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Crosshairs support "all" Domestic Foreign

1955 } 84th 91/9 90/10 93/7
1956 }

1957 73/23 69/31 87/0

1958 76/24 73/27 89/11
85th Congress 75/24 71/29 88/4

Bi-Partisan

1955 } 84th - 86/12
1956 }

1957 - 83/12

1958 -

Party Unity -

1954 - 93/90
1955 - 68/90



NATIONAL DEBT STORY

| | | | |
|---------------|--|---------------------|------------------|
| Jan. 20, 1953 | Debt <i>subject to limitation</i> | \$267.3 billion | |
| | Gen. Fund Cash | 4.6 " | |
| | Net | \$262.7 " | |
| June 30, 1958 | Debt | \$276.0 billion + 6 | |
| | Gen. Fund Cash | 9.7 " | |
| | Net | \$266.3 " | |
| | Gross debt increase under Ike | 8.6 " | or 3 percent |
| | Increase in cash fund from Jan. 20, 1953 to June 30, 1958 | 5.1 " | |
| | Net increase in debt under Ike | 3.5 " | or 1.3+ percent |
| | — Increase under Truman | \$33,132,564,658 | or 16 percent |
| | " " FDR | \$213,204,904,122 | or 1,014 percent |



| <u>Fiscal Year</u> | <u>Expenditure</u> | <u>Deficit/Surplus</u> | |
|--------------------|----------------------|----------------------------|-----------------------|
| 1953 | \$74,274 million | D-\$9,449 million | Truman Budget |
| 1954 | 67,772 " | D-\$3,117 " | Truman recomm. |
| 1955 | 64,570 " | D-\$4,180 " | Tax reduction program |
| 1956 | 66,540 " | S-\$1,627 " | |
| 1957 | 69,433 " | S-\$1,596 " | |
| 1958 | <i>not available</i> | D-\$3,000 " (more or less) | |

Debt as of June 30, 1958 stood at \$276 Billion.

General fund (cash) as of that date stood at \$9,749 million

A year before (June 30, 1957) cash balance was \$4,670 million

During year 1958 the Treasury built up a cash balance of about \$5 billion,

which would indicate that the apparent \$5 billion increase in the

debt during fiscal 1958 is off set by the \$5 billion increase in the

cash balance during the same period



National Debt as on date given

| Date | Billion | Notes |
|---------------|------------------------|---|
| Jan 20, 1953 | 276.3 267.3 | |
| June 30, " | 265.5 | |
| Dec 31, " | 274.7 | |
| June 30, 1954 | 270.8 | limit To Aug 24 - 275B |
| Dec 31, " | 278.3 | Aug 28, 1954 - 281B |
| June 30, 1955 | 273.9 | |
| Dec 30, " | 280.3 | |
| June 30, 1956 | 272.4 | limit 1958 July 1 - 278B |
| Dec 31, " | 276.3 | |
| June 30, 1957 | <u>270.2</u> | limit July 1, 1957 - 275B |
| Dec 31, " | 274.6 | |
| June 30, 1958 | 276.0 | Feb 26, 1958 up to 280B until June 30, 1958 |
| July 11, " | 275.4 | |



up ~~2.9~~ ~ 3 percent under 276

National Debt

From Mr. Thomas Wolfe
Treasury

Code 184
X 2026

April 12, 1945 (guaranteed obligations)
Less debt ~~subject to limitation~~

235.3 billion

Gen. Fund Cash.

13.4

Net debt.

Jan. 19, 1953

debt.

267.3 billion

Cash

Net debt.

Dec. 30, 1958

debt.

283.0 billion

Cash

5.0

Net Debt

Less Increase under Truman

Net " " "

Less Increase under Ike

Net " " "



REPUBLICAN CONGRESSIONAL COMMITTEE
Washington, D. C.

The Growth of Federal Taxation

These charts show the tremendous growth of Federal taxation and spending since 1913, when the present income tax system was started.

Here are figures that show graphically the habitual disposition of Democrats to "tax and tax, spend and spend."

Here also is evident the results of repeated Republican efforts to reduce Federal taxation, cut the costs of the National government, and shrink the size of the Federal establishment.

The personal income tax in 1913 amounted to only 29 cents per capita. Today it exceeds \$200 for each man, woman and child in the United States.

All Federal taxation in 1913 was \$7.06 per capita and today is estimated at \$435.

During that 44-year period, Democrats controlled Congress for 28 years and produced 22 years of deficits. The National Debt rose from \$1,200,000,000 in 1913 to \$277,360,000,000 under Harry Truman.

In the 16 years of Republican stewardship in Congress, there were 14 years of surplus of income over expenditure, a surplus of more than \$19,000,000,000. These proceeds were applied to reducing the National Debt and for lowered Federal taxation.

Since World War II, Republican Congresses reduced the tax burden by \$4,800,000,000 a year in 1948 and further \$7,400,000,000 a year in 1954. This means a tax saving for the people of over \$70,000,000,000 since 1948.

It also should be noted that the first surplus in 5 years, totaling \$1.6 billion, was achieved in 1956. Expected surpluses in 1957 and 1958 will bring the total to \$5 billion for the three years. The 1953-54 deficits of \$12,500,000,000 were legacies inherited from the previous Democrat Administration.

Such conclusions and many more can be drawn from these charts by following the simple instructions for reading the columns of figures.

Spendthrift activities under the Democrats were important factors in producing:

1. Inflation in living costs and devaluation of the dollar accompanied by the loss of more than half of our personal savings since 1939.
2. A vast growth in Federal finances, the National Debt, and governmental bureaucracy.
3. A loss of State and local financial responsibility.

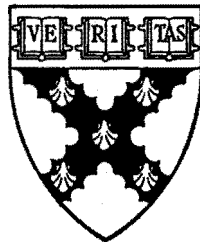
To achieve the thrift and good management that will preserve American civilization, a Republican Congress is a must in 1958 and thereafter.

Richard M. Simpson



Thinking Ahead: Can We Meet the Crisis?

By MALCOLM P. McNAIR



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From *In This Issue*

Malcolm P. McNair

In *Thinking Ahead* Malcolm P. McNair deliberately paints a dark picture of the demands that Soviet imperialism is placing upon the United States and of the many problems that our democracy today is not handling well. The country needs to wake up, he thinks, to the fact that it is at a critical turning point. "As individuals we shall have to change our scale of values so that we do, voluntarily and with a sense of mission, . . . such things as spending more on defense, taxing ourselves more, working harder, sacrificing something from our standard of living, disciplining ourselves more, curtailing special and costly benefits to privileged economic groups, developing rigorous standards and competitive excellence in education, and channeling our best brains into needful activities for national survival."

Since there is a ring of Theodore Roosevelt in these words, some readers may be surprised to learn that the author is not a political spokesman but a marketing man. The recipient of many honors and awards, Mr. McNair is Lincoln Filene Professor of Retailing at the Harvard Business School, a well-known writer in the marketing field, and a Director of the Allied Stores Corporation, Indian Head Mills, Inc., and other organizations. He was a co-author of two prophetic HBR articles during the Korean War period that measured the capacity of the economy against the goals of the defense effort: "Thinking Ahead: Our Economic Capacity to Meet Mobilization Needs" (January 1951) and "Thinking Ahead: Our Economic Capacity to Meet Defense Goals" (January-February 1952).

— *The Editors*

Thinking Ahead

« Since the middle of 1957 two events have shaken the complacency of our current American way of life. The Sputniks, as a symbol and portent of the age of push-button annihilation, have gone part way toward destroying the notion that our free enterprise system will automatically provide superiority in scientific achievement over the regimented efforts of the Soviet dictatorship. And now the sharp decline in business and the swift rise of unemployment have raised doubts as to whether the business cycle really has been tamed, as to how far our economy really is depression-proof.

How can democracy meet the crisis of our times? Theodore Roosevelt gave a hint to the answer many years ago:

"Americanism means the virtues of courage, honor, justice, truth, sincerity and hardihood — the virtues that made America. The things that will destroy America are prosperity-at-any-price, peace-at-any-price, safety-first instead of duty-first, the love of soft living and the get-rich-quick theory of life."

The sudden appearance of the first Sputnik last October undeniably scared us, but in my opinion it did not scare us half enough. We need a far greater sense of urgency than exists today. It is rather ironical that we panicked about Sputnik I when up to that time we had virtually ignored the

menace of Russia's great supremacy in submarines and her growing power in long-range bombers. Too many people have not yet accepted the basic reality of the Soviet drive for world dominion. We have been lulling ourselves to sleep with the illusion that time is on our side, but time is not on our side and is running out at a frightening rate.

