

MESSAGE TO CONGRESS

BY

FRANKLIN D. ROOSEVELT

PRESIDENT OF THE

UNITED STATES OF AMERICA



VETOING SOLDIERS' BONUS BILL



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Foreword

We believe this message of President Roosevelt is one of the great documents of American History. It should be a source of assurance for those who have been fearful of the future. It should strengthen the confidence of those who have held their faith. It ought to be read by every one; it ought to be read thoughtfully, and not merely as a part of the day's news.

With such leadership, we cannot fail to go forward to that

NEW AMERICAN CIVILIZATION

in which there will be a more abundant life for greater numbers of our people.

The COMMITTEE for ECONOMIC RECOVERY

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

Eighteen years ago the United States engaged in the World War. A nation of one hundred and twenty million people

was united in the purpose of victory. The millions engaged in agriculture toiled to provide the raw materials and food-stuffs for our armies and for the nations with whom we were associated. Many other millions employed in industry labored to create the materials for the active conduct of the war on land and sea.

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

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

At the outbreak of the war the President and the Congress sought and established an entirely new policy, 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, 1,140,000 men and women have been benefited.

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

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

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

Furthermore, unemployed veterans as a group have benefited more largely than any other group from the expenditure of the great Public Works appropriation of \$3,300,000,000 made by the Congress in 1933 and under which we are still operating. In like manner the new \$4,000,000,000 Work Relief Act seeks to give employment to practically every veteran who is receiving relief.

We may measure the benefits extended from the fact that there has been expended up to the end of the last fiscal year

more than \$7,800,000,000 for these items in behalf of the veterans of the World War, not including sums spent for home or work relief.

With our current annual expenditures of some \$450,000,000 and the liquidation of outstanding obligations under term insurance and the payment of the service certificates, it seems safe to predict that by the year 1945 we will have expended \$13,500,000,000. This is a sum equal to more than three-fourths of the entire cost of our participation in the World War, and ten years from now most of the veterans of that war will be barely past the half century mark.

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

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

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

Taking the average case as an example, the government acknowledged a claim of \$400 to be due. This \$400, under the provisions of the settlement, with the addition of the 25 per cent 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 per cent of the face value of their certificate 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 dependents of the veterans provided in the original plan. For the remaining period of ten years they will have lost this insurance.

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

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

The first of these states as reasons for the cash payment of these certificates at this time: That it will increase the

purchasing power of millions of the consuming public; that it will provide relief for many who are in need because of economic conditions; and that it will lighten the relief burden of cities, counties and States.

The second states that payment will not create any additional debt. The third states that payment now will be an effective method of spending money to hasten recovery.

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

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

However, to resort to the kind of financial practice provided in this bill would not improve the conditions necessary to expand those industries in which we have the greatest unemployment. The Treasury notes issued under the terms of this bill, we know from past experience, would return quickly to the banks. We know, too, that the banks have at this moment more than ample credit with which to expand the activities of business and industry generally.

The ultimate effect of this bill will not, in the long run, justify the expectations that have been raised by those who argue for it.

The next reason in the first "Whereas" clause is that present payment will provide relief for many who are in need because of economic conditions. The Congress has just passed an act to provide work relief for such citizens. Some veterans are on the relief rolls, though relatively not nearly as many as is the case with non-veterans.

Assume, however, that such a veteran served in the United States or overseas during the war; that he came through in fine physical shape as most of them did; that he received an honorable discharge; that he is today 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 certificates will not create an additional debt, raises a fundamental question of sound finance. To meet a claim of one group by this deceptively easy method of payment will raise similar demands for the payment of claims of other groups. It is easy to see the ultimate result of meeting recurring demands by the issuance of Treasury notes. It invites an ultimate reckoning in uncontrollable prices and in the destruction of the value of savings that will strike most cruelly those like the veterans who seem to be temporarily benefited.

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

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

In the majority of cases printing press money has not been retired through taxation. Because of increased costs, caused

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

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

If I, as an individual, owe you, an individual member of the Congress, \$1,000 payable in 1945, it is not a correct statement for you to tell me that I owe you \$1,000 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 \$1,000 on the due date, ten years from now. My debt to you today, therefore, can not under the remotest possibility be considered more than \$750.

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

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

There is before this Congress legislation providing old age benefits and a greater measure of security for all workers

against the hazards of unemployment. We are also meeting the pressing necessities of those who are now unemployed and in need of immediate relief. In all of this every veteran shares.

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

The core of the question is that a man who is sick or under some other special disability because he was a soldier should certainly be assisted as such. But if a man is suffering from economic need because of the depression, even though he is a veteran, he must be placed on a par with all of the other victims of the depression.

The veteran who is disabled owes his condition to the war. The healthy veteran who is unemployed owes his troubles to the depression. Each presents a separate and different problem. Any attempt to mingle the two problems is to confuse our efforts.

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

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

Some years ago it was well said by the distinguished senior Senator from Idaho that "the soldier of this country cannot be aided except as the country itself is rehabilitated. The soldier cannot come back except as the people as a whole

come back. The soldier cannot prosper unless the people prosper. He has now gone back and intermingled and become a part of the citizenship of the country; he is wrapped up in its welfare or in its adversity. The handing out to him of a few dollars will not benefit him under such circumstances, whereas it will greatly injure the prospects of the country and the restoration of normal conditions."

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

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

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

The herculean task of the United States Government today is to take care that its citizens have the necessities of life. We are seeking honestly and honorably to do this, irrespective of class or group. Rightly, we give preferential treatment to those men who were wounded, disabled, or who became ill as a result of war service. Rightly, we give care to those who subsequently have become ill.

The others, and they represent the great majority, are today in the prime of life, are today in full bodily vigor. They are American citizens who should be accorded equal privileges and equal rights to enjoy life, liberty and the pursuit of happiness. No less and no more.

It is important to make one more point. In accordance with the mandate of the Congress, our budget has been set.

The public has accepted it. On that basis this Congress has made and is making its appropriations. That budget asked for appropriations in excess of receipts to the extent of four billions of dollars. The whole of that deficit was to be applied for work relief for the unemployed. That was a single minded, definite purpose. Every unemployed veteran on the relief rolls was included in that proposed deficit; he will be taken care of out of it.

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

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

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

I well know the disappointment that the performance of my duty in this matter will occasion to many 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 railroads, who worked in the mines, who loaded our ships during the war period.

I am thinking of those who died in the cause of America here and abroad, in uniform and out; I am thinking of the widows and orphans of all of them; I am thinking of 5,000,000 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.