FDR Speech File

## SPEECH OF THE PRESIDENT

FORCESTER, HASSACHUSETTS, OCTOBER 21, 1936.

I am glad to be in New England -- New England from whtch have oome most of my forebearc. In recent weeks I have travelled through a great part of the United States. I have spoken about farming and mining and livestock, about businese big and littie, about the wage earner, about the national. debt, about arought and 2looa, about work for the needy unemployed and seourity -- security for our people and for their homes.

I have found a Nation more greatly prosperous, more definitely on the hichway to oomplete recovery than at any time in the past seven years. I have seen the record of what we have cone In the faces of the people I have met. We have banished old man Gloom.

It has taken only one day of driving through Rhode Island and Hassechusetts to prove to me that New England is in etep and on march with the rest of the Mation.

I have seen things today even more welcome to me than
your lovely autumn foliage. I have seen the smoke from factories which three and a hale years ago were smokeless. I have heard the sound of milia -- which [three and a hale years ago were silent. I have seen men at work who [three and 8 hall years ago were jobless. I have seen women and children who -- after long years of fear -n have begun to live and hope again.

Three and a hale years ago we declared war on the depression. You and I know today that that war is being won.

But now comes that familiar figure ... the well-upholstered hindsight oritio. He tells us that our strategy was wrong $-\infty$ that the cost was too great .- that something else won the war. That Is an argument as old as the remorse of those who had their chance and muffed it. It is as recent as the claims of those who say that they could have done it better.

You may remember the First Battle of the Marne. Almost everybody thought that Marshall Joffre had won it. But some refused. to agree. One day, a newspaper man appealed to Marshall Joffre:
"w111 you tell me who did win the Battle of the Marne?" "I can't angwer that", said the Marshall. "But I can tell you that if the Battle of the liame haci been lost the blame would have been on me."

Our wer, too, had to be won. No price, we were told then, was too high to pay to win it. We did count the cost. But In the barrage we laid down against the depression we could not stop firing to haggle about the price of every shell. We kept on righting. The important thing is that the war ie being won. W1thout that viotory we cannot have the kind of an America we know and love and want our ohildren to live in. New Sngland -- as one of the senior partners in the company of the states -- has always etood for two of the fundamentale of Americen liberty -- the Town lieeting, with its esaential insistence on local oontrol over looal effairs -- and the dootrine for which Sam Adams and his friencs were willing to flght -- the dootrine of demooracy in texation. While I do not happen to be a cousin of the distinguished Adams family, I consider myself, politioally, a Inneal descendant of old gam.

In 1776 the fight was for demooracy in taxation. In 1936 that is atill the flght. Lr. Justioe Oliver Fendell Holmes once se1d: "Taxes are the price we pay for olvilized society." One sure wey to determine the social conscience of a government is to examine the way taxes are colleoted and how they are spent. And one sure way to determine the social consoience of an individual is to get his tox-reaction.

Taxes, after all, are the dues we pay for the privileges of membership in an orgenized society.

As society becomes more oivilized, government --national, state and local government - 1 s called on to aseume more obligations to its oitizens. The privileges of membership in a civilized society have vastiy inoreased in modern times. But I am afraid we have many who still do not recognize their edvantages and went to avoid paying their dues.

It is only in the pest two generatione that most loosl communities have paved and lighted their streete, put in town sewers, provided tow water supplies, organized fire departments, establiehed $h 1$ gh schools and public 11 brarles , created parks and
playgrounde -.. undertaken, in short, all kinde of necessary new aotivities whioh, perforae, had to be pe1d for out of looal taxes. And let me at this point note that in this most amazing of oampaigns, I found seotions of the Nation where Republican leaders were actually whispering the word to the owners of homes and farms that the present Feaeral Adminiatration proposed to make a oash levy on local real eatate to pay off the national debt. They know that the Federal Government does not tax real estate -- that it oannot tax real estate. If they do not know that, I duggest they read the Conetitution of the United Steter to fina out.

New obligations to their oitizens have also been assumed.
by the several states and by the Federsl Government to their citizens obligations unknown a century and a hall ago, but made necessary by new inventions and by a constantly growing social consoience.

The easiest way to summarize the reason for this extension of govemment funotions, loosl, state and national, is to use the words of Abrahem Lincoln: "The Iegitimate object of government is to do for the people what needs to be done but which they cannot by inaiviaual effort do at ell, or do so well, for themselves."

Taxes are the price we all pay colleotively to get those thinge done.

To aivide falriy among the people the obligation to pay for these benefite has been a major pert of our struggle to maintain democracy in America.

Sver since 1776 that struggle has been between two forces. On the one hand, there has been the vast majority of our citizens who belleved that the benofits of democracy ehoula be extended and who were willing to pay thoir falr share to extend them. On the other hand, there hes been a small, but powerful group which has fought the extension of those benefits, because it did not want to pay e fair share of their oost.

That was the line-up in 1776. That is the IIne-up in this ampeign. And I am confident that once more -- in $1936-$ demooracy In taxation will win.

Here is my prinoiple: Taxes ghall be levied according to ability to pay. That is the oniy Amerioan prinoiple.

Before this great war against the depression we fought
the World War; and it cost ue twenty-five billion dollare in three years to win it. We borrowed to fight that wer. Then, as now, a Democratic Adminiatration provided sufficient taxes to pay off the entire war debt within ten or fifteen years.

Those taxes had been levied acoording to ability to pay. But the suoceeaing Republioan Administration did not believe in thet prinoiple. There was a reason. They had political aebte to those who sat at their elbows. To pay those political debts, they reduced the taxes of their friende in the higher brackets and left the national debt to be paid by later generations. [Because they evaded their obligation, Because they regaraed the politioal debt as more important than the national debt, the depression in 1999 started With a sixteen billion dollar handiosp on us and our ohildren. Now let'g keep this little arama straight. The aotors are the same. But the act is alfferent. Today their role oalls for stage tears about the next generation. But -- in the days after the World War -- they played a different part.

The moral of the play is olear. They got out from under then - they would get out from under now - if their friende coula get back into power and they ooula get back to the ariver's seat. But neither you nor I think that they are going to get beok.

But, as in the World War, we have again oreated a tax struoture to yield revenues adequate to pay the cost of this war againat depression in this generation and not in the next.

New or incressed taxes are not needed to enable us to balance the Federal Budget and to begin very soon a rapid reduction In the national aebt. Recovery is with us. Fearal revenuee are inoressing; emergency expencitures are deoreasing. A balanced budget is on the way. Does that sound Ilme bankruptoy to you? Why this increase in government revenues? Beoause the toxpayer earns more money and spends more money. Though he pays more money in taxes, he has more money left for himself and for his family.

For the average Amerioan -- we have reduced the individual Income tax. Any family head who earne an income of less than $\$ 26,000$ a year pays a smeller income tax in 1936 then he paid for 1938.

That means that one per ont of the heads of American move than
families pay more than they $d 1 \alpha_{\text {; }}$ and pinety-nine andernif per cont hue than iq 9 percent
pay less than they did, fork tines earn leas than ${ }^{\circ} 26,000$ per year.
 to this talk about high taxes under this Administration -- there it 1s. Taxes are $\mathrm{high}^{£}$ for those who an afford to pay high taxes. They are lower for those who can afford to pay less. That is getting back again to the American principle .- taxation according to ability to pay.

You would think, to hear some people talk, that those good people who live at the top of our economic pyramid are being taxed into rags and tatters. What is the fact? The fact is that they are much further away from the poorhouse than they were in 1932. You and I know that as a matter of personal observation.

A number of ny friends who belong in these upper brackets have suggested to me more in som ow than in anger that if I am reelected they will have to move to some other nation because of high taxes hrs. I will miss them very much, but if they go they w111
soon come back. For a year or two of paying taxes in elmost any other country in the world will meke them yearn once more for the good old texes of the United States.

One more word on recent history. I inherited from the previous Administration a tax struature which not only imposed an unfair income tax burden on the low-income groups of this oountry -- but also 1 mposed an unfair burden upon the average Amerioan by a long liet of texes on purohases and consumption -.. h1dden texes.

In 1935 when we oame into office, fifty-eight oents out of every dollar of Federal revenue oame from hidden taxes. Leaving out of account the Iiquor tax -- for 1iquor was 111egal in 1933 - we have reduced these indireot taxes to thirty-elght cente out of every dollar.

How else have we 1 mproved and Americanized the tsx struature?

First, we gave a oreait to earned inoome -- that is Income from personal work or service -- thus substantially reduaing taxes paid by the working oitizen. Waen't that the American thing to do?

Second, we deoreesed the tax rates on small corporations. Wasn't that the American thing to do?

Third, we increased the taxes paid by individuals in the higher brackets -- those of incomes over \$300,000 a year. Wasn't that the Amerioan thing to do?