There are three phases of the Soviet threat which vitally concern all of us.

The first phase is the very real danger of attack within the next two or three years. In commenting on this crisis, J. Sterling Livingston has pointed out:

"Some military experts . . . believe that the Russians already possess the capability to destroy close

to 100 per cent of our strategic forces through a surprise combination attack by submarine-launched missiles, long-range aircraft, and nuclear sabotage. For example, Dr. Ellis A. Johnson, head of the Operations Analysis Office, Johns Hopkins University — which has been conducting tactical and strategic studies for the Army for ten years — believes that a Russian attack would be more than adequate right now to destroy our ability to retaliate effectively. Some military men in the North American Air Defense Command are reported to share this opinion concerning the vulnerability of our strategic forces.

"Allen Dulles, Director of Central Intelligence Agency, testified before the Senate Preparedness Subcommittee that almost all American air bases in Europe and Africa are now within range of Soviet opera-

tional and on-site ballistic missiles. Accordingly, the 'alert' time available to get bombers in the air from these bases has been reduced to a couple of minutes. . . . By late 1959 the Soviets could deploy enough intercontinental ballistic missiles to neutralize the Strategic Air Command's continental U. S. bases. . . .

"We do not now have an adequate means either of detecting or intercepting [the Soviet ICBM] missiles, and a workable missile defense system is not expected to exist before 1962 at the earliest. . . . Our vulnerability to attack during [1959-1962] is apparent."¹

The second phase is the threat over the next six to ten years of the steady march of Russian aggrandizement — piecemeal aggression, infiltration, and missile blackmail — designed to accomplish the complete isolation of our nation and its eventual surrender.

Then, even if we can successfully counter these first two phases of the Soviet threat, there is the long drawn-out phase of continuing cold war, which will increasingly become a race for economic and scientific supremacy. For the future of freedom it may be just as dangerous for us to lose this race as for us to be beaten in either of the earlier phases. If we do not begin to change our attitudes about the underlying problems of national safety and survival in the next two years, or even sooner, we are not going to have much chance even though we forestall attack in the meantime.

* * *

Let us look realistically at our opponents and for the moment ignore certain aspects which inevitably color our thinking about the USSR — the intrigue, knifing, and purges at the top; the cold brutality of control of conquered peoples so well demonstrated in Hungary; the nonsense of dialectical materialism; the utterly unscrupulous and Machiavellian for-

eign policy. Ignoring these things, what do we see?

Certainly the Russians are outstripping us in several branches of science, particularly in the development of rocket fuels and the guidance of missiles and satellites. They have confounded our experts with their timetable of weapons development, and now they are beginning to make pronounced economic strides, pushing their average rate of industrial growth at a pace distinctly faster than ours.

Let's not kid ourselves that the Russians are doing all this with mirrors, with clumsy imitations of Western products, with captured German scientists, and with propaganda stories in *Pravda*. We had better wake up to the fact that behind all the things which we rightly detest there are a lot of people working hard and intelligently. There are long hours of effort, dedication to achievement of objectives, and a tremendous desire on the part of individuals to excel. There is a will to succeed; there are rigorous standards of performance. There is concern with getting jobs done rather than with such things as interservice rivalries and preoccupation with human relations. And inevitably there must have been the development of an administrative and educational "elite" — leaders who have risen by merit. This is a people who have made education a weapon.

In spite of the excitement about the Sputniks, we have not yet really waked up from our comfortable dream. We are still loath to surrender the notion that the millions of centers of initiative in a free country will automatically provide superiority in all lines of endeavor over a controlled dictatorship. On a broad cultural front this concept might be true, but it is not automatically true as against planned and concentrated effort channeled down particular lines. And when those lines of endeavor threaten our national existence, it is immeasur-

ably stupid to sit back in complacent contemplation of the alleged superiority of the American way of life for producing a high standard of living and a well-rounded cultural development.

Furthermore, the notions that sooner or later the Soviet dictatorship will fall apart of its own weight and inefficiency and that it will be unable to provide its people with an acceptable standard of living must also be abandoned. Russian achievement will not wane; rather, it will grow.

How can we successfully counter this Soviet drive for superiority and ultimate triumph in military, scientific, and economic achievement?

We ought to recognize that we cannot do it merely by spending dollars; and yet, paradoxically, in the years just ahead we undoubtedly must spend many more dollars for defense purposes than we are now doing. As I see it, our defense expenditures must be adequate for five purposes:

(1) Today's weapons must provide a deterrent to immediate attack. Right now that means more bombers, more crews, more bases.

(2) Tomorrow's weapons must be far enough along to provide assurance that we shall have a deterrent tomorrow.

(3) Basic research must be adequate to ensure that the day after tomorrow's deterrent also will be effective.

(4) In the meantime certain civilian defense measures to ensure survival are important, especially psychologically.

(5) We must be prepared (which we are not today) both physically and psychologically to fight smaller wars, wars of containment, with conventional weapons.

This fifth purpose is especially important. I believe we have completely failed to realize how a con-

¹From a speech at the Ninth Annual Midwest Regional Conference of the Harvard Business School Alumni Clubs; see *Harvard Business School Bulletin*, June 1958, p. 8.

tinued stalemate in nuclear weapons (which we are anxiously trying to achieve) frees Russia for a program of world conquest by piecemeal aggression, infiltration, and so on. This is a threat that must be countered — unless the West is going to continue to retreat into surrender. Our dilemma is this: we have steadily claimed that we will not start a nuclear war, but at present we have no other means of countering piecemeal aggression.

* * *

Unquestionably we should be spending much more money for all these defense purposes, probably on the order of at least 50% to 75% more. Not only *must* we spend more, but we undoubtedly *can* spend more if we will face up to the true urgency of the situation. For one thing, we can divert several billions of spending from such wasteful nonessentials as the farm subsidy program. Furthermore, we could take 5% out of present consumer spending for goods and services by increased taxes on individuals, and with that \$14 billion we could increase defense spending by more than one-third. During this present period, when business expenditures for plant and equipment are falling off by some 13% from the high level reached in 1957, the economy could afford to divert some of that slack to defense spending.

Such shifts in consumer and industrial expenditures, of course, would have to be considered temporary. For the longer run the more significant answer is that we can increase our total output, our gross national product, sufficiently not only to cover substantially higher defense expenditures but probably at the same time to maintain the current rate of consumption. This can be done by a moderate increase in hours worked; by a moderate increase in the size of the work force, perhaps drawing in more older people and more women; and

in particular by increasing efficiency through inducing labor to forego featherbedding practices.

By these means, I am convinced that we could double our national defense expenditures without hurting ourselves economically and without unbalancing the budget, except perhaps in short-run periods. It all depends on our system of values. How much is national survival worth to us? Harder work? Restraint in wage demands? Perhaps even some of the kinds of controls we previously experienced in wartime? It will not be easy to make such sacrifices, but it will be far easier than coming out second in the race.

In emphasizing the need for greater defense expenditures I do not want to associate myself with those who view increased government spending (in proportion to the total gross national product) with equanimity. I fully recognize legitimate reasons for increased government spending on national defense and on necessary services which only government can provide — highways, airways, traffic control, and so on. But I still stick to the old concept that government should do only what is needful and what private enterprise cannot do, or what private enterprise cannot do as well as government.

The reasons, to my mind, are very simple:

(1) Lack of the pressure to make profits makes government more inefficient than private enterprise.

(2) As a corollary, Parkinson's Law applies more obviously to government activity than it does to private enterprise.

(3) Pork-barreling and boondoggling activities are impossible to eliminate. (For example, on the list of free government publications are such titles as: "Chiggers, How to Fight Them"; "Cooking with Dried Egg"; "Ornamental Woody Vines for the Southern Great Plains"; and "Apples in Appealing Ways.")

(4) Government is definitely less honest than is business. Consider

what government did to a lot of defense contractors and subcontractors in the economy drive of 1957 (a procedure, incidentally, which was clearly one of the precipitating factors in the present recession).

* * *

Obviously, our democracy can meet the Soviet drive for superiority only if all 170 million of us as individuals are willing to work at it, only if we are prepared to change some of our attitudes, to alter some of our present values, to take a point of view a little longer than today or tomorrow, to forego the fast buck now and then, and to recognize that freedom can be retained only if we are quite literally willing to fight for it. Thus, increased defense spending is only the surface aspect. The real question is whether we, as individual Americans, have what it takes. Have we got the guts to come through?

