroy privilege and create new privilege at the same time. (#7)

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 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 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 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. 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. We can afford all that we need; but we cannot afford all that we want.

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 warrant the failure 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. I am thinking of those millions of men and women 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.

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 of the face value of their adjusted service certificates.

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.

Eighteen years ago [this] Nation of 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. Other millions ~~employed~~ engaged in industry to create the material for the active conduct of the War on land and sea.

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. 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. 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 a 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 they fully recognized that the veterans deserved certain benefits which were not accorded to other citizens of the Republic. ^R In line with these sound and fair principles, many benefits have been provided for veterans. 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. 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 Congress. Finally, 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 forty thousand men and women have been benefitted. This has cost over two and one-half billion dollars. 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. 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 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. We shall recognize the same preferences that were guaranteed by law under the Public Works Administration for 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 something in excess of five billion two hundred million dollars. Our current payments are in excess of six hundred million dollars annually, to nine 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 veterans by 1945 under present laws will amount to _____ billion dollars. This is a sum equal to more than three-quarters of the entire cost of the War.

In the light of these principles and policies let us consider the case of adjusted compensation or the bonus. Shortly after the Armistice, veterans were given adjusted compensation amounting 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

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. The so-called bonus or adjusted service certificates were provided by law in 1924.

Taking 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 endowment insurance policy. The provisions of this law meant that a total ~~XXXXXXXXXXXXXX~~ obligation of \$1,400,000,000 in 1924 would have 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 \$1,700,00,000. 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.

This proposal, I submit, violates the entire principle of veterans' benefits so carefully formulated at the time of the war and thereafter and opens the way to the same confusion and injustice that marked the generation following the Civil War.

The reasons for this change in policy are set forth in a number of "whereas" clauses included in the Act before me. The first of these states as a reason for the cash payment of these certificates 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. Let me briefly analyze these reasons in order. First, the spending of this sum, It cannot be denied, would result in some expansion of retailed trade. But it must be noted that the retail trade has to some degree, 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 it is generally acknowledged ^{to be} 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.

The second argument raises a fundamental question of sound ~~financian~~ finance to meet a claim of one group, but 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. Wealth is not created nor is it more ^{equally} (~~adcreditably~~) distributed by this method. A government or an individual must ultimately meet legitimate obligations out of the production of wealth by the labor of ~~humman~~ human beings applied to the resources of nature. Every country that has attempted this form of meeting its obligations has suffered disastrous consequences.

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 "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 1935 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 meeting the immediate necessities of those who ^{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. He became once more a member of the great civilian population. His interests are identified with its fortunes and also with its misfortunes.

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 war 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 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 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. The credit of the United States is today 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 must deny to some.~~

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 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 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 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 first hand. 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 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.

*Drafts by
A Treasury
or
Veterans
Bureau*

The gratitude of our Nation for the service rendered to their country by those who took part in the World War can not be measured in any monetary manner, but most certainly the benefits so far granted in hospitalization, vocational rehabilitation, compensation and other allowances, amounting to more than six billions of dollars, indicate a generous policy on the part of the Government in dealing with our veterans.

Herewith is returned without approval H. R. 3896, a bill.

"To provide for the immediate payment to veterans of the face value of their adjusted-service certificates, for controlled expansion of the currency, and to extend the time for filing applications for benefits under the World War Adjusted Compensation Act, and for other purposes."

As its title implies, it has as its object the now payment of the face or maturity values of all adjusted service certificates and the waiving after October 1, 1931 of the collection of interest on loans made on the security of adjusted service certificates, and the so-called controlled expansion of the currency. In substance, the general effect would be to advance the date of payment of adjusted service certificates by ten years and to allow full payment of interest which will not have been earned until a decade of years hence. Interest is a rate per cent of money paid for the use of money or the forbearance of demanding payment of a debt. By what token it is reasoned interest should be paid to the due date on an obligation sought to be paid long before the due date is not made evident. To do so would be equivalent to making an additional grant of over \$1,600,000,000, which is \$200,000,000 more than the original settlement calculated on the \$1 and \$1.25 a day basis. From time to time objection has been stated to referring to benefits provided by the World War Adjusted Compensation Act as a "bonus." To accede to what presently is urged would be tantamount to presenting a prodigious gratuity over and above that contemplated by the original legislative enactment.