Fourth, we incressed etill further the taxes paid by individuels one.
In the highest brackets -- those with incomes over one million dollars
a year. Wasn't thet the American thing to do?
Fifth, we increased the tax on very large estates. Wasn't that the Amerioan thing to do?

Finally, this year we had to find new rovenues to meet the 1mmediste bonus payments and to take the plece of the prooessing texes. This new tax -- alled the undiatributed profits tax -Is merely an extension of the individual income tex law and a lusph-hidero plugging-up of the loopholes in it, whioh could be used only by men of very large incomes.

I want to gay a word to you average investors and atookholders who ere being 9100 ded by propaganaa about this tex -propaganda, incidentally, paid for by your money. It is being disseminated by those who have used corporations in the past to
-12-
build up their own economio power, who seek, by holaing back your alvidends, to keep down their taxes.

It is a feat that ninety-eight and a halif per cent of all American corporations will pey a smaller normal corporetion tex under the new lew.

It is a fact that the law permita corporatione to expand and build up adequate reserves.

But for the firgt time it gives the stookholder a ohance to determine for hinsele whether or not to keep his earnings in the oorporation for expsnsion purposes. He $1 s$ now the one to choose between using his dividends for somothing else, and reinvesting them In the etook of the corporation.

What we are concerned with primarily is prinoiple -- and the principle of thie law is sound.

If in its epplication, imperfections ere disoovered, they must be corrected for the good of Americen business.

I am certain that the average of our citizenship is not
taken in by the amazing emount of other tex misinformation -- whioh has been turned loose in this political campaign.

People tell you there are fifty-eight taxes on a loaf of bread, or sixty-three texes on a lady's ooat. But stop, look and 11sten. You will find what the propagandiste do not tell you that only two or three of all of them are Federel taxes imposed by the National Government. All the reat are imposed by loesl, town, county, oity, distriot and etate governments. Two-thirds of all the texes paid in America are state and $200 a l$ taxes -- not Federal taxes.

And $\operatorname{th} 1_{s}$ Administretion has had something to do with these locel taxes. It has made them easier to bear. At the request of 2ooal end state governments for whom the ?.00e2 burden had become too heavy, we asqumed the aost of paying in greater part for work for the needy unemployed. And, by a notional fiscal policy aimed st reducing interest rates we have greatly lightened the burden of oarrying loan government debts -- helping those of you who own homes and farme or who pay rent.

I want to say a word also to the wage earners who are
finding propaganda ebout the security tex in their pay envelopes. I went to renind them that the seourity Law was designed for them --
for the graater sefety of their homes and families. The fund neosssary to provile that security is not collected solely from workers. The employer, too, paye an equal share. And both shares yours and the employers .- are being held for the sole benefit of the worker.

I have spoken in Chloago and elsewhere of the simple faot that the overwhelming mafority of business men are like the rest of us. Lost of us whether we earn wages, sun farms or mun businesses, are in one sense business men. All they seek and all we seek is falr play bssed on the greater good of the greater number -- feir play on the part of the govemment in levying texes on us and fair play on the part of government in proteoting us against abuses.

Once more this year we must choose between demooreoy in taxation and special privilege in taxation. are you willing to turn the control of the Nation's taxes back to special privilege? I know the Amerioan answer to thet question. Your pay envelope may be loaded with suggestions of fear and your dividend letter may be pllled with propagande. But the Amerioan people will nelther be bluffed nor bludgeoned.

The seeds of fear cannot bear fruit in the polling booth. Inside the polling booth every American man and woman stands as the equal of every other American man and women. There they have no superiors. There they have no masters -- save their own minds and consciences. There they are sovereign American oitizens. There on November third they will not feer to exercise that sovereignty.


## ADDRESS OF THE PRESIDENI AT THE AUDITORIUM WORCESTER, MASSACHUSETTS

October 21, 1936, 10.00 P. M.

> Senator Walsh, Governor Curley, Mayor Sullivan and my friends of New England:

> It has taken only one day of dxiving through Rhode Island and Massachusetts to prove to me that New Bngland 1s In step and on November third will be in step with the rest of the Nation. (Applause)

(I am glad to be in New England -- New England from which have come most of my forebears. In recent weeks I have travelled through a great part of the United States. I have spoken about farming and mining and iivestocir, about business big and little, about the wage earner, about the national debt, about drought and flood, about work for the needy unemployed and security -- securlty for our people and for their homes.)
(I have found a Nation more greatly prosperous, more definitely on the highway to complete recovery than at any time in the past seven years. I have seen the record of what we have done in the faces of the people I have met. We have banished old man Gloom.)
(It has taken only one day of driving through Rhode Island and Massachusetts to prove to me that New England is in step and on march with the rest of the Nation.)

I have seen things today even more welcome to me than your lovely autumn follage. I have seen the smoke from factories -- which three and a half years ago were smokeless. I have heard the sound of mills - - which three and a half years ago were silent. I have seen men at work who (three

## Franklin D. Roosevelt Libxaty

Thie is a transcript made by the white House atenographer from his shorthand notes taken at the tile the speech was made. Underlimin tralcates merds extemporancounly adted to the previousiy prepared retdink copy 6 . 5 . Torns in parentheres tira wosdy thint wore ouitted when the speech mas if charid, theurls, they appeas in the peos ourly spopered reading copy text.

Franklin D. Roosevelt Library
This is a transoript made by the Thite House stenographer from his shorthand motes taken at the time the speech was made. Underlining incicates words exterporaneously added to the previously prepared reading copy toxt. Words in parantheses are words that were omitted when the epeech was colivered, though they appear in the previously propared reading sopy tezt.
and a half years ago) were jobless. I have seen women and children who -- after long years of fear -- have begun to live and hope again. (Applause)

Three and a half years ago we declared war on the depresgion. You and I know todey that that war is being won. (Applause)

But now comes that familiar figure -- the well-upholstered hindsight critic. (Laughter) He tells us that our strategy was wrong ... that the cost was too great -- that something else won the war. That is an argument as old as the remorse of those who had their chance and muffed it. (Applause) It is as recent as the claims of those who say that they could have done it better.

You (may) remember the First Battle of the Marne in the autumn of 1914. Almost everybody thought that it was Marshall Joffre who had won 1t. But some refused to agree and one day, a newspaper man appealed to Marshall Joffre and said, "Will you tell me who did win the Battle of the Marne?" "I can't answer that," said (the Marshall) Joffre, "but I can tell you that if the Battle of the Marne had been lost the blame would have been on me.n (Applause)

Our war, too, -- this war that we are finishing -" had to be won. No price, we were told then, was too high to pay to win it. We did count the cost. But in the barrage that we laid down against the depression we could not stop firing to haggle about the price of every shell. We kept on
firing and fighting. The important thing is that the war is being won. (Applause)

Without that victory we cannot have the kind of (an) America we know and love and want our children to live in.

New England -- as one of the senior partners in the company of the states -- has always stood for two of the fundamentals of American liberty -- the Town Meeting, with its essential insistence on local control over local affairs -- and the doctrine for which Sam Adams and his friends were willing to fight -- the doctrine of democracy In taxation. While I do not happen to be a cousin of the distinguished Adams family, I consider myself, politically, a Iineal descendant of old Sam. (Applause)

In 1776 the fight was for democracy in taxation. In 1936 that is still the fight. Mr. Justice Oliver Wendell Holmes once said: mTaxes are the price we pay for civilized society," One sure way to determine the social conscience of a government is to examine the way taxes are collected and how they are spent. And one sure way to determine the social conscience of an individual is to get his tax-reaction.

Taxes, after all, are the dues that we pay for the privileges of membership in an organized society.

As society becomes more civilized, government -national, state and local (government) -- is called on to assume more obligations to its citizens. The privileges of
membership in a civilized society have vastly increased In modern times. But I am afrald we have many who still do not recognize their advantages and want to avoid paying their dues. (Applause)

It is only in the past two generations that most local communities have paved and lighted their streets, put in town sewers, provided town water supplies, organized fire departments, established high schools and public 11braries, created parks and playgrounds -- undertaken, in short, all kinds of necessary new activities which, perforce, had to be paid for out of local taxes.

And let me at this point note that in this most amazing of campaigns, I found sections of the Nation where Republican leaders were actually whispering the word to the owners of homes and farms that the present Federal Administration proposed to make a cash levy on local real estate to pay off the national debt. They know and the people as a whole know that the Federal Government does not tax real estate -- they know or ought to know that it cannot tax real estate. If they do not know that, I suggest they read the Constitution of the United States to find out. (Applause) New obligations to their citizens have also been assumed by the several states and by the Federal Government (to their citizens) -- obligations that were unknown a century and a half ago, (but) that were made necessary by new inventions and by a constantly growing social conscience.