There are many problems that our democracy today is not handling well. For example:

(1) Our democracy's greatest failure today is in education. Here the indictment is becoming quite clear. We can see a sort of intellectual Gresham's Law in operation in our schools. Free high school electives; courses in social aptitudes and life adjustment, cooking, love and marriage, first aid, automobile driving, and so on; little or no homework; no competitive pressures; automatic promotion; grading on progress rather than standards; and all the rest of the claptrap of alleged modern, progressive, pragmatic education have largely driven out courses which call for serious intellectual endeavor.

We have forgotten that the proper task of education is training the mind. According to Sloan Wilson, only 12% of high school students are taking any mathematics more advanced than algebra, only 25% are studying physics, and fewer than 15% are studying a foreign language. There are 10,000,000 Russians studying English; only 8,000 Americans studying Russian.²

²"It's Time to Close our Carnival," *Life*, March 24, 1958, p. 36.

Partly as a consequence of all this insidious nurture of intellectual flabbiness, our current younger generation has no strong motivation to excel. In place of the goal of doing a good job we seem to have substituted the goal of being a good guy. Thus we in this country are no longer producing in sufficient numbers the necessary "elite" groups for leadership. In the words of William Mentor Graham, the man who was primarily responsible for the education of Abraham Lincoln, "Lazy minds make a dying nation."

(2) Another problem, closely related to education, which we are obviously handling badly today is juvenile delinquency.

(3) The problem of desegregation is another of our failures.

(4) We are bungling the task of agricultural readjustment too. The enormous waste of taxpayers' money in price supports increases rather than reduces agricultural surpluses, adds to the inflated cost of living, bids fair to destroy the world market for our products, and in the case of cotton, for instance, is gradually throttling an entire industry of great importance to our national economy.

(5) Increasingly evident is our failure to deal with the problem of labor monopolies effectively. In the public interest the monopoly power of labor must be curbed, just as the monopoly power of business enterprise has been curbed. Here again we are making no progress. The unchecked pressure of organized labor for wage advances is an important ingredient of our present economic weakness. Unless suitable restraints are developed — and there is no sign of these on the horizon — we shall find it increasingly difficult to preserve any semblance of economic equilibrium.

(6) Closely related is the highly disturbing problem of inflation. The latest report of the United States Bureau of Labor Statistics shows another advance in the cost of living index, the seventeenth one in 19 months, bringing the cost of living some 23% higher than it was only 10 years ago, in 1948. This rise in the cost of living, coming when business output and employment are declining or stagnant, suggests

a serious disequilibrium which we have so far failed to deal with.

(7) Obviously this disequilibrium is part of the general business cycle problem, and here I apprehend that we shall shortly have to admit failure to deal effectively with the problem of recurring booms and depressions. During the latter part of the postwar period the demise of the business cycle was announced with increasing frequency. It now begins to appear that such reports were, to say the least, premature. There is substantial evidence that the current business downturn is going well beyond the recessions of either 1948-1949 or 1953-1954.

It is increasingly difficult to characterize this as a rolling readjustment. This time there are many of the classic signs of the old business cycle — overexpansion of capital goods, high debt levels, a severe cost squeeze on profits, high prices of finished goods in contrast to pronounced weakness in the world price of raw materials, with serious repercussions on world trade and exchange — all accompanied by a distinct waning of boom psychology and a growth of business pessimism. What this all adds up to is essentially the consequence of too much boom, of trying to do too many things too fast, of trying to borrow too much from the future.

In spite of all our undeniable improvements in the business and financial structure since the 1930's, we apparently have not yet learned how to keep business booms from getting out of hand, nor have we learned how to time control measures. And, on the other side of the coin, in seeking to check the downturn there is a current disposition to apply political remedies which may well prolong the depression (as happened in the 1930's, when the United States was slower than any other nation in recovering from the world depression) and at the same time set the stage for a later massive inflation.

The vulnerability of capitalism to periodic depression is, of course, a major tenet of the Marxist philosophy, and I am sure that the ruling circles in Moscow will make the most of the current business downturn in the United States. To take the most pessimistic view, our pre-

occupation with economic problems on the domestic front could give Russia a good opportunity to strike.

But more probable, in my opinion, would be Soviet utilization of our economic difficulties to bore from within, fomenting dissension among our NATO allies, indulging in piecemeal aggression in various parts of the globe, endeavoring to pressure us into withdrawing from overseas bases, and so on. Our dilemma today is that for the short run we cannot afford to have an economic depression in the United States, and for the long run we cannot afford to patch up our economy with political shin plasters.

(8) To add one more to our list of failures, the world trade problem is certainly not approaching solution. This is becoming an increasingly critical matter, affecting relations with the European economic community, relations with our NATO allies, and, indeed, our ability to retain our foreign bases.

I have cited these instances of the failure of our democracy to deal effectively with critical problems not from any utopian desire for perfection in the management of human affairs but to emphasize how seriously we are jeopardizing the future of our free institutions. We are fighting a determined, ruthless society which has a completely different set of values from those of our Western civilization. Many philosophers, political theorists, and students of government from the early Greeks down to the present have expressed doubts as to the ultimate outcome of democracy. Are we on our way to confirming these doubts? These are the critical years that will decide.

* * *

How will this issue be decided? Quite frankly, the testimony of history is against us. It is an old story, often enacted on the stage of history. While the nice soft little boys, so well-mannered, all dressed up in their Sunday best, and scrupulously considerate, are engaged in refining the niceties and improving the rules of gentle-

manly conduct, the tough hard boys climb over the fence and take away the marbles.

Pre-Sputnik United States, fat, dumb, and happy, was the greatest sitting duck in history. With our end objectives of prosperity, a high standard of living for all, economic security, short hours, expanded leisure, agreeable life adjustment, and so on, we were not and are not keeping pace with our enemies' dedicated drive for superiority in knowledge, superiority in achievement, and superiority in power.

Are we as yet sufficiently scared? I do not think so. Even if attack does not eventuate in the near future, the present signs all point to a continuous retreat of the Western world from "summit" to "summit" and from "Munich" to "Munich" until we find ourselves in the pit. At Yalta Stalin is reported to have said something like this to Franklin D. Roosevelt: "Your people fear war. My people fear war. But our great strength and your great weakness is that we do not fear war as much as you do."

I do not think it requires any great stretch of the imagination to visualize a sequence something like this:

- A "summit" conference, with Russia's immediate objective to secure recognition of her "interest" in the Middle East, and for the underlying purposes of confusing and weakening public opinion in the West and at the same time convincing the Russian people that the Kremlin is peace-loving and the West is bent on war.

- Further thinly disguised intervention in the Middle East involving the overthrow of governments still friendly to the West, the break-

up of the Baghdad Pact, and support of the Egyptian-Syrian quarrel with Israel.

- Establishment of virtual Russian control of the Middle East, with power to close both the Suez Canal and the Red Sea and to shut off the flow of oil to Mediterranean ports.

- Exploitation of this control of the Middle East by thinly disguised intervention in North Africa, accompanied by "oil blackmail" pressure against Western Europe and England.

- Rapid growth of the "peace-at-any-price" movement in Great Britain and France.

- Overwhelming defeat of the Conservative Party in Great Britain and rise to power of the Bevan wing of the Socialist Party.

- Dissolution of the NATO alliance.

- Abandonment by the French of their North African empire, and the rise to power in those regions of pro-Soviet governments.

- United States' evacuation of its overseas bases in Africa, Europe, and Britain, under pressure from the governments concerned.

- A sharp step-up of Soviet demands on the United States.

- The rapid growth of a "peace-at-any-price" movement in the United States and the winning of an election by whichever party bids for the support of that group.

No doubt along the line there will be other steps in this sequence, such as the resumption of aggression in Korea, Formosa, or elsewhere in the Far East, at times calculated to yield the greatest strategic advantage on the world chessboard. The beginning can well be right now, this sum-

mer; the consummation can occur within as near a period as six to ten years. As the climax nears, the tempo will be accelerated.

* * *

I have deliberately painted a dark picture. What is the alternative? Must we become a regimented garrison state? To take that course is an admission that the USSR has already won the intellectual victory; and so we instinctively reject that answer. But we are at a critical turning point. As individuals we shall have to change our scale of values so that we do, voluntarily and with a sense of mission, some of the things which regimentation might require — such things as spending more on defense, taxing ourselves more, working harder, sacrificing something from our standard of living, disciplining ourselves more, curtailing special and costly benefits to privileged economic groups, developing rigorous standards and competitive excellence in education, and channeling our best brains into needful activities for national survival.