The question presents itself as to whether or not in order to comply with these demands the taxpayers should now be subjected to a levy which would amount to over \$13 per person for every man, woman and child in these United States in order to pay an obligation not due for another decade. In considering any legislation conferring a bounty on a particular group it is necessary that the matter be viewed not as an isolated condition but as a part of a whole program. The contention that ex-service men should be singled out to receive a huge donation at this time just because certain expenditures are being made in order constructively to rehabilitate the Country is without merit as the ex-service men share in these benefits on at least an equal footing with the rest of the citizenry; in fact, in many instances they receive preferential treatment. In my opinion concerted action having as its aim equity and justice for all should be our watchword and no group of any character should be set apart for special favors or segregated for any other purpose.

Repayment to veterans for services rendered is not a matter at issue, nor is it in any way here involved. If the Nation is to endure as a democracy, service to one's Country must remain at a higher level than the mere selling of such services for a monetary consideration. The Government has an inherent right to expect that every citizen will gladly, freely and without reservation serve his Country and uphold its institutions. It is something that the citizen owes outright, and is not the subject of barter. No one has the right to hope to enjoy the benefits of representa-

tive Government unless in return he is willing to offer his all for the protection of that Government. During the time of hostilities the veterans of the World War rendered a service which must ever remain on the pages of history as a glorious tribute to American manhood. I cannot be dissuaded from my belief that the great majority of ex-service men are as interested in rendering the same magnificent assistance in a period of peacetime economic struggle as they did when the Country was at war with a foreign enemy.

While this Nation will always deal generously with those who were disabled in its defense and with the dependents of those who laid down their lives as protectors of their flag, it cannot be said that the amount of money which may be appropriated for ex-service men, if they are to be set aside as a separate group, is without limit and any payments to veterans other than the disabled and the dependents must ultimately reflect itself by a lessening of benefits to this class.

Derisive statements have been made relative to the form in which adjusted compensation was granted, but there is no firm foundation for such criticism. Adjusted service certificates are nothing more or less than endowment insurance policies and any captious attacks directed against them could apply with equal force to any endowment insurance policy. The fact is, this combined form of insurance and savings has been known and held in high esteem for generations and it is inconceivable that any reasonably provident individual would fail to appreciate its

advantage as valuable protection to dear ones. I cannot bring myself to believe that the average veteran is so thoughtlessly irresponsible as to want to deprive his family of the protection afforded by this insurance, as experience would indicate that in most cases proceeds received from adjusted service certificates at the time of the veterans' deaths are the lone barriers standing between the dependents and poverty. The advocacy of its destruction is the assumption of a very serious responsibility.

It is also asserted loosely by uninformed individuals that the veterans' equities in these certificates are being consumed by Shylock-like interest charges. It should here be remembered that while the amount shown on the average certificate as payable twenty years after date of issue approximates one thousand dollars, this is based on a service credit (the adjustment of \$1 and \$1.25 a day) which aggregates in the standard case only about \$400. Then what accounts for the difference of \$600? It is represented by interest at the rate of 4 per cent per annum, compounded annually, and the 25 per cent additional credit given because payment was deferred twenty years. Let me illustrate the situation by outlining a comparable condition. A person has on deposit \$525 in a savings account which is to accumulate interest at the rate of 4 per cent. A loan is made to the very same person on the security of this account in the amount of \$500 at $3\frac{1}{2}$ per cent interest. After a period of time he complains of mistreatment and contends that he shouldn't

be made to pay any interest on the borrowed money because all he did was to borrow his own money, but with the same breath insists that he receive interest on the whole \$525. The analogy is exact even to interest rates; still there seem to be those who with a serious face persist in asking that the Government forgive interest charges. After considering these facts I am quite sure no intelligent citizen will find it difficult properly to appraise the worth of the arguments made for the remission of interest.

To those who allege that the distribution of funds, through the medium of now paying an amount not due for ten years, will cause a magical revival in trade, I desire to point to a previous experience. In the year of 1931 the loan value on adjusted service certificates, computed according to accepted actuarial practices, was discarded by the enactment of a statute which substituted therefor one having no such sound foundation and disbursements on account of the increased loan value were made over a period of several months at a rate approximating a quarter of a billion dollars a month, but no resulting economic stimulus was discernible.

I am returning Bill No. without my approval. This Bill proposes to meet an obligation that is not due until 1945. To carry out the provisions of the Bill would require that the Treasury issue currency in the amount of approximately \$2,200,000,000.