The easiest way to summarize the reason for this extension of government functions, local, state and national, is to use the words of Abraham Lincoln: "The legitimate object of government is to do for the people what needs to be done but which they cannot by individual effort do at all, or do so well, for themselves."

So, my friends, taxes are the price that we all pay collectively to get those things done.

To divide fairly among the people the obligation to pay for these benefits has been a major part of our struggle to maintain democracy in America.

Ever since 1776 that struggle has been between two forces. On the one hand, there has been (the) a vast majority of (our) citizens who believe(a) that the benefits of democracy should be extended and who were willing to pay their fair share to extend them. On the other hand, there has been a small, but powerful group which has fought the extension of those benefits, because it did not want to pay a fair share of their cost.

That was the line-up in 1776. (That) And it is the line-up (in this campaign) today. And I am confident that once more -- in 1936 -- democracy in taxation will win. (Applause)

Here is my principle and I think it is yours too: Taxes shall be levied according to ability to pay. That is the only American principle.

Before this great war against the depression we fought the World War; and it cost us twenty-five billion dollars in three years to win it. We borrowed to fight that war. Then, as now, in 1917 and ' 18 and 119, a Democratic Administration provided sufficient taxes to pay off the entire war debt within ten or fifteen years.

Those taxes in the war days had been levied according to ability to pay. But the succeeding Republican Administration did not believe in that principle. There was a reason. They had political debts to those who sat at their elbows. (Applause) To pay those political debts, they reduced the taxes of thiir friends in the higher brackets and left the national debt to be paid by later generations. (Because they evaded their obligation) Because they regarded the political debt as more important than the national debt, the depression in 1929 started with a sixteen billion dollar handicap on us and our children.

Now let's keep this little drama straight. The actors are the same. But the act is different. (Applause) Today their role calls for stage tears about the next generation. (Applause) But -- in the days after the Forld War .- they played a different part.

The moral or the play is clear. They got out from under then -- they would get out from under now -- if their friends could get back into power and they could get back to the driver's seat. But neither you nor I think that they
are going to get back. (Applause)
But, as in the World War, we have (again) created a tax structure to yield revenues adequate to pay the cost of this war against depression in this generation and not in the next.

New or increased taxes are not needed to enable us to balance the Federal Budget and to begin very soon a rapid reduction in the national debt. Why? Because recovery is with us. Federal revenues are increasing; emergency expenditures are decreasing. A balanced budget is on the way. Does that sound like bankruptcy to you? (Applause)

Let us keep on. Why this increase in government revenues? Because the taxpayer earns more money and spends more money. Though he pays more money in taxes, he has more money left for himself and (for) his family.

And here are some very simple and very interesting
figures. For the average American -- we have reduced the individual income tax. Any family head who earns an income of less than $\$ 26,000$ a year pays a smaller income tax in 1936 than (he paid for) in 1932. Now that means that less than one per cent of the heads of American families are paying today (pay) more than they did; and more than ninety-nine per cent (pay) are paying less (than they did, for more than ninety-nine per cent earn less than) because more than ninetynine per cent of American families earn less than $\$ 26,000$ per year. If you want the answer to this talk about high taxes
under this Administration -- there it is. Taxes are higher for (those) less than one per cent who can afford to pay high taxes. And they are lower for those who can afford to pay less. That is getting back again to the American principle -- taxation according to ability to pay. (Applause)

But you would think, to hear some people talk, that those good people who live at the top of our economic pyramid are being taxed into rags and tatters. What is the fact? The fact is that they are much further away from the poorhouse than they were in 1932. You and I know that as a matter of personal observation. (Applause)

A number of my friends who belong in these very high upper brackets have suggested to me on several occasions, have suggested more in sorrow than in anger that if I am reelected president they will have to move to some other nation because of high taxes here. Now, I will miss them very much (applause) but if they did go they will soon come back. (Applause) Because (for) a year or two of paying taxes in almost any other country in the world will make them yearn once more for the good old taxes of the (United States) U.S.A. One more word on recent history. I inherited from the previous Administration a tax structure which not only imposed an unfair income tax burden on the low-income groups of this country --but also imposed an unfair burden upon the average American by a long list of taxes on purchases and consumption $\rightarrow$ in other words what we call hidden
taxes.
In 1933 when we came into office, fifty-eight cents out of every dollar of Federal revenue came from hidden taxes. Leaving out of account the iiquor tax -(for) because liquor was illegal (in 1933) when I came into office (applause) -- leaving out that tax, which is a hidden tax, we have reduced these indirect taxes to thirty-eight cents out of every dollar.

How else have we improved and Americanized the tax structure?

First, we gave a credit to earned income -- that is income from personal work or service -- thus substantially reducing taxes paid by the working citizen. Wasn't that the American thing to do?
(Second) Secondly, we decreased the tax rates on small corporations. Wasn't that the American thing to do?

And third, we increased the taxes paid by individuals in the higher brackets -- those (of) with incomes of over $\$ 50,000$ a year. Wasn't that the American thing to do? (Applause)

Fourth, we increased still further, more steeply, the taxes paid by individuals in the highest brackets -(those) men and women with incomes (over) of one million dollars a year and up. Wasn't that the American thing to do? (Applause)

Fifth, we increased the tax on very large estates. Wasn't that the American (thing to do) way of doing it?

And finally, this year we had to find new revenues to meet the irmediate bonus payments and to take the place of the processing taxes. This new tax -- called the undistributed profits tax -- is merely an extension of the individual income tax law and a plugging-up of the loopholes in it, loopholes, incidentally, that (which) could only be used (only) by (men of) people with very large incomes.

I want to say a word to you average investors and stockholders who are being flooded by propaganda about this tax -- propaganda, incidentally, paid for by your money. It is being disseminated by those who have used corporations In the past to build up their own economic power, who seek, by holding back your dividends, to keep down their taxes.

It is a fact that ninety-eight and a half per cent of all American corporations will pay a smaller normal corporation tax under the new law than under the old law.

And it is a fact that the law permits corporations to expand and build up adequate reserves.

But, my friends, for the first time it gives the stockholder a practical chance to determine for himself whether or not to keep his earnings in the corporation for expansion purposes or to take them out. He is now the one -not the management, not the board of directors, he is now the one to choose between using his dividends for something
else (and) or reinvesting them in the stock of the corporation. What we are concerned about (with) -- not only people who have no stocks and bonds but everybody who has ownership of stocks and bonds -- what we are concerned about primarily is principle -- and the principle of this law is sound.

If in its application, imperfections are discovered, they must be corrected for the good of American business Just like imperfections in any other statute of the Federal Government or state or locality.

I am certain that the average of our citizenship is not taken in by the amazing amount of other tax misinformation -- which has been turned loose in this political campaign.

People tell you there are fifty-eight taxes on a loaf of bread, or sixty-three taxes on a lady's coat. But, my friends, stop, look and listen. You will find what the propagandists do not tell you -- that only two or three of all of them are Federal taxes imposed by the National Government. All the rest are imposed by local, town, county, city, district and state governments. And remember that two-thirds of all of the taxes paid in America are state and local taxes -- and not Federal taxes. (Applause)

And this Administration has had something to do with these local taxes. It has made them easier to bear. At the request of local and state governments for whom the local burden had become too heavy, we in Washington assumed
the cost of paying in greater part for work for the needy unemployed. And, by a national fiscal policy aimed at reducing interest rates throughout the nation we have greatly lightened the burden of carrying local government debts -helping those of you who own homes (and) or farms or who pay rent.

I want to say a word also to the wage earners who are finding propaganda about the security tax in their pay envelopes. I want to remind them that the new social security law was designed for them -- for the greater safety of their homes and their families. The fund necessary to provide that security is not collected solely from workers. The employer, too, pays an equal share. And both shares - yours and the employer's -- are being held for the sole benefit of the worker himself. (Appleuse)

I have spoken in Chicago and elsewhere of the simple fact that the overwhelming majority of business men are like the rest of us. Most of us, whether we earn wages, run farms or run businesses are in one sense business men. All they seek and all we seek is fair play based on the greater good of the greater number -- fair play on the part of the government in levying taxes on us and fair pley on the part of government in protecting us against abuses.

Once more this year we must choose between democracy in taxation and speciel privilege in taxation. Are you willing to turn the control of the Nation's taxes back to
special privilege? I know and you know the American answer to that question. Your pay envelope may be loaded with suggestions of fear and your dividend letter may be filled with propaganda. But the American people will neither be bluffed nor bludgeoned.