Can we do these things? Personally, I believe there are some hopeful signs. It looks as if the tide has started to turn in education; and it may not be too much to hope that a changed sense of values will emerge from the present recession, marking the end of the postwar boom era and a setting of sights on new objectives for the years ahead. But the task will be anything but easy, and the need for leaders of the moral stature and evangelistic fervor of Theodore Roosevelt is overwhelmingly great.

— Malcolm P. McNair





GROWTH OF FEDERAL EXPENSES SINCE 1929

FIGURE COLORS ARE DETERMINED BY THE PARTY IN CONTROL OF THE HOUSE OF REPRESENTATIVES

| | | ← HOOVER → | | | | ← ROOSEVELT → | | | | | |
|--|---|-------------------------|---------|----------|----------|---------------|----------|----------|---------|----------|----------|
| | | 1929 | 1930 | 1932 | 1934 | 1936 | 1938 | 1940 | 1941 | 1942 | 1943 |
| Democrat Congresses in red | | | | | | | | | | | |
| Republican Congresses in black | | | | | | | | | | | |
| Line 1 | | | | | | | | | | | |
| FEDERAL FINANCES | | | | | | | | | | | |
| 1. income | | 3.9 | 4.1 | 1.9 | 3.1 | 4.1 | 5.6 | 5.1 | 7.1 | 12.6 | 22.0 |
| by fiscal years | 2. budget outlay | 3.1 | 3.3 | 4.7 | 6.7 | 8.5 | 6.8 | 9.1 | 13.3 | 34.0 | 79.4 |
| | 3. surplus | 0.7 | 0.7 | | | | | | | | |
| in billions of dollars | 4. deficit | | | -2.7 | -3.6 | -4.4 | -1.2 | -3.9 | -6.2 | -21.5 | -57.4 |
| Line 2 | | | | | | | | | | | |
| COST TO TAXPAYERS | | | | | | | | | | | |
| 1. U.S. national income | | \$87.8 | \$75.7 | \$42.5 | \$49.0 | \$64.9 | \$67.6 | \$81.6 | \$104.7 | \$137.7 | \$170.3 |
| by calendar years | 2. Federal spending in cash | \$2.6 | \$2.8 | \$3.2 | \$6.4 | \$8.5 | \$8.5 | \$10.1 | \$20.5 | \$56.1 | \$86.0 |
| | 3. % of national income - Federal | 3.0% | 3.7% | 7.5% | 13.1% | 13.1% | 12.6% | 12.4% | 19.6% | 40.7% | 50.5% |
| in billions of dollars | 4. State and local spending in cash | \$7.6 | \$8.3 | \$7.4 | \$6.4 | \$7.4 | \$8.1 | \$8.4 | \$8.2 | \$7.9 | \$7.4 |
| | 5. % of national income - state and local | 8.7% | 11.0% | 17.4% | 13.1% | 11.4% | 12.0% | 10.3% | 7.8% | 5.7% | 4.3% |
| | 6. Total % taken by public spending | 11.6% | 14.5% | 24.9% | 26.1% | 24.5% | 24.6% | 22.7% | 27.5% | 46.5% | 54.8% |
| Line 3 | | | | | | | | | | | |
| COST OF LIVING INDEX | | | | | | | | | | | |
| | 1947-49 = 100 | 73.3 | 71.4 | 58.4 | 57.2 | 59.3 | 60.3 | 59.9 | 62.9 | 69.7 | 74.0 |
| Line 4 | | | | | | | | | | | |
| PER CAPITA INCOME | | | | | | | | | | | |
| | in 1947 constant dollars | \$927 | \$859 | \$703 | \$725 | \$888 | \$858 | \$981 | \$1113 | \$1245 | \$1277 |
| | in current dollars | \$682 | \$604 | \$389 | \$411 | \$517 | \$505 | \$576 | \$697 | \$871 | \$977 |
| Line 5 | | | | | | | | | | | |
| PER CAPITA PUBLIC SPENDING | | | | | | | | | | | |
| | 1. Federal | ¹⁹²⁷ \$24.17 | | \$37.56 | \$53.31 | \$66.75 | \$53.38 | \$70.33 | | \$257.59 | |
| | 2. State | \$16.15 | | \$20.74 | \$19.65 | \$23.65 | \$30.55 | \$34.43 | | \$33.89 | |
| | 3. Local | \$49.45 | | \$45.22 | \$34.15 | \$34.96 | \$40.92 | \$44.40 | | \$41.85 | |
| | 4. Total | \$89.70 | | \$103.45 | \$107.36 | \$125.25 | \$124.70 | \$148.99 | | \$333.13 | |
| Line 6 | | | | | | | | | | | |
| DIVISION OF U. S. TAX DOLLAR | | | | | | | | | | | |
| | 1. Federal | ¹⁹²⁷ 26.9 | | 36.3 | 49.6 | 53.3 | 42.8 | 47.2 | | 77.3 | |
| | 2. State | 17.9 | | 20.0 | 18.2 | 18.8 | 24.4 | 23.0 | | 10.1 | |
| | 3. Local | 55.1 | | 43.7 | 32.1 | 27.9 | 32.8 | 29.8 | | 12.6 | |
| Line 7 | | | | | | | | | | | |
| NATIONAL DEFENSE COSTS | | | | | | | | | | | |
| | Per capita | \$5.56 | \$6.03 | \$6.07 | \$4.23 | \$7.07 | \$7.99 | \$12.66 | | \$177.12 | \$492.30 |
| | Percent of Federal outlay | 24.4% | 24.0% | 16.2% | 7.9% | 10.6% | 15.1% | 18.3% | | 69.3% | 83.0% |
| Line 8 | | | | | | | | | | | |
| GROSS NATIONAL PRODUCT | | | | | | | | | | | |
| | 1. Actual dollars | \$104.4 | \$91.1 | \$58.5 | \$65.0 | \$82.7 | \$85.2 | \$100.6 | \$125.8 | \$159.1 | \$192.5 |
| | 2. 1947 constant dollars | \$149.3 | \$135.2 | \$107.6 | \$113.4 | \$142.5 | \$145.9 | \$171.6 | \$198.2 | \$223.6 | \$248.9 |
| | 3. At 1956 prices | \$187.1 | \$169.5 | \$133.5 | \$143.6 | \$179.5 | \$181.5 | \$213.7 | \$247.2 | \$278.7 | \$309.6 |
| Line 9 | | | | | | | | | | | |
| U. S. POPULATION | | | | | | | | | | | |
| | in millions | | 122.5 | 124.5 | 126.1 | 127.8 | 129.5 | 131.6 | 132.8 | 134.2 | 135.9 |
| Line 10 | | | | | | | | | | | |
| U. S. NATIONAL DEBT | | | | | | | | | | | |
| | Per capita | | \$132 | \$156 | \$214 | \$264 | \$286 | \$325 | \$367 | \$537 | \$1000 |
| | in billions of dollars | | \$162.2 | \$19.5 | \$27.1 | \$33.8 | \$37.2 | \$43.0 | \$49.0 | \$72.4 | \$136.7 |
| Line 11 | | | | | | | | | | | |
| NET PUBLIC AND PRIVATE DEBT | | | | | | | | | | | |
| | 1. Federal | \$16.5 | \$16.5 | \$21.3 | \$30.4 | \$37.7 | \$40.5 | \$44.8 | \$56.3 | \$101.7 | \$154.4 |
| | 2. State and local | \$13.2 | \$14.1 | \$16.6 | \$15.9 | \$16.2 | \$16.0 | \$16.5 | \$16.3 | \$15.8 | \$14.9 |
| | 3. Private | \$161.2 | \$160.4 | \$136.7 | \$125.1 | \$126.4 | \$123.1 | \$128.6 | \$139.0 | \$141.5 | \$144.3 |
| | 4. Total public and private debt | \$190.9 | \$191.0 | \$174.6 | \$171.4 | \$180.3 | \$179.6 | \$189.9 | \$211.6 | \$259.0 | \$313.6 |
| Line 12 | | | | | | | | | | | |
| TREND IN FEDERAL BUDGET OUTLAYS | | | | | | | | | | | |
| | 1. Military cost | | \$0.85 | | | | | \$1.80 | \$6.25 | \$22.90 | \$63.41 |
| | 2. Debt interest | | \$0.66 | | | | | \$1.04 | \$1.11 | \$1.26 | \$1.81 |
| | 3. Other Government costs | | \$1.94 | | | | | \$6.22 | \$5.90 | \$9.88 | \$14.19 |
| Line 13 | | | | | | | | | | | |
| GOVERNMENT PURCHASE OF GOODS AND SERVICES | | | | | | | | | | | |
| | 1. Federal | \$1.3 | \$1.4 | \$1.5 | \$3.0 | \$4.8 | \$5.3 | \$6.2 | \$16.9 | \$52.0 | \$81.2 |
| | 2. State and local | \$7.2 | \$7.8 | \$6.6 | \$6.8 | \$7.0 | \$7.5 | \$7.9 | \$7.8 | \$7.7 | \$7.4 |
| | 3. Total | \$8.5 | \$9.2 | \$8.1 | \$9.8 | \$11.8 | \$12.8 | \$14.1 | \$24.8 | \$59.7 | \$88.6 |
| Line 14 | | | | | | | | | | | |
| UNEXPENDED BALANCES OF BUDGETARY ACCOUNTS | | | | | | | | | | | |
| | Appropriation balances | \$1.2 | | \$5.0 | \$6.2 | \$6.3 | \$6.1 | \$6.1 | \$17.9 | \$102.1 | \$117.9 |
| | Total balances | \$1.2 | | \$5.0 | \$6.2 | \$6.3 | \$6.1 | \$6.1 | \$17.9 | \$102.1 | \$117.9 |
| for fiscal years ending June 30 in billions of dollars | | | | | | | | | | | |