The proponents of the Bill are advocating the payment of the Adjusted Service Certificates now and the remission of a major portion of the interest which has accrued on loans heretofore granted theron. They do not contend that the monetary basis of settlement decided upon in 1924 was unfair to the veterans but rather that it should have been made sooner and therefore the full face value of the Certificates is now due and should be payable. It is not necessary to review the history of this legislation and the basis upon which it was granted. Suffice it to say that to undertake at this time to pay the face value of the Certificates outstanding ten years before they are due is actually reaching a new basis of settlement which in effect is equivalent to making an additional grant of over \$1,600,000,000. I do not believe that the making of this additional grant at this time is either in the interest of the veterans whose service and valor in the World War we are proud to admire, or beneficial to the country. I am sure it may not be contended that so far in granting benefits to this group of our veterans the Nation has shown ingratitude. I cannot be dissuaded from the belief that the great majority of ex-service men are interested in the welfare of all of our people and are desirous of rendering that same magnificent patriotism in time of peace they rendered to their country so gloriously in the Great War. I feel confident it is their desire to contribute with all our citizens to the

speedy solution of the economic struggle within our own borders by doing their part in bringing a prompt industrial recovery of our country. I do not feel that the enactment of this measure would contribute in that direction.

Then, too, the Adjusted Service Certificates are nothing more nor less than endowment insurance policies and, as such, are a protection to the family of the veteran to the extent that they remain unimpaired. I cannot bring myself to believe that the average veteran is so thoughtlessly improvident as to want to deprive his family of the protection afforded by this insurance. Experience has shown that in many cases the proceeds received from the Adjusted Service Certificate, at the time of the veteran's death, are the lone barrier standing between the dependents and poverty. The advocates of the destruction of this protection are assuming a very serious responsibility.

Our Nation stands ever ready to meet every due and just obligation to our veterans. This obligation is not now due. The method of payment provided in the Bill is not in keeping with our policy of financing Government obligations. I, therefore, cannot feel that I would be doing a service either to the veterans or their country by giving it my approval.

STATEMENTS FILE
Shorthand By Kanner

VETO MESSAGE ON THE ADJUSTED
COMPENSATION ACT, 1935

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Address of the
President of the United States

IN THE HOUSE OF REPRESENTATIVES

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DELIVERED MAY 22, 1935



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1935

VETO MESSAGE

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 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 Presidents 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

Veto Message

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 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.

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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 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 10 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

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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 percent and to this was added compound interest for 20 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 percent 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 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. 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 50 percent 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 \$2,200,000,000 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 depend-

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ents of the veterans provided in the original plan. For the remaining period of 10 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

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case with nonveterans. 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 38 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 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.

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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, 10 years from now. My debt to you today, therefore, cannot 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 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 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 rail-

roads, 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.

FRANKLIN D. ROOSEVELT.



OFFICE OF
THE ADMINISTRATOR OF
VETERANS AFFAIRS

VETERANS ADMINISTRATION

WASHINGTON

May 18, 1935.

Miss Marguerite A. LeHand,
Personal Secretary to the President,
The White House.

My dear Miss LeHand:

For the President's consideration I am
forwarding herewith certain suggested substitutes for
pages of proposed message as listed.

If any additional thoughts occur to me
beyond what are herein included I will see to it
that they get before the President.

Very sincerely yours,

Frank T. Hines
FRANK T. HINES,
Administrator.

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Administrator.

ADH/rm

Suggested change, Page 1, commencing 3d paragraph.

Four and three-quarters million men and women 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, and of the two million men who left our shores approximately 1,400,000 actually took part in combat. In accord with our well established National policy, the people and the Government of the United States have shown a proper and generous regard for the patriotism and sacrifices of all of the four and three-quarters million men and women who wore the uniform during the World War. Upon our entry into that War, the President and the Congress sought and developed an entirely new principle to be followed in granting financial aid to veterans and their dependents. Recognizing the unfortunate results that followed from the lack of a sound veterans' policy after the Civil War, they determined upon the use of a prudent principle of insurance to supplant the uncertainties and unfairness of bounties. At the same time their policy recognized the most complete care for those who had

(7)

Suggested substitute for Page 2.

suffered disabilities in service. With respect to the grants made within the lines of this policy they fully recognize that those who served in uniform deserve certain benefits which were not accorded to other citizens of the Republic.