The seeds of fear cannot bear fruit in the polling booth. (Applause)

Inside the polling booth every American man and every American woman stands as the equal of every other American man and woman. There they have no superiors. There they have no masters. There they have nobody telling them what to do -- save their own minds, (and) save their own consciences. There they are sovereign American citizens. And there on November third they will not fear to exercise that sovereignty. (Prolonged applause)

GENERAL SERVICES ADMINISTRATION
National Archives and Records Service
FBAKKLIK D. MOOSEVELT LIDRART MYDE PAAK, N. T.

Papers of President Frankiin D. Roosevelt Master Speech FYle

Preliminary drafts of the Worchester, Mass. Speoch, Ootober 21, 1936.

I bring you no nows tonight whon I toll you that wo, the Are rioan people, aro winning the battle againat the daprossion. The aigne of our rooovory are about you on every hand. Tie road of thom in our nowspapers, but more than that we experience thom in our bueiness and our daily work. Tio are winning also tho battle againet fear, whioh wes ono of the bogios wo had to opprese us. Wo had, it is true, rosl occasion for foar in the black days of three and a helf yoars ago. Wo have no suoh ocoasion for foar now. To have Instead not only hope, but real assurance that we are marohing steadily formard to a prosperity greator than we have over imaginod, a prospority that will be onjoyod. not merely by a few, but by all of our popio.

That is the goal towerd whi oh we are all working. Our rooovory has been a planned and purposeful recovery. Our new and groator prosperity will be a plamed and purposeful prosperity.

Yet, thore aro those who go about reviving old bogios and oxm oiting thonsolves by groundiess fears in whioh they ank the poople to share. One of theso bogies is the feniliar wail about what it las oout us to bring about recovery. I dealt with that bogoy in a speech at Pittaburgh on the first day of this manth, whon I gave a fer plain and simple figuros about the box score of reaovory. Tonight I mant to talk In oqually simple torms about anothor and equally false foar, the fear that is expressed in the questions How are we going to pay for itt

In other worde, I am going to talk about tacation = baxation to defray the expenses of reoovory. I aen spoak about it in oqually aimple tornas because the fnots themsolves aro simple. They are facte that go back a. little beyond this presont adninistration into the general trond of our tax history.

Whan I spoke at Pitteburgh, I asked the American people to view the expendituro of tho Govermont in the last throe yoars, in so far as they hed eccooeded the rovonues of the Foderal Govornmont, es an imvestmont in tho future of Anerioa = for thi $a$, in alaple truth, thoy wro. That imrostant is cno whioh has already yiolded dividonds far boyond ita oost. The proof of that iias in the ane plain fact, that since we started our reoovory effort, our battlo to rostore decont Amprioan living conditions to the Amorionn people, tho amual national inocono has rison by more than twonty blllions of dollare. The national inoomo for this yoar alone - in a single yoar, sind you, will exoeed the national income in the depth of the depression by a sum that is more than trios the amount of the thole oost of reoovery to dato.

In pronoting reeovery we have not boon unnindful of tho oosts and we hewo rot been uxaindful of the gadins we hopod to achiove. The shrowd business man whon to oontemplates an imrostment looks not only at the amount he will have to infest. He welocnes evory opportunity to Invost monay to bring a substantial profit; he metohos the contamplated
expenditure against the contomplated gains. And if he should find, efter he has made the invostmont, that ho has gained from it in a single year 250 per oeart of the amount he has investod, and that the gaine aro continuing, will he bewall the oost, oven if he went in debt for it? Oh nol Ho will look at the state of his business with a smilo of satisfaotion and whon ho finds, as he will find and 28 wo have found, that his orodit at the bank hea boen fanonsely improved as a result of his invostment and his gains, his feeling of satiafaction will bo even deoper. Hore, ho will say, is a promotion investment that made good in a big way. That is exaotly what has happoned to the Foderal osonomy in the last three years. By the judioious oxponditure of borrowed funde a sick business, a failing businesa, has been put on its foot again. It is not a now thing in busi" ness historys it is paralaled in the history of many a business onterm prise when energy and intolligence have been applied to it s problens.

With this pioture in viow, there is not much need to worry ebout how the otcolaholders - and you aro the stoakholders - are going to rieet the interest on this borrowed onpital and how we are geing to oonvert it frem a bonded debt into a atook ownership. The anower is very plein. The profito are going to do that. They are doing it. But perhaps you would 1 ik 施 to know soxe of the detaile of how the interest on the bonded dobt will be mot and how the bonded dobt will be roduoed. Thet is a problem of tex polioy.

Let us twice a look for a fow momonts at our prosent, past and future teax polloies. Is there a plan and is thare a noosasity to lay a now and
hoavy burdon of tazation upon the Anorioan pooplet I mado an anmer to that quostion in my Budgot Sumation statement of a yoar ago. I anowered it again in the Budget Hoasage that was subaittod to the Congress in Jenuary of this yoar. I havo the same answor to make to you tonight. It is this. Our present tax struoture is strang onough so that wo do not noed any ner or inareased taxes to balance tho Federal budget, to meot the interest on the public dobt and to bogin very soon, and to continuo, a rapid reduction in the publie debt. As recovery continues, ne prosperity inoroacos, tho Federal revonues aro inoreasinge The revonue for the fisoal year 1056, that onded June 50 th of this year, wee epproxinately double the revenue for the ficoal year 1953. With the utmost oonservatiam wo have eatimated that the rovomus for the fiscal yoar 1957, whioh ends next Juno soth, will be not lega than a blllion and a half greator than the 1936 rovenues. But you say that tim s onrtainly mast man that the Amorican people $n d 11$ be paying a great deal more in taxes in this and suoceoding yoars. The anower iss of course, they will be paying mores they will be paying more only beoause they aro oarning nore and because they are buying more of the ocaforts and luxuries of 11 fo that they oan afford to buy with inoreasod Incares and increased profits. At the sane time thet thoy pay maro in aggregato amount in tazes, they will have much more left for their own usos. Our rosovery is not only a paying investanent for our Goverments It is a paying imestriont in far higher proportion for the Amorioan people.

To ry a tatonont in the Budgot Nessage of January, 1936, I added a. qualification that had an snportant boaring on our budgot polioy, as woll as our tax polloy. I eadd that if aotion of the supreme Court should deprive us of revemes we wore rooelving from prooessing taxes to support our progran of rebuilding farm inoome, it would be ne oeseary to provide a substitute souroe of taxation. And I said further that if the Congreas should authorize additional exponditures not contemplated in the Budget, edditsonnl reveme would have to be suppliad to meet those expenditures.

To repeir the gaps in our revonuo, whioh rosultod from the amulment of the proeessing teres and the prepayment of the veterans adjusted service cortificetos, I aid requost, and the Congress voted, additional texes, Of the charaotor of the nore Important of those texas, I shall epeak a little later, but it is frportant to notice hore what thoy reprosented in budget polioy.

Our oxpenditures heve been planned to produce a definite result. They wore and are truly an investinent in the future of Amorion. To have plamed thom thriftfully. Wo have not baitated to authorlse expenditure that would produce income to the people, but, on the other hand, Juat as definitoly we set linita to the oxtent to whioh defioit expeniliture would bo oarried. Tie had passed the turning point in Jemuery, 1936s assured reoovery was woll under way. It was not then advisable to eut aff eltogethor onorgency expenditures. The hungry had to be fad, work had to be provided for those still unomployed. Fe
oould not shiric that responsibility, but we oould, and did, taike a firm stend againat now olasses of expenditures unloss those expenditures Trere In nenced by additional souroes of reverne.

That have we done in the matter of tambion in thle adndinistration? Fhrat of all we rejooted tho thoory that in that great emergency we would attompt absolutely to IInit expenditures to the amount of Federal inoome. To rojeoted also the policy of londing on the pooplo an irenediate burden of toxation euffioient to balenoe reoovery exponiltures. It would have boon an inpossible procedurc. The imposition of general texes on such a soelo would not havo promoted but would have atiflod rocovery.

It is true there was anothor alternative. Congress had placed in my hands extraorijnary woapons for doaling with the energonoy and serinc the Amerioan people from a worse disaster. Pirst, in one portion of tho Farm Rellef Aot of 1955 there wal provision for the is suances. at dy disorotion, of throe bilifions of dollars worth of curronoy. Socond, the change in the gold contont of the dollar put into the possession of the Government move then $\$ 2,300,000,000$ of gold profit, whioh could have been used to dofray Govermeont expenditures. Thi ri, under the Silver Purchese hot wo ould have isaued olose to an additional blilion dollera of silver oortifiostios. Hore mis an aggragato resource almost ouffioiont to defrey the entire oost of reoovery up to date without the nocesalty of borroning fran tho puili.e. But wo did not havo to we this method. Wo did not lave to une it beoause conflience in the publio oredit made it unnooossary. Wo belioved wo oould roly on the oredit of the Amorionn pooplo. Thet was enough. Tho result has proved that wo woro right.