SOURCES

Line 1 "The Federal Revenue System" "Facts and Problems" Page 139, Table 2
 Line 2 As above, Page 143, Table 6
 Line 3 Dep't of Labor, Consumer Price Index
 Line 4 Figures furnished by Department of Commerce, Office of Business Economics
 Line 5 "Facts and figures on Government Finance", 1956 - 1957, The Tax Foundation, Page 55, Table 39
 Line 6 As above, Page 56, Table 40
 Line 7 As above, Page 73, Table 56

Issued 1956 by Joint Committee on the Economic Report, 84th Congress
 Current dollar figures from "Economic Report of the President" Jan., '57, Page 137, Table E-14
 Current figures from 1958 Budget

Line 8 "Economic Report of the President", Jan., '57, Page 126-127, Table E-3&4
 Line 9 "Budget for 1958" Page 86, House Appropriations Hearings
 Line 10 As above
 Line 11 "Economic Report of the President", Jan., '57, Page 173, Table E-44
 Line 12 "Facts and Figures on Gov't Finance" 1957-57, The Tax Foundation Page 62, Table 46
 Current figures from 1958 Budget
 Line 13 "Economic Report of the President", Jan., '57, Page 123, Table E-1
 Line 14 Compiled by Treasury Dep't, May, '57

WHAT THE

1. The Federal twenty fiscal had increased the purchasing national debt ment twenty ye
 2. The budgets transmitted to office, called
 3. Appropriati through 1953, for expenditu revenues of th of goods on or on receipt.



FEDERAL EXPENDITURES 1929

ALL FIGURES FOR 1955 AND
THEREAFTER ARE STILL SUBJECT
TO SOME STATISTICAL REVISION

| ROOSEVELT | | | | | | | | TRUMAN | | | | EISENHOWER | | | | | |
|-----------|----------|----------|----------|----------|----------|---------|----------|---------|----------|----------|----------|------------|----------|----------|----------|----------|---------------|
| 1941 | 1942 | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 estimate |
| 7.1 | 12.6 | 22.0 | 43.6 | 44.5 | 39.8 | 39.8 | 41.5 | 37.7 | 36.5 | 47.6 | 61.4 | 64.8 | 64.7 | 60.4 | 68.1 | 70.6 | 73.6 |
| 13.3 | 34.0 | 79.4 | 95.1 | 98.4 | 60.4 | 39.0 | 33.1 | 39.5 | 39.6 | 44.1 | 65.4 | 74.3 | 67.8 | 64.6 | 66.5 | 68.9 | 71.8 |
| -6.2 | -21.5 | -57.4 | -51.4 | -53.9 | -20.7 | | 0.8 | | | 3.5 | | | | | 1.6 | 1.7 | 1.8 |
| | | | | | | | | -1.8 | -3.1 | | -4.0 | -9.4 | -3.1 | -4.2 | | | |
| 104.7 | \$137.7 | \$170.3 | \$182.6 | \$181.2 | \$179.6 | \$197.2 | \$221.6 | \$216.2 | \$240.0 | \$277.0 | \$289.5 | \$303.6 | \$299.7 | \$324.0 | \$342.4 | \$360.0 | |
| 20.5 | \$56.1 | \$86.0 | \$95.6 | \$84.8 | \$37.0 | \$31.1 | \$35.5 | \$41.5 | \$40.9 | \$58.0 | \$71.4 | \$77.5 | \$69.7 | \$69.0 | \$71.4 | \$73.0 | |
| 19.6% | 40.7% | 50.5% | 52.4% | 46.8% | 20.6% | 15.8% | 16.0% | 19.2% | 17.0% | 20.9% | 24.4% | 25.6% | 23.5% | 21.3% | 20.9% | 20.3% | |
| \$8.2 | \$7.9 | \$7.4 | \$7.5 | \$8.1 | \$10.0 | \$12.8 | \$15.9 | \$18.2 | \$20.3 | \$21.4 | \$22.9 | \$24.4 | \$27.3 | \$29.5 | \$32.1 | \$34.0 | |
| 7.8% | 5.7% | 4.3% | 4.1% | 4.5% | 5.6% | 6.5% | 7.2% | 8.4% | 8.5% | 7.7% | 7.9% | 8.0% | 8.9% | 9.1% | 9.3% | 9.4% | |
| 27.5% | 46.5% | 54.8% | 56.5% | 51.3% | 26.2% | 22.3% | 23.2% | 27.6% | 25.5% | 28.7% | 32.4% | 33.6% | 32.5% | 30.4% | 30.2% | 29.7% | |
| 62.9 | 69.7 | 74.0 | 75.2 | 76.9 | 83.4 | 95.5 | 102.8 | 101.8 | 102.8 | 111.0 | 113.5 | 114.4 | 114.8 | 114.5 | 116.2 | 118.9 | |
| 1113 | \$1245 | \$1277 | \$1312 | \$1282 | \$1247 | \$1173 | \$1211 | \$1203 | \$1280 | \$1290 | \$1311 | \$1342 | \$1331 | \$1384 | \$1422 | | |
| \$697 | \$871 | \$977 | \$1060 | \$1075 | \$1126 | \$1173 | \$1279 | \$1261 | \$1359 | \$1465 | \$1508 | \$1568 | \$1567 | \$1635 | \$1708 | \$1737 | |
| | \$257.59 | | \$710.48 | | \$459.97 | | \$236.31 | | \$274.60 | | \$442.61 | \$497.74 | \$453.25 | \$432.84 | \$441.60 | | |
| | \$33.89 | | \$31.35 | | \$47.12 | | \$66.23 | | \$85.62 | | \$87.50 | \$90.94 | \$100.36 | \$108.32 | \$122.36 | | |
| | \$41.85 | | \$39.96 | | \$52.92 | | \$69.43 | | \$85.84 | | \$97.45 | \$102.58 | \$112.94 | \$123.30 | \$131.46 | | |
| | \$33.13 | | \$781.58 | | \$559.70 | | \$371.55 | | \$445.59 | | \$627.09 | \$690.78 | \$666.02 | \$663.89 | \$694.80 | | |
| | 77.3 | | 90.9 | | 82.2 | | 63.6 | | 61.6 | | 70.6 | 72.1 | 68.1 | 65.2 | 63.6 | | |
| | 10.1 | | 4.0 | | 8.4 | | 17.7 | | 19.1 | | 13.9 | 13.1 | 15.0 | 16.2 | 17.5 | | |
| | 12.6 | | 5.1 | | 9.5 | | 18.7 | | 19.3 | | 15.5 | 14.8 | 17.0 | 18.6 | 18.9 | | |
| | \$177.12 | \$492.30 | \$592.89 | \$629.20 | \$329.52 | \$86.97 | \$72.59 | \$79.29 | \$78.36 | \$124.35 | \$245.63 | \$277.36 | \$251.85 | \$217.38 | \$208.58 | \$210.53 | |
| | 69.5% | 83.0% | 83.7% | 85.0% | 72.2% | 31.2% | 31.5% | 29.3% | 29.4% | 42.7% | 57.6% | 58.2% | 58.8% | 54.3% | 53.8% | 52.2% | |
| 125.8 | \$159.1 | \$192.5 | \$211.4 | \$213.6 | \$209.2 | \$232.2 | \$257.3 | \$257.3 | \$285.1 | \$328.2 | \$345.4 | \$363.2 | \$361.2 | \$391.7 | \$414.7 | \$433.5 | |
| 198.2 | \$223.6 | \$248.9 | \$268.2 | \$263.1 | \$233.8 | \$232.2 | \$243.9 | \$241.5 | \$264.7 | \$282.9 | \$293.7 | \$305.3 | \$301.3 | \$322.8 | \$332.0 | | |
| 247.2 | \$278.7 | \$309.6 | \$332.6 | \$325.7 | \$290.6 | \$289.6 | \$302.7 | \$301.8 | \$329.9 | \$354.2 | \$366.6 | \$381.6 | \$376.2 | \$403.4 | \$414.7 | | |
| 132.8 | 134.2 | 135.9 | 137.7 | 139.2 | 140.7 | 142.8 | 145.5 | 148.0 | 150.6 | 153.1 | 155.8 | 158.4 | 161.1 | 164.0 | 166.8 | 171.0 | 172.5 |
| \$367 | \$537 | \$1000 | \$1452 | \$1849 | \$1906 | \$1792 | \$1721 | \$1694 | \$1697 | \$1653 | \$1650 | \$1667 | \$1670 | \$1660 | \$1623 | \$1600 | \$1503 |
| \$49.0 | \$72.4 | \$136.7 | \$201.0 | \$258.7 | \$269.4 | \$258.3 | \$252.3 | \$252.8 | \$257.4 | \$255.2 | \$259.1 | \$266.1 | \$271.3 | \$274.4 | \$272.8 | \$270.6 | \$269.2 |
| \$56.3 | \$101.7 | \$154.4 | \$211.9 | \$252.7 | \$229.7 | \$223.3 | \$216.5 | \$218.6 | \$218.7 | \$218.5 | \$222.9 | \$228.1 | \$230.2 | \$231.5 | \$225.4 | | |
| \$16.3 | \$15.8 | \$14.9 | \$14.1 | \$13.7 | \$13.6 | \$14.4 | \$16.2 | \$18.1 | \$20.7 | \$23.3 | \$25.8 | \$28.6 | \$33.4 | \$38.4 | \$42.7 | | |
| \$139.0 | \$141.5 | \$144.3 | \$144.8 | \$139.9 | \$154.1 | \$180.2 | \$201.3 | \$211.7 | \$251.9 | \$284.0 | \$308.4 | \$330.9 | \$345.1 | \$390.3 | \$425.0 | | |
| \$211.6 | \$259.0 | \$313.6 | \$370.8 | \$406.3 | \$397.4 | \$417.9 | \$434.0 | \$448.4 | \$491.3 | \$525.8 | \$557.1 | \$587.6 | \$608.7 | \$660.2 | \$693.0 | | |
| \$6.25 | \$22.90 | \$63.41 | \$75.98 | \$80.54 | \$43.15 | \$14.77 | \$11.98 | \$13.99 | \$13.44 | \$20.86 | \$40.53 | \$44.01 | \$40.47 | \$35.59 | \$35.79 | \$36.00 | \$33.76 |
| \$1.11 | \$1.26 | \$1.81 | \$2.60 | \$3.62 | \$4.72 | \$4.96 | \$5.21 | \$5.34 | \$5.70 | \$5.61 | \$5.86 | \$6.50 | \$6.38 | \$6.37 | \$6.85 | \$7.26 | |
| \$5.90 | \$9.88 | \$14.19 | \$16.47 | \$14.26 | \$12.57 | \$19.31 | \$15.87 | \$20.18 | \$20.42 | \$17.59 | \$19.01 | \$23.76 | \$20.91 | \$22.61 | \$24.90 | \$25.64 | |
| 16.9 | \$52.0 | \$81.2 | \$89.0 | \$74.8 | \$20.9 | \$15.8 | \$21.0 | \$25.4 | \$22.1 | \$41.0 | \$54.3 | \$59.5 | \$48.9 | \$46.7 | \$47.0 | | |
| \$7.8 | \$7.7 | \$7.4 | \$7.5 | \$8.1 | \$10.0 | \$12.8 | \$15.6 | \$18.2 | \$19.9 | \$21.8 | \$23.2 | \$24.9 | \$27.6 | \$30.1 | \$32.8 | | |
| 24.8 | \$59.7 | \$88.6 | \$96.5 | \$82.9 | \$30.9 | \$28.6 | \$36.6 | \$43.6 | \$42.0 | \$62.8 | \$77.5 | \$84.4 | \$76.6 | \$77.1 | \$80.2 | \$86.6 | |
| \$17.9 | \$102.1 | \$117.9 | \$116.4 | \$76.8 | \$28.0 | \$17.7 | \$19.6 | \$11.9 | \$14.4 | \$50.9 | \$75.7 | \$83.3 | \$77.7 | \$64.3 | \$52.4 | | |
| \$17.9 | \$102.1 | \$117.9 | \$116.4 | \$76.8 | \$28.0 | \$17.7 | \$19.6 | \$11.9 | \$14.4 | \$68.1 | \$97.6 | \$103.9 | \$101.8 | \$87.2 | \$75.5 | | |