In accordance with these sound and fair principles, many benefits have been granted to veterans of the World War. During the War itself, provision was made for family allotments to the wives and children and to other dependents of those who served. Disability and death compensation was provided for casualties in line of duty, and medical care and treatment for those who received injury. Following the great conflict, the original provisions of the new system of benefits have been changed and liberalized many times by the Congress. To make doubly sure that all merited claims would be granted benefits, generous presumption provisions for veterans who became ill after the termination of the War were written into the law. Immediately following the return of our forces from overseas, there was undertaken a system of hospitalization for the care of the disabled which from year to year has grown until now it has become one of the greatest systems of hospitalization anywhere in the World, alleviating sickness and suffering of thousands of veterans

(3)
Page 2 of Suggested substitute for Page 2.

annually. Many veterans have benefited by the generous provisions made for vocational training and rehabilitation and the Government's obligation resulting in granting of voluntary insurance at peace time rates and because many millions over and above the premiums paid by the veterans themselves.
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Suggestion for Page 3.

Congress has given recognition to the further interest and welfare of veterans in matters of employment through veterans' preference under Civil Service rules in the selection of employees under the Public Works Administration and through the establishment of a Veterans' Employment Unit in the Department of Labor, as well as favorable provisions in the selection of the members of the Civilian Conservation Corps. Many States have likewise provided bonuses to veterans, as well as preference in State and local public employment. A careful check, I am convinced, will show that the veterans as a group benefited equally, if not more largely than any other group, from the expenditure of the great Public Works appropriation of \$3,300,000,000 made by the Congress in 1933 and under which we are still operating. We shall recognize the same preferences as far as it is feasible under the new Public Works program. I feel that it is necessary to consider this background before undertaking the consideration of the problem referred in this measure, that of the adjusted compensation.

In the light of these principles and the policy followed in granting benefits, let us now consider the adjusted compensation. This issue came before Congress as early as 1919, and from that year until 1924 many plans and methods of adjustment were given consideration.

(6)

Page 2 of Substitute for Page 4.

1931 which authorized the veterans to borrow up to 50% of the maturity, or face value of their Certificates. More than three million veterans have borrowed under this provision an amount, with interest accrued, which totals today \$1,700,000,000. In many individual cases the amount borrowed exceeds the present worth of the Certificate.

I need not undertake a more detailed discussion of the settlement, but feel that I should point out that the Bill before me providing for the immediate payment of the full maturity, or face value of the Certificates not due until 1945, is equivalent to reaching a new basis of settlement which if carried into effect makes actually an additional grant of more than \$1,600,000,000. It would require under its provision the issuing of currency to an amount more than \$2,200,000,000. It means paying the veterans a much larger sum than was originally contemplated by the 1924 settlement. It is, as I see it, a complete abandonment of that settlement.

(7)

Suggestion in connection with Paragraph 3,
Page 5.

I doubt if we can consider it fair to the veterans to urge them to abandon the insurance protection given by the adjusted service certificates for the purpose of increasing retail trade. Many veterans consider the adjusted service certificates a paid up insurance policy and a sound Government investment, protecting themselves as well as their families.

Suggestion in connection with first paragraph,
Page 9.

When a nation is at war all of its citizens serve, some in uniform, some out of uniform. This service in time of war and emergency cannot be measured by any monetary yardstick. Many veterans place their service to their country above price. Many of them originally had no interest in any adjustment of pay, but it is true, bitterly true, that some of those who served at home enjoyed special privileges and unwarranted remuneration; and that injustice, I am sure, will be rectified and may not be expected to occur again. I invite Congress and the veterans and the great masses of the American people to join with me in progressive efforts to eliminate such injustice out of American life. But we should not destroy privilege and create new privilege at the same time.

(9)

Suggestion in connection with first paragraph,
Page 12

Note: Balance of page after sentence "that they shall not starve,"
I suggest be eliminated.

"that they shall not starve. I am thinking not only of the past, not only of today, but of the years to come. We do not review benefits granted to our veterans for the purpose of being critical of our past generous action, but we do so looking to the future and properly so, because looking back over the long path of one hundred and forty years we find one group urging special legislation based upon the premise of what we have done heretofore for some other group; and looking to the future it is well that we keep in mind the service pension demands that are being urged upon Congress with increasing vigor each succeeding year.

In this future of ours it is of primary importance that we yield not to the sympathy which we extend to a single group or class by special legislation for that group or class, but that we should extend/sympathy to all groups and all classes who, in an emergency need the helping hand of their Government, so that all will be dealt with uniformly, equally, without fear or favor.