The Revenue Aet of 1952, pasaed in the last yoar of the prior administration, hed imposed a burden of general taxation strixing all ranks of our poople that could not safely be inoreased. That Aot, It is true, had inorea ed the tax contribution of peraona of large incone, best able to ay additional taxes, but it had aiso inereased to a striking degree the tax load of all the lower income groups. In It there was also enacted a long liat of taxes on purchases and oonsumption, the taxes sometiaes referred to as hidden taxes. These were the contribution of the prior administration to our tax structure.

By the acts of 1984, 1985 and 1936 this administration has rade iaportant changes in the tax structure. These changes have been in the direction of further graduating taxes according to the fust and sound prineiple of ability to pay, the rinciplo which for nore than forty years the representutives of the Democratic Party in public life have sought to establish as the besic prinelipie of our tax system.

First of all, by the Revemue Act of 1954, we accomplished subetantial reduction in the smount of taxes pald by those in the lowest Income groups. We did this by reatoring to the tax atatutes favored treatinent for earned incose, ineome that is pay for personal work and productive service. The reault of that proviaion is a reduction in tax for all persons with incoses leas than 226,000 a year, whose incomes are derived from their om personal labor.

We have ineresed the rate of taxation on those best able to pay. Wi. increased aurtax schedules on incores of more timn 8100,000 a year. We ostablished a maximun surtax bracket of 75 per cent, which applies
only to that portion of an individual's ingone in any one year which exceads five million dollars. The revicus maximas of 55 per cent, under the 1952 Revenue Aet, had agplied to all ineore over a pllion dollars a year. The have changed the sohedule of corgoration income taxes so as to provide for graduatad rates, with the result that the amallest corporations, ay at a lower rate than they padd in 1998, while the largest corporations pay at a silghtly higher rate than they paid in thet year.

Finally we added, In the 1986 Revenue Act, the undistributed profits tax. This is a tax at rates ranging from 7 per oent to 27 per cent on that portion of the net income of a corporation which is not diatributed to the corporetion's reel owners, the utockholders, in the form of dividends. You have heard eriticism of this tax. It is criticism mainly inspired by those who do not themsolvas believe in the principle of taxation according to ability to pey, the prineiplo which has become the banis of falr taxation in every progressive oountry in the world.

Let me explain in a few words the underlying prineiples of thet tax. Tho income tax law in the past has not been fapartial. It has ettompted to apply the higheat surtax rates to those having the largest Incomes, but it offered a groat and easy looghole of escape a tax privilege available only to persons Fith very lerge incones. These son characteriatically have large blocika of angital Investad in corporations, on whah they rely for their prineipal source of income. They have paid haretofore individuml income taxee on their corporation asrninge only
build a new home with your savinge, or to pat them by for your own rainy day, you do not got axy speoial taxation trostment on thet acoount. Mor do zartnerghipe and individual bueinoss non if they want to pay off businass debts or expand their enterprisets.

Are the rates of this new tax unfair? They are not unfair. They are dosigned to do no more than return to the Facloral Qovernment the seme revenue yield, or approximately the same reverne yiold, as would bo obtained fros stockholders if the corporation's profita ware Inily diatributed to its onnars, the otockholders. The act is in the Interest of corporation atockholders, although that is but an incident to the rasin purgose of justice and equity in tuxation. You have been told that it will hamper corporate thrift and the it will hurt sasil corporations, yet the faot is that three-quarters of all corporations reporting ary ret income will pay saniler total taxes under this 1 m than under previously existing law even if thoy withhold fron their stoolcholders as auch as forty por cent of a yearta aarnings.

The undistributed profits tux, es enacted in the Reverue Aot of 2936, in in perfeat harmony with the prinoiple and policy of taxation which we have consistently followed in this adninistration. It is the policy of impartial taxation, not disoriminating againet any person or oless, but besed upon the prineiple of ability to gayi and ab111ty to pay in turn is derived and is proportioned to the advantages and privileges which the resources of our netion and its gystea of Governsent efford to its citizens. Fron those to whon it has given the most, it expeots the most, each according to his ab11ity.

That in not the prinoipie that has always bean followod in deolding the tax polioy of our Government. It is not the prinelple that was followed in the long yours from 1921 to 2958 . In those years the hard won victory of the people in establishing the prinoiple of abllity to pay was elwost completily nullified by adninistrations which shmpod their tax polloles to lighten the burdens of the well to do. In those years we had successive outs in the surtex rates on lerge fortunes that were hailed by the oconowic royaliste of America as inspired statemeanship.

The effect of those reductions in the tazee of those best able to pay taxes, and other concessions to zon of greet fortunes, mes firat to slacken the rate of retirement of the greet Forld Fiar dobt and finally, when tho dopreanion came on, to convert the surplus in Toderal revenues into a deficit of buge proportions. Men who should have been contibuting to meeting the great emergency wore enabled to ehirk their responaiblity. All through the depresaion and the recovery pertod, we have been bearing the burden of this shortsighted tax policy, Just as we have borne the burden of intereat on ten billions of debt which should not heve axieted when this administration took over reaponaibllity.

Our people heve suffered under the burden, but thay are coming through. Te have readjuated the burden to that it bears most lightly on those loast able to sustain it and nost heavily on those beat able to sustain 1t. Our tax struoturo is the otrongest the retion has ever
had. Iaprovetments in it will inercase very eabetantially, and without ery hardship, the rovemues for tho next Piscal yoar and the jears that follow, but tho main incrase is coning from the inorossed prosperity of our people, a prosperity which $w 111$ not bo rotarided by the prosent tax systen. Te had in the $1980^{\prime} s$ a tsx ayatem whioh Irvited disaster. It invited it by pronoting and encouraging the undust and inprovident aistribution of national income. Te have rejected the theory that prosperity can endure wisle a fow obtain privileges at the expense of the rapy. To Keek and ws shall sttain a prosperity nore ovenly shared, a proaperity based on justioe to all.

## Final Proposed Draft

I am glad to be in New England -- New England from which have come most of my forebears. In recent weeks I have travelled through a great part of the United States. I have spoken about farqing and mining and livestock, about business big and little, about the wage earner, about the national debt, about drought and flood, about work for the needy unemployed and security -- security for our people and for their homes.

I have found a Nation more greatly prosperous, more definitely on the highway to complete recovery than at any time in the past seven years. I have seen the record of what we heve done in the faces of the people I have met. We have banished old man Gloom. It has taken only one day of ariving through Fhode Island and Massachusetts to prove to me that New England is in step and on march with the rest of the Nation.

I have seen things today/ more pherowi $\sqrt{\text { uni }}$, phenen than your lovely autumn foliage. I have seen the smoke from factories -- which $3 \frac{1}{2}$ years ago were smokeless. I have heard the sound of mills -- which
$3 \frac{1}{2}$ years ago were silent. I have seen men at work who $3 \frac{1}{2}$ years ago were jobless. I have seen women and children who -- after long years of fear -- have begun to live and hope again.

Three and a half years ago we declared war on the depression. You and I know today that that war is being won.

But now comes that familiar figure -- the well-upholstered hindsight critic. He tells us that our strategy was wrong -- thãt the cost was too great -- that something else won the war. That is an argument as old as the remorse of those who had their chance and muffed it. It is as recent as the claims of those who say that they could have done it better.

You may remember the First Battle of the Karne. Almost everybody thought that Karshall Joffre had won it. But some refused to agree, One day, a newspaper man appealed to Marshall Joffre: WWill you tell me who did win the Battle of the 角arne". "I can't answer that", said the Marshall. "But I can tell you that if the Battle of the Marne had been lost the blame would have been on me."

Our war, too, had to be won. No price, we were told then, was too high to pay to win it. We did count the cost. But in Laid
the barrage we leaving down against the depression we could not stop firing to haggle about the price of every shell. We kept on fighting. The important thing is that the war is being won.

Without victory we cannot have the kind of an America we know and love and want our children to live in.

New England -- as one of the senior partners in the company of the states -- has always stood for two of the fundamentals of American liberty -- the Town Meeting, with its essential insistence on local control over local affairs ... and the doctrine for which Sam Adams and his friends were willing to fight -- the doctrine of democracy in taxation. While I do not happen to be a cousin of the distinguished Adams family, I consider myself, politically, a lineal descendent of old Sam.

In 1776 the fight was for democracy in taxation. In 1936 that is still the fight. Mr. Justice Oliver Wendell Holmes once
said: "Taxes are the price we pay for civilized society". One sure way to determine the social conscience of a government is to examine the way taxes are collected and how they are spent. And one sure way to determine the social conscience of an individual is to get his tax-reaction.

Taxes, after all, are the dues we pay for the privileges of membership in an organized society.