WHAT THE EISENHOWER ADMINISTRATION INHERITED

1. The Federal budget had been balanced in only three of the twenty fiscal years ending in 1952; as a result the national debt had increased twelve-fold in two decades and inflation had watered the purchasing power of the dollar by nearly half. Interest on the national debt alone was greater than the entire cost of government twenty years ago.

2. The budgets for the fiscal years 1953 and 1954, which had been transmitted to the Congress before the new administration took office, called for further deficits in each of those two years . . .

3. Appropriations authorized by Congress from fiscal year 1950 through 1953, plus those requested in the 1954 budget, provided for expenditures exceeding by over \$95 billion the estimated revenues of the same five years. This meant an enormous overhang of goods on order, which would have to be paid for in the future on receipt.

4. Finally, legislation enacted since 1933 had provided for a large number of fixed charges against the government for domestic purposes, such as farm price supports, veterans' benefits, and grants to the State and local governments. The effect of this legislation was to make about a fifth of the budget subject to only very limited control in any one year.

Unexpended balances of appropriations carried over from prior years ran to nearly \$80 billion when the Eisenhower administration took office, and represented a very large backlog of commitments for which expenditures had to be made in 1954 and subsequent years. . . . These balances have the effect of C.O.D. orders --- they have to be paid for in cash when the goods are delivered and constitute a heavy overhanging load for the budget beyond the appropriations being enacted currently."

--- Excerpts from a speech by Rowland R. Hughes
Director of the Bureau of the Budget,
October 20, 1954