As society becomes more civilized, government -- national, state and local government -- is called on to assume more obligetions to its citizens. The privileges of membership in a civilized society have vastly increased in modern times. But I am afraid



It is only in the past two generations that most local communities have paved and lighted their streets, put in town sewers, proviced town water supplies, organized fire departments, established high schools and public libraries, created parks and playgrounds -undertook, in short, all kinds of necessary new activities which,
perforce, had to be paid for out of local taxes.

And let me at this point note that in this most amazing of campaigns I found sections of the Nation where Republican leaders were actually whispering the word to the owners of homes and farms that the present Federal Administration proposed to make a cash levy on local real estate to pay off the national debt. They know that the Federal Government does not tax real estate -- that it cannot tax real estate. If they do not know that, I suggest they read the Constitution of the United States to find out.
万कin-citigsows

New obligations have also been assumed by the several states and by the Federal Government to their citizens -- obligations



The easiest way to summarize the reason for this extension of government functions, local, state and national, is to use the words of Abraham Lincoln: "The legitimate object of government is to do for the people what needs to be done but which they cannot by individual effort do at all, or do so well, for themselves. ${ }^{\pi}$

To divide fairly among the people the obligation to pay for these benefits has been a major part of our struggle to maintain democracy in America.

Ever since 1776 that struggle has been between two forces. On the one hand, there has been the vast majority of our citizens who believed that the benefits of democracy should be extended and who were willing to pay their fair share to extend them. On the other hand, there has been a small, but powerful qrame which has fought the extension of those benefits, because it did not want to pay a fair share of their cost.

That was the line-up in 1776. That is the line-up in this campaign. And I am confident that once more -- in 1936 -- democracy in taxation will win.

Here is my principle: Taxes shall be levied according to ability to pay. That is the only American principle.

Before this great war against the depression we fought the World War; and it cost us 25 billion dollars in three years to win 1t. We borrowed to flght that war. Then, as now, a Democratic


#### Abstract

-7-

Administration provided sufficient taxes to pay off the entire war debt within ten or fifteen years.


Those taxes had been levied according to ability to pay. But
the succeeding Republican Administration did not believe in that principle. There was a reason. They had political debts to those who sat at their elbows. To pay those political debts, they reduce the taxes of their friends in the higher brackets and left the national debt to be paid by later generations. Because they evaded their obligation, because they regarded the political debt as more important than the national debt, the depression in 1929 started with a 16 billion dollar handicap on us and our children. Now let's keen this little drama straight. The actors are the same. But the act is different. Today their role calls for stage tears about the next generation. But -- in the days $A_{A}$ the World War -- they played a different part. c/sor The moral of the play is They got out from under then -they would get out from under now -- if their friends could get back into power and they could get back to the driver's seat. But
neither you nor I think that they are going to get back.
Today we are winning another war. In winning that victory, the Government hod assumed additional obligations to its citizen assumed with the wholehearted ponsent of the vast majority of op. people. But, as in the World War, we have again created a tax structure to yield revenues adequate to pay the cost of this war against depression in this generation and not in the next.

New or increased taxes are not needed to enable us to balance the Federal Budget and to begin very soon a rapid reduction in the national debt. Recovery is with us. Federal revenues are increasA bratancen burlyet io on The here. ing; emergency expenditures are decreasing. Does that sound like bankruptcy to you?
Why this increase in revenues? Because the taxpayer earns
more money and spends more money, Though he pays
more money in taxes, he has more money left for himself and for his family.

For the average American -- we have reduced hers individual Income tax. Any family head who earns an income of less than
$\$ 26,000$ a year pays a smaller income tax in 1936 than he paid for town ane hilt of enc percent 1932. That means that
sure
And $94 \frac{1}{2} \%$ fay tree then try did, pay than they did; for they earn less than $\$ 26,000$ per year. The only ones who pay a higher tax now than they paid for 1932 are those whose incomes are over $\$ 26,000$ a year. If you want the answer to this talk about high taxes under this Administration -there it is. Taxes are high for those who can afford to pay high taxes. They are lower for those who can afford to pay less. That is getting back to the American principle gets -- taxation according to ability to pay.

You would think, to hear some people talk, that those good people who live at the top of our economic pyramid are being taxed Into rags and tatters. What is the fact? The fact is that they are much further away from the poorhouse than they were in 1932.
 What do we find when we look at the income of the 1,000 individuals tho paid the highest personnel income taxes in the United States for the year 1935 ? In the vast majority of them, it is true that they paid more taxes than in 1932 and at steeper rates. But
we find also, ape this isthe important point, that they had more left for themselves af fer the taxes were paid.

A number of my friends who belong in these upper brackets have suggested to me more in sorrow than in anger that if I am reelected they will have to move to some other nation because of high taxes. I will miss them very much but if they go they will soon come back. For a year or two of paying taxes in almost any other country in the world will the good old taxes of the United States.

One more word on recent history. I inherited from the presvious Administration a tax structure which not only imposed an unfair income tax burden on the law-income groups of this country -hunt Arrourve monde, anon the average Amandaapo. It also imposed an unfair burden upon the average American by a long list of taxes on purchases and consumption -- hidden taxes.


This Administration, determined fo return to the American principle, has imposed no hidden taxes save the excise tax on liquor and the temporary processing tax pr a specific emergency


In 1933 when we came into office
cents out of every dollar of federal revenue came from hidden taxes. Leaving out of account the liquor tax --

liquor was illegal in 1933 --thily-sight we have reduced these indirect taxes to cents out of every dollar.

Hidden taxes Dear too heavily on thoseleast able to pay. They will not be increased by this Administration.

How else have we improved and Americanized the tax structure, ${ }^{?}$

First, we gave a credit to earned income -- that is income from personal work or service -- thus substantially reducing taxes paid by the working citizen. Wasn't that the American thing to do? Second, we decreased the tax rates on small corporations, Wasn't that the American thing to do?

Third, we increased the taxes paid by individuals in the higher brackets -- those of incomes over $\$ 100,000$ a year. Wasn't that the American thing to do?

Fourth, we increased $\Lambda^{\text {tiff taxes paid by individuals in the high- }}$ fin
est brackets -- those with incomes over million dollars a year.
Wasn't that the American thing to do?


immediate bonus payments and to take the place of the processing

near undistria Luetic profits

tax -- is merely an extension of late.
the individual income tax law and a plugging-up of the holes in it which coned the used aby ley then of ry luge hucmes. Let me e youlwhy. Here, let us/say, is an individual with a very large income who belongs to the small minority and wants to escape paying his fair share of taxes. What could he do? He could form his own corporation, or with a number of likeminded men he could get control of a corporation pad leave its earnings in the company treasury as surplus. On that income the corporation had to pay only $12 \frac{2}{2} \%$. But if the individual had taken out his share of the earnings in person, he would have had to pay thirty or forty percent or more. In this way, he avoided paying a fair tax

INSERT A, page 13
It is a fact that 4 of all American corporations will pay a smaller normal corporation tax under the new Raw . the lour
It is a fact that ${ }^{2}$ permits corporations to expand and build up adequate reserves.

INSERT B, page 15

If in its application, imperfections are discovered, they

must corrected for the good of American business. A

INSERT C, page 10
ale

I remind you that the anal recommendation of the Secretary of the Treasury in the previous Adminforration was Munyocturers
general sales tax of $28 / 4 \%$.

## on the mooetts of tie business, o tax which bonwouthsintave hate to pay te the had mun the business as an indiydtual. The smalinoaboetin,


 largest stockholders could use, that lanaphale.


I want to say a word to you average investors and stockholders

Who are being flooded by propaganda, incidentally, paid for by your money.

Propegrone is being disseminated by those who have used corpora-
trons in the past to build up their own economic power, who seek, by back 5 your dividends, to keep down their taxes.


What are the facts: three-quarters of all corporations whish are making a profit will. pay smaller total faxes than under the old law.
(2) The normal Corporation tax on any corporation having an

Income of less then $\$ 92,800$ is actually decreased. That decrease applies to $973 \%$ of all American corporations.
(3) The small corporation -- the cgporation of the average business man, gets fetter protection for his pays a normal corproration tax when has been reduced from $12 \frac{2}{2}$ to $8 \%$.
(4) the new law still permits a corporation to expand and build 4 p adequate reseryes. -But for the first time it que a chance to stockholder $\lambda$ determine for himself whether or not to keep his earnings in the corporation for expansion purposes. He is now the one to choose between using his dividends for something else and reinvesting them in the stock of the corporation.

There is the fly in the ointment, Under the new law the con trolling group of a corpopection has to obtain the consent of the stockholders beforg they can set aside extra large surpluses. Their diffigaty is not that it cant belong It is that the stockholders must do it and ge the insiders.

This is the amazing statement of the United Stator Chamber of Commerce about, his new law. They said; "It old encourage


What we are concerned with primarily is principle .- and the principle of this law is sound.

I amain certain that the average of our citizenship is
not taken in by the amazing amount of other tax misinformation --
which hes been turned loose in this political campaign.
People tell you there are 58 taxes on a loaf of bread, or 63

 this
w111 what the propagandists do not tell you -- that only two
or three of all of them are federal taxes imposed by the National Government. All the rest are imposed by local, town, county, city,


I went to say a word also to the wage earners who are finding propaganda about the security tax in their pay envelopes. I want to remind them that the security law was designed for them - for the greater safety of their homes and families. The fund necessary to provide that security is not collected solely from workers. The employer, too, pays an equal share. And both shares - yours and the employers are being held for
district and state governments. Two-thirds of all the taxes paid in America are state and local taxes $\rightarrow$ not federal taxes.

This Administration has had something to do with these local rewire to han taxes. It has made them inter At the request of local and state governments for whom the local burden had become too heavy, we assumed the cost of paying in greater part for work for the needy unemployed. And, by a national fiscal policy aimed at reducing interest rates we have greatly lightened the burden of carrying local government debts -- helping those of you who own homes and farms or who pay rent.

I have spoken in Chicago and elsewhere of the simple fact that the overwhelming majority of business men are like the rest of us. Most of us whether we earn wages, run farms or run businesses are in one sense business men. All they seek and all we seek is fair play based on the greater good of the greater number -- fair
 in levying taxes on us and fair play on the part of government in protecting us against abuses.

Once more this year we must choose between democracy in taxation and special privilege in taxation. Are you willing to turn the control of the Nation's taxes back to special privilege? I know the American answer to that question. Your pay envelope may be loaded with suggestions of fear and your dividend letter may be filled with propaganda. But the American people will neither be bluffed nor bludgeoned.

The seeds of fear cannot bear fruit in the polling booth,相
Inside polling booth every American man and woman stands as the equal of every other American man and woman. There they have no superiors. There they have no masters -- save their own minds and consciences. There they are sovereign American citizens. There on November third they will not fear to exercise that sovereighty.

The following addrees of the President to bs delivered in the Auditortum, Morcestar, Msasachusetta, on Tednesdey, Ootober 21 must bo hold in confidence int11 rolenaed.
 have come most of my forebeara. In rcoent reeks I have travelled (D) through a great part of the Untted States. I have spoken about farming and mining and livestock, about busingss big and littie, sbout the wage eamer, about the national debt, about drought and Hood, about rork ior the needy unemployed and securlity -- security for our people and for their homes.

I heve found a Kavion more greatly prosperous, more definituly on the highmay to completa rncovory then at ary time in the past beven jears. I heve aoen the record of what wa have done In the frces of the people I have met. Te havo benished old men Gloon.

It has taken only one dsy of driving through athode Ialand and Uassachusetts to prove to me that Nen England is in step and on march with the rast of the Natioh.

I have seon things today avon moro velcone to me than your lovely autun foliage. I have seen the saoke from factories which three and a hulf yeara sgo vere amokeloss. I have heard the sound of mills - which three and a half years ago rere ailent. I have seen men at fork who throu and a half youre-go rere joblesm. I have soen momen and children who - after long years of fear heve begun to live and hope again.


Three and a helf years ago no declered par on the depression. You and I knour today that that var is being. ron. (o)

But now comes that familiar figure - the well-upholstered Hindsight oritic. He tells us that our stratogy ras erong - that the cost vas too great - that something elae fon the rar. That is an argument as old as the remorse of those vho had their chance and nuffed it. It is as rocent as the cladms of those who say that they could have done it better.

You ang remember the Firat Battio of the Marne. Almost everybody thought that/3arshell Jolfreghad won 1t. But some refused to agroe. One day, a hewspaper nan appaaled to Narshall Jorfre: f "Fill you tell me yho did rin the Battle of the Marne?" "I can't anerer that", suld the Harshait. "But I can tell you that if the Battle of the Marne had been lost the blaas mould have been on me. -1

Our war, too $/$ had to be mon. No price, re nere told then, was too high to pay to rin it. Fe did count the cost. But In the barrage we laid dom againat the depression re could not stop firing to haggle about the price of every shell. Te kept on fighting. The iaportant thing is that the var is being mon. (3)

Wi thout that viotory we cannot have the kind of anr America we knor and love and rant our children to live in.

Meu England - as one of the senfor partners in the compary of the states - has alwigs stood for two of the fundamentals of hmeriom 1iberty - the Tom Hesting, tith its sasential insistence on local control over local offairs ... and the doctrino for which Sam idans and hite frienida eerg rilling to 51 eht ... the doctrine of democracy in taxation. Phile I do not happen to be a cousin of the dietinguished Adams fanily, I'consider nyself, politically, a lineal descendant of old Sam. (b)

In 2776 the ificht wes for decooreay in texation. In 1936 that is atill the fipht. Itr, Justice Olivor liendell Polmoe once sald. "Taxes oro tho prico wo pey for civilised sooioty," One aure wey to detemine the acolal conociunco of a govemment is to oxardian the way tares aro colloctod and hom they ure apent. And one sure way to doternine the social conacionce of an individual is to got his tax-renction.

Taxes, oftar all, are the dues'we pay for the privileces of mamership in an organizad society.

As soelety becomes more oifilized, govemimat -- national, otato and loonl gommunnte_- Is onlled on to nosuze zare oblijutions to its eitizens. The prifiloges of maciborahip in a civilized society have vastly inoroased in modern tines. But I on ufraid we havo many who still do pot recognize their advanteqea and wint to nvoid paying their duea. (b)

It is only in the past two Benorations that most loosl ocamunitios have paved and lighted their stroats, pht in town sevors, provided town water supplies, organized fire departmonts, established high sohools and publiu librumios, orated perke und playgrounde -. undertaken, in short, all kinds of nacessary new activities whioh, perforce, had to bo pald for out of local taxes.

Anc let to at this point note thas in this moet amasing of campaigns, I found bections of the letio. wiere Ropublican leaders pero actually whisporing the word to the owners of hoces and farme that the present Faderal Adiantetration proposed to mike o caeh levy on local roal eatate to pay off the antionsl dobt. Thay know/that the Foderal Covernucat doos not tax real astato -- that it cannot- ( tax real estate. If they do not know that, I augseat they read the Constitution of the Uinited Stiates to i'ind out. (b)

Hos obligntions to thoir eftizens havo algo been assumed by the several states and by the Federul Governnent we-their ofkswaneobllgationo unknown a century and a half ago, but made necesasry by new iaventiona and by a constantly groving aoci al consolence.

The easicas wey to aurcarize the reason for this extension of govermant functions, loonl, state and nitional, is to use the words of abraham Lincoln; Whio lecitinate oufect of govermant is to do for the people whet neode to be cone but which thoy cannot by individual offort do at all, or do mo woll, for themselves."
-) Ta.es ara the pricer मe ill pay collectively to gat those things dose.

To divide fairly anons the yeople the obligetion to pay for theso bonufits has bean a mrjor part of our atruggie to maintain demooracy in americe.

Ever since 1776 that strugzle has been betwoen two forces, On ithe ono hand, there has been the roat sajomty of our oitizens who belleze that the benofits of demoeracy should be extemied and who were thiling to pay their fair share to axtend then. On the othor hana, thero has been a ewall, but powerful eroup whi oh has fought the estension of thoce benerits, begause it did not wont to pay a fair ahare of thols eont.

That wes the line-up in 1276. Toat-is the 11 ne-up fanthis 7 ounpuign- And I am contident that once more - in 1036 - denooracy in texation wdil win. $\qquad$
Here 10 my prinespled Taxas shell be levied acoorting to ebility to pay. That is the only krorican prinoiple.

Before this great wur againat the depreasion wo fought the Forld Viar; and it oost us twenty-five billion dollars in three yeara, /higisiq to win it. Wo borrowed to fight that wer, Then, as now, do Dowocretio Admiaistration provided auftiolont taxes to psy off the entire mar debt within ton or firtem years.

Those taxes fad boen loviod according to ability to pay. But the auagooding Ropublioan Adininietration did not belleve in that prinoiplos There was a rason. They hed politios debte to those who sat at their elborsh. To pey those politicel debta, they reduced the taxes of theis frilends in the higher brackets and loft the national debt to be pald by lator gonerations. Dopowee thay aradad-hintr ohligettem, Feause they regarded the political debt as more importont than the national debt, the dopression in 1929 atartad mith a sixtean billion dollar handicep on us and our childran.

Mow let's keep thia littig drame straight. The astora are the same. But the aut io affferentastoday thoir role oalls for stage tears sbout the next generations But - in the days arter the Forld Fer - they played a different part.