REPUBLICANS ENACTED 10 MAJOR INCOME TAX CHANGES
IN 44 YEARS
ALL BUT ONE WERE TAX REDUCTIONS

GROWTH PERSONAL INCOME 1913-195

| | | Aug., 1914 ← WORLD WAR I → Nov., 1918 | | | | | | | | | | Sept., 1939 ← | | | |
|--|-----------|---|------|--|------|--|------|--|------|--|------|--|------|---|--|
| Congresses of the United States Control of House of Representatives | | 63rd | 64th | 65th | 66th | 67th | 68th | 69th | 70th | 71st | 72nd | 73rd | 74th | 75th | |
| Democrats - Red Republicans - Black | | 1913-1916 | | 1917-1920 | | 1921-1924 | | 1925-1931 | | 1932-1939 | | 1940 | | | |
| PERSONAL EXEMPTIONS | SINGLE | \$3000 | | \$1000 | | \$1000 | | \$1500 | | \$1000 | | \$800 | | | |
| | MARRIED | \$4000 | | \$2000 | | \$2500 | | \$3500 | | \$2500 | | \$2000 | | | |
| | DEPENDENT | \$0 | | \$200 | | \$400 | | \$400 | | \$400 | | \$400 | | | |
| MINIMUM AND MAXIMUM TAX RATES APPLICABLE TO STATED AMOUNTS OF INCOME | | 1913-1915 | | 1917 | | 1921 | | 1925-1928 | | 1932-1935 | | Minimum rate | | | |
| | | Minimum rate | | Minimum rate | | Minimum rate | | Minimum rate | | Minimum rate | | 4% up to \$4000 | | | |
| | | 1% up to \$20,000 | | 2% up to \$2000 | | 4% up to \$4000 | | 1 1/2% up to \$4000 | | 4% up to \$4000 | | Maximum rate | | | |
| | | Maximum rate | | Maximum rate | | Maximum rate | | Maximum rate | | Maximum rate | | 79% over | | | |
| | | 7% over \$500,000 | | 67% over \$2,000,000 | | 73% over \$1,000,000 | | 25% over \$100,000 | | 63% over \$1,000,000 | | \$5,000,000 | | | |
| | | ----- | | ----- | | ----- | | ----- | | ----- | | ----- | | ----- | |
| | | 1916 | | 1918 | | 1922-1923 | | 1929 | | 1936-1939 | | 25% earned income credit replaced by 10% normal tax credit | | Intermediate surtax rates increased; 10% defense tax imposed; earned income credit cont'd | |
| | | Minimum rate | | Minimum rate | | Minimum rate | | Minimum rate | | Minimum rate | | 4% up to \$4000 | | ----- | |
| | | 2% up to \$20,000 | | 6% up to \$4000 | | 4% up to \$4000 | | 1 1/2% up to \$4000 | | 4% up to \$4000 | | 79% over \$5,000,000 | | ----- | |
| | | Maximum rate | | Maximum rate | | Maximum rate | | Maximum rate | | Maximum rate | | 10% earned net income normal tax credit continued | | ----- | |
| | | 7% over \$2,000,000 | | 77% over \$1,000,000 | | 56% over \$200,000 | | 24% over \$100,000 | | 7% over \$2,000,000 | | ----- | | ----- | |
| | | ----- | | ----- | | ----- | | ----- | | ----- | | ----- | | ----- | |
| 1919-1920 | | 1924 | | 1930-1931 | | 1933 | | 1934-1939 | | 1940 | | ----- | | | |
| Minimum rate | | Minimum rate | | Minimum rate | | Minimum rate | | Minimum rate | | Minimum rate | | ----- | | | |
| 4% up to \$4000 | | 2% up to \$4000 | | 2% up to \$4000 | | 1 1/2% up to \$4000 | | 1 1/2% up to \$4000 | | 4% up to \$4000 | | ----- | | | |
| Maximum rate | | Maximum rate | | Maximum rate | | Maximum rate | | Maximum rate | | Maximum rate | | ----- | | | |
| 73% over \$1,000,000 | | 46% over \$500,000 | | 25% earned income credit enacted to apply in 1923 | | 25% earned income credit continued | | 25% earned income credit continued | | 25% earned income credit continued | | ----- | | | |
| ----- | | ----- | | ----- | | ----- | | ----- | | ----- | | ----- | | | |
| SINGLE PERSON - NO DEPENDENTS | | 1917-1918 | | 1921-1922 | | 1925-1928 | | 1932-1933 | | 1934-1939 | | 1940 | | | |
| EFFECTIVE RATE ON \$3000 NET INCOME | | 1.3% 4.0% | | 2.7% 2.0% | | 0.6% 0.2% | | 2.7% 2.3% | | 2.8% | | ----- | | | |
| DOLLAR PAYMENTS | | Nothing | | \$40 \$120 \$80 | | \$80 \$60 \$30 | | \$17 \$6 \$17 | | \$80 \$68 | | \$84 | | | |
| MARRIED PERSON - 2 DEPENDENTS | | 1913-15 1916 | | 1917-1918 1919-20 | | 1921-22 1923-1924 | | 1925-28 1929-1930-31 | | 1932-33 1934-39 | | 1940 | | | |
| EFFECTIVE RATE ON \$5000 NET INCOME | | 0.2% 0.4% | | 1.3% 3.1% 2.1% | | 1.4% 1.0% 0.5% | | 0.2% 0.1% 0.2% | | 1.4% 1.0% | | 1.5% | | | |
| DOLLAR PAYMENTS | | \$10 \$20 | | \$64 \$156 \$104 | | \$68 \$51 \$26 | | \$8 \$3 \$8 | | \$68 \$48 | | \$75 | | | |
| PERSONAL INCOME TAXES COLLECTED (Fiscal years) | | 1914 \$28,300,000 1915 \$41,000,000 1916 \$67,900,000 | | 1917 \$180,100,000 1918 \$2,839,000,000 1919 \$2,600,800,000 1920 \$3,956,900,000 | | 1921 \$3,228,100,000 1922 \$2,086,900,000 1923 \$1,691,100,000 1924 \$1,841,800,000 | | 1925 \$845,400,000 1926 \$879,100,000 1927 \$911,900,000 1928 \$882,700,000 1929 \$1,095,500,000 1930 \$1,146,800,000 1931 \$833,600,000 | | 1932 \$427,200,000 1933 \$352,600,000 1934 \$419,500,000 1935 \$527,100,000 1936 \$674,400,000 1937 \$1,091,700,000 1938 \$1,286,300,000 1939 \$1,028,800,000 | | \$982,000,000 | | ----- | |
| PERSONAL INCOME TAX PER CAPITA (Fiscal years) | | 1914 \$.29 1915 \$.41 1916 \$.67 | | 1917 \$1.74 | | 1924 \$16.14 | | 1925 \$7.30 1926 \$7.41 1927 \$7.66 1928 \$7.33 1929 \$8.99 1930 \$9.32 1931 \$6.72 | | 1932 \$3.42 1933 \$2.81 1934 \$3.31 1935 \$4.14 1936 \$5.26 1937 \$8.48 1938 \$9.91 1939 \$7.86 | | \$7.44 | | | |
| PERCENTAGE OF POPULATION FILING PERSONAL INCOME TAX RETURNS | | 1914 0.36% 1915 0.33% 1916 0.42% | | 1917 3.3% 1918 4.2% 1919 5.0% 1920 6.8% | | 1921 6.1% 1922 6.2% 1923 6.9% 1924 6.5% | | 1925 3.6% 1926 3.5% 1927 3.4% 1928 3.4% 1929 3.3% 1930 3.0% 1931 2.6% | | 1932 3.1% 1933 3.0% 1934 3.2% 1935 3.6% 1936 4.2% 1937 4.9% 1938 4.8% 1939 5.8% | | 11.1% | | | |



GROWTH OF FEDERAL INCOME TAX 1913-1957

DEMOCRATS ENACTED 23 MAJOR INCOME TAX CHANGES
IN 44 YEARS
ALL BUT THREE WERE TAX INCREASES

1939 ← WORLD WAR II → Aug., 1945 June, 1950 ← KOREAN WAR → July, 1953
73rd 74th 75th 76th 77th 78th 79th 80th 81st 82nd 83rd 84th 85th

| 1940 | 1941 | 1942-1943 | 1944-1947 | 1948-1950-1952-1953 | 1954 to present | SOURCE |
|---|--|---|---|--|--|---|
| \$800 \$2000 \$400 | \$750 \$1500 \$400 | \$500 \$1200 \$350 | \$500 \$1000 \$500 | \$600 \$1200 \$600 | \$600 \$1200 \$600 | "Federal Revenue System Facts and Problems" Joint Comm. on Economic Report 1956, Page 5 |
| Minimum rate 4% up to \$4000 Maximum rate 79% over \$5,000,000 | Minimum rate 10% up to \$2000 Maximum rate 81% over \$5,000,000 | Minimum rate 19% up to \$2000 Maximum rate 88% over \$200,000 In 1943 a 5% victory tax was imposed. Earned income credit continued. Withholding and current tax payment plan enacted | 1944-1945 Minimum rate 23% up to \$2000 Maximum rate 94% over \$200,000 Subject to maximum effective rate of 90% Earned income credit repealed 1946-1947 Minimum rate 20% up to \$2000 Maximum rate 91% over \$200,000 Subject to a maximum effective rate limitation | 1948-1949 Minimum rate 20% up to \$2000 Maximum rate 91% over \$200,000 Subject to a maximum effective rate limitation 1950 Minimum rate 20% up to \$2000 Maximum rate 91% over \$200,000 Subject to a higher maximum effective rate limitation 1951 Minimum rate 20.4% up to \$2000 Maximum rate 91% over \$200,000 Subject to a maximum effective rate limitation 1952-1953 Minimum rate 22.2% upto \$2000 Maximum rate 92% over \$200,000 Subject to a maximum effective rate limitation | Minimum rate 20% up to \$2000 Maximum rate 91% over \$200,000 Subject to a maximum effective rate limitation | Rates and facts taken from tax laws and the Internal Revenue Code |
| 2.8% | 7.4% | 1942- 15.7% 1943- 19.1% | 1944-45 9.5% 1946-47 16.2% | 1948-49 13.6% 1950- 14.3% 1951- 16.6% 1952-53 18.1% | 1954 to date 16.3% | "Statistical Abstract of the United States" 1956 Page 363 |
| \$84 | \$221 | 1942- \$472 1943- \$574 | 1944-45 \$585 1946-47 \$485 | 1948-49 \$409 1950 \$428 1951 \$498 1952-53 \$542 | 1954 to date \$488 | As above Page 363 |
| 1.5% | 5.4% | 1942- 11.8% 1943- 14.6% | 1944-45 15.1% 1946-47 11.8% | 1948-49 8.6% 1950 9.0% 1951 10.6% 1952-53 11.5% | 1954 to date 10.4% | As above Page 365 |
| \$75 | \$271 | 1942- \$592 1943- \$730 | 1944-45 \$755 1946-47 \$589 | 1948-49 \$432 1950 \$452 1951 \$530 1952-53 \$577 | 1954 to date \$520 | As above Page 365 |
| \$982,000,000 | \$1,417,700,000 | 1942 \$3,262,800,000 1943 \$6,629,900,000 | 1944 \$18,261,000,000 1945 \$19,034,300,000 1946 \$18,704,500,000 1947 \$19,343,300,000 | 1948 \$20,997,800,000 1949 \$18,051,800,000 1950 \$17,153,300,000 1951 \$22,997,300,000 1952 \$29,274,100,000 1953 \$32,536,200,000 | 1954 \$32,813,700,000 1955 \$31,650,100,000 1956 \$35,337,600,000 | U. S. Internal Revenue figures |
| \$7.44 | \$10.64 | 1942 \$24.23 1943 \$48.58 | 1944 \$132.23 1945 \$143.51 1946 \$132.28 1947 \$134.24 | 1948 \$143.23 1949 \$120.99 1950 \$113.09 1951 \$148.95 1952 \$186.46 1953 \$205.41 | 1954 \$203.69 1955 \$192.60 1956 \$211.86 | Computed by using population table B-31 in "Historical Statistics of the United States" |
| 11.1% | 19.4% | 1942 27.1% 1943 31.9% | 1944 34.0% 1945 35.7% 1946 37.4% 1947 38.1% | 1948 35.4% 1949 34.5% 1950 34.8% 1951 35.7% 1952 36.3% 1953 36.5% | 1954 35.2% | Computed by using population table B-31, and tax return table P-114 in "Historical Statistics of the United States" |