The moral of the play is olear. Thoy got out from und or thon - thoy would got out from under now -- If their frionds oould got baok into pomar and they could get beok to the driverts spatt But neither you nor I think that they are going to get bedke, -

But, as in tho World Ther, we have egra erasted a tax structurs to yield ravenues adequnto to pey the goet of this wer ogainat depression in this goneration and not in the next.

Her or incresood texas are not neoded to onabla us to belance tho Federal Eulgot and to begin vary soon a rcpid reduotion in the national dobt? Rocovery is with us. Fedorel revenues are inoranoingi athryoncy expenditures are decroaning. $A$ balanced-budget is on the way. Does that oound like bankruptey to youp C,,
${ }^{6}$ ' Why this inoreass in govarnatent revenuesp Becouse the texpeyor earns mere monoy and spends more monay. Though he peys more money in taxes, he has more money left for himeelt and ser his family. < $/ \mathrm{n}$ ) For the avorege Amerioan - we have reduced the individual inoome tax. Any rauily head who earna an income of less than $\$ 26,000$ a year paya a amaller incomo tax in 1936 then hepetd-for l932. W That means that less than one per cent of the heads of Anerican fanilies (pay) more than they did; and more than ninoty-nine per oont/ gey loss than thoy did, for more than ninetymina por cent eamp lees them under this Mdministration -- there it is. Taxes are higher for these who can afford to pay hife taxas. They are lower for those who can afford to pay leas. That la getting back sgein to the American principlewtexation according to ability to payt $\$$

I You would think, to heor some people talk, that thoso good peoplo who live at the top of our economic pyramid are being texed into rags and tatters. Thet in the fact? The fact is that they are mach rurther sinay from the poorhouse than they ware in 1932. You ond I know that as a matter of poraonal observation. S

4 number of Luy frienda who belong in theso upper brackets have auggestod to me-more in sorrow than in anger that if I an reelectedy they will have to move to some other nation because of high taxes hare. I 7111 miss then very muohbut if thay|go thay will soon come beck ${ }^{2}$ Fer a year or two or phying taxes in almost any other country in the world mill malce then yearn onco more for the good old texes of the Indted sheters USfy

Ons more mord on recent history. I inperited from the provious administration a tex strueture which not only 1 mposed an unfeic tax burden on the low-1neome groupa of this country $-a$ but slso Inposed an unfair burien tpon the average Amorican by a long list of taxes on pursheses and conourption - iddach taxes.

In 1933 whan wo como into office, firty-aight conta out of overy doller of Fedors 1 revenue gama fram hidden texes. Lasving out of scpount the 1 iquor tax - sop 1 iquor was 111 egal ty 2033 - we have reduced these indirent taxea to thirtsneight onnts out of avery dollar.

How alse have mo improved and Americonized the tax structure?
First, we gave o ovedit to enrned ineomo - that is income from personal mork or service - - thue utubstantisily reducing taxes peid by the morking aitizen. Toan't that the Amoricen thing to de?

Seoondy deoreased the tax rates on mill oorporations. ramn't that the Amerlioan thing to do?

Third, we ineroneed the taxes poid by individuals in the higher brachats - thono -rinoomse over $\mathrm{C} 50,000$ a year. Foan't that the Amerien thine to do $C$

Fourth, we increased atill furthar the taxes pald by individuala in the kighost brackets -. thov inth incomes oror lono miliion dollors a yoari' $f^{\prime \prime}$ ean't that the Amprican thing to do? (S)

Fifth, wo inoreasod the tax on very larea estetes. Fonn't that the harican thine-ta-den, i| |

Finally, this year wa had to find new rovenues to meet the inmodiate bonus paymanta and to thke the plece of the processing texes. This new tax -. obiled the undistributed profits tax -- is meraly an extension or the individual incomo tax lan ond a plugeing-up or the loopholes in it, loop-holes, whteh coulchbe used only by bes of very large incomes.

I mant to ay a mord to you avarake investors and stockholders who are being hooded by propaganda sbout this tex - propegande, incidentally, peid fur by your monsy. It is being disseminated by those who have uaed corporations in tho past to bulld up their orm economic ponar, who seek, by holding back your dividenda, to koep dorn t: : ir taxes.

It is a fact that ainety-aight oud a half per cont of all imerican corporations will pay a amaller normal corporation tax undor the now law. $1 y^{\prime} / 1$

It ia a fact that the law pemits corporatione to expand and build up adequate reserves.


But for thn firat time it gives the atockholder a proctical chames to dotermine for himself thethor or not to keep his earnings in the corporation for exponsion purposes. He is nor the one to choose between uoing his dividende for soceething olse and reinvegting thea in the stock of the corporation.

That wo are concernedhetth primarily is prinoiple - and the prineiplo of this low is sound,

If in its application, imperfections arn disooverod, thoy must be corrected for the good or Americen businoss.

I san certain thet the overege of our citizenahip is aot teken in by the amazing amount of other tex mioinformation - Whioh han been turned loose in this political osmpaign.

People toll you there ere f1fty-afcht taxea on a loaf of bread, or sixty-three texas on a ludy's coat. But astop, look and liaton. You Fill find uhat the propagandists do not tell you - that only two or threo of all of thom are Fodernl texas faposed by the National Government, All the rest are imposed by, local, tomn, county, elty, district and atata governnents. Tro-thirds of all the taxes paid in Anerice are state and loas taxes --not Federal taxes. (.)

This Adminiatration has had something to do Fith these local texes. It hea made them sasior to bear, At the requeat or local and state governmenta for mom the locel burden had bocone too hoavy, wo assumed the coat of peying in groater part for work for the needy unomploygd. And, by a mationni fisonl policy ainod ot reduoine intersat rates 就 have greatly lightenod the burden of oarrying logel government dobts -- helping thoee of you who oim homes whi forms or who pay ront.

I mant to soy o word alion to the wage eornars who are finding propeganda about the asourlty tax in their pey envelopes. I went to romind them that the oesuritiy lau was designed for thee - for the ereoter

- 5 -
safoty of thair homes and ramilios. The fund necanaery to provide thet ascurity is not colleated solely from workeri. The amployer, too, pays an aqual sharo. And both shares - youra and the amployors aro being hald for the sole beneflt of the workerto $C$ ( 5

I have epoken in Chicege and olsowhers of the simple reet thet the ovorwhiming mejority of bubiness mon are like the rest of us. Moet of us vether we earn vegos, run farms or run businesses are in ono sanse buainess mon. All they seak and all we seek 18 fois pley based on the ereater good of the greater mumber -- fals play on the part of the govermment in levying taxes on us and rair pley on the part of governsiant in protecting us ngainst abusas.

Once more this year we must ohoose botween demoovasy in toxation and speciel privilego in texntion. hre you willing to turn the control of the Netion'a taxes beck to speolel priviloge? I knows the fmerican enswer to thet question. Your pay onvelope mes bo looded with suggestions of fecr and your dividend latter may be fllled with propegande. But the fmorioen people will netther be bluffed nor bludgeoned.

The seecis of foar connot beer fruit in the polling booth.
Inside the polline booth every fapericon man and fromen stendo as the equal of every other faserieen men and woilin. There they have no auperiors. There they heve no mesters --psere-pedr own miade-and-senoetoncers, There they ere sovereler /imericen eitizens. 'Thare on llovanber third they kill not fras to exercise that soverelenty.
e


 ～102．e～．．
 $x \& 1 ん-\cdots \therefore 1 \cdot l s$ bu - ． $x-\cdots i=-1 \cdot 10118 \%$ 2．3K： 19,1
$12515(66)$ va



oh $(1)-7+2$
（,$\times 2+\therefore \quad 08(0-)$

$x+6, b y^{\prime a} \cdot d 1 . \sim$
21 r 人，な＇n－hvar
い．？rucod．




$$
\begin{aligned}
& \text { e DVxつれち1u2つ1 }
\end{aligned}
$$

$$
\begin{aligned}
& x \text { と } 1<-\cdots \cdot 1 \cdot 1<\text { ton }-7 \text {. } \\
& \pi 6-1=1 \cdot 1 \circ(18)^{2} \\
& \text { よ. उ6: } 16, \ldots \\
& 12 \text { 5. ! 6 6 5 }
\end{aligned}
$$

$$
\begin{aligned}
& \text { - 7.0.ひにフくさでばに }
\end{aligned}
$$

$$
\begin{aligned}
& \text {-1 } 1 / x^{2} 22^{2}+14
\end{aligned}
$$

$$
\begin{aligned}
& x+=5 b^{2} a \cdots 1.2
\end{aligned}
$$

$$
\begin{aligned}
& )^{2} 2 \cdot(\sim 4+1,1 \text { ? } \\
& \sin \cdot(8)
\end{aligned}
$$