GROWTH OF CORPORATIONS 1913-1956

1913-1915 figures are for fiscal years
1916- to date figures are for calendar years

Democrat Congresses in Red
Republican Congresses in Black

| | 63rd | 64th | 65th | 66th | 67th | 68th | 69th | 70th | 71st | 72nd | 73rd | 74th | | | | | | | | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|---------------------------|------------------------|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | 1913-1916 | | 1917-1920 | | 1921-1924 | | 1925-1931 | | 1932-1939 | | 1940 | | | | | | | | | | | | | | | | | |
| Line 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NUMBER OF CORPORATION INCOME TAX RETURNS | 1913 316,909 | 1914 299,445 | 1915 366,443 | 1916 341,253 | 1917 351,426 | 1918 317,579 | 1919 320,198 | 1920 345,595 | 1921 356,397 | 1922 382,883 | 1923 398,933 | 1924 417,421 | 1925 430,072 | 1926 455,320 | 1927 475,031 | 1928 495,892 | 1929 509,436 | 1930 518,736 | 1931 516,404 | 1932 508,636 | 1933 504,080 | 1934 528,898 | 1935 533,631 | 1936 530,779 | 1937 529,097 | 1938 520,501 | 1939 515,960 | 1940 516,783 |
| Line 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NUMBER OF CORPORATIONS WITH NET INCOME AND TAX PAYMENTS | 1913 188,866 | 1914 174,205 | 1915 190,911 | 1916 206,984 | 1917 232,079 | 1918 202,061 | 1919 209,634 | 1920 203,233 | 1921 171,239 | 1922 212,535 | 1923 233,339 | 1924 236,389 | 1925 252,334 | 1926 258,134 | 1927 259,849 | 1928 268,783 | 1929 269,430 | 1930 221,420 | 1931 175,898 | 1932 82,646 | 1933 109,786 | 1934 145,101 | 1935 164,231 | 1936 203,161 | 1937 192,028 | 1938 169,884 | 1939 199,479 | 1940 220,977 |
| Line 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CORPORATE NET INCOME REPORTED | 1913 \$4,714,000,000 | 1914 \$3,940,000,000 | 1915 \$5,310,000,000 | 1916 \$8,766,000,000 | 1917 \$10,730,000,000 | 1918 \$8,362,000,000 | 1919 \$9,411,000,000 | 1920 \$7,903,000,000 | 1921 \$4,336,000,000 | 1922 \$6,964,000,000 | 1923 \$8,322,000,000 | 1924 \$7,587,000,000 | 1925 \$9,584,000,000 | 1926 \$9,673,000,000 | 1927 \$8,982,000,000 | 1928 \$10,618,000,000 | 1929 \$11,654,000,000 | 1930 \$6,429,000,000 | 1931 \$3,683,000,000 | 1932 \$2,153,000,000 | 1933 \$2,986,000,000 | 1934 \$4,275,000,000 | 1935 \$5,165,000,000 | 1936 \$9,478,000,000 | 1937 \$9,635,000,000 | 1938 \$6,526,000,000 | 1939 \$8,827,000,000 | 1940 \$11,203,000,000 |
| Line 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NUMBER OF CORPORATIONS WITH NO NET INCOME | 1913 128,043 | 1914 125,240 | 1915 175,532 | 1916 134,269 | 1917 119,347 | 1918 115,518 | 1919 110,564 | 1920 142,362 | 1921 185,158 | 1922 170,348 | 1923 165,594 | 1924 181,032 | 1925 177,738 | 1926 197,186 | 1927 165,826 | 1928 174,828 | 1929 186,591 | 1930 241,616 | 1931 283,806 | 1932 369,238 | 1933 337,056 | 1934 324,703 | 1935 312,882 | 1936 275,696 | 1937 285,810 | 1938 301,148 | 1939 270,138 | 1940 252,065 |
| Line 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CORPORATE DEFICITS OR LOSSES REPORTED | 1913 } not available | 1914 } not available | 1915 } not available | 1916 } \$657,000,000 | 1917 \$630,000,000 | 1918 \$690,000,000 | 1919 \$996,000,000 | 1920 \$2,029,000,000 | 1921 \$3,878,000,000 | 1922 \$2,194,000,000 | 1923 \$2,014,000,000 | 1924 \$2,224,000,000 | 1925 \$1,963,000,000 | 1926 \$2,169,000,000 | 1927 \$2,472,000,000 | 1928 \$2,391,000,000 | 1929 \$2,914,000,000 | 1930 \$4,878,000,000 | 1931 \$6,971,000,000 | 1932 \$7,797,000,000 | 1933 \$5,533,000,000 | 1934 \$4,181,000,000 | 1935 \$3,469,000,000 | 1936 \$2,152,000,000 | 1937 \$2,281,000,000 | 1938 \$2,853,000,000 | 1939 \$2,092,000,000 | 1940 \$2,284,000,000 |
| Line 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CORPORATE PROFITS OR LOSSES, BEFORE TAXES | 1913 } not available | 1914 } not available | 1915 } not available | 1916 } \$8.1 | 1917 \$10.1 | 1918 \$7.7 | 1919 \$8.4 | 1920 \$5.9 | 1921 \$0.5 | 1922 \$4.8 | 1923 \$6.3 | 1924 \$5.4 | 1925 \$7.6 | 1926 \$7.5 | 1927 \$6.5 | 1928 \$8.2 | 1929 \$8.7 | 1930 \$1.6 | 1931 -\$3.3 loss | 1932 -\$5.6 loss | 1933 -\$2.5 loss | 1934 \$0.1 | 1935 \$1.7 | 1936 \$7.3 | 1937 \$7.4 | 1938 \$3.7 | 1939 \$6.7 | 1940 \$8.9 |
| Line 7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CORPORATE PROFITS OR LOSSES, AFTER TAXES | 1913 } not available | 1914 } not available | 1915 } not available | 1916 } \$7.9 2.1% | 1917 \$8.0 21.2% | 1918 \$4.5 41.2% | 1919 \$6.2 25.8% | 1920 \$4.2 27.7% | 1921 loss \$0.2 --- | 1922 \$4.0 16.4% | 1923 \$5.4 14.9% | 1924 \$4.5 16.4% | 1925 \$6.5 15.4% | 1926 \$6.3 16.4% | 1927 \$5.4 17.4% | 1928 \$7.0 14.4% | 1929 \$7.5 13.7% | 1930 \$0.9 44.4% | 1931 loss \$0.8 --- | 1932 loss \$5.9 Taxes en- | 1933 loss \$3.0 larged | 1934 loss \$0.5 the losses | 1935 \$1.0 43.3% | 1936 \$6.1 16.3% | 1937 \$6.1 17.4% | 1938 \$2.8 23.4% | 1939 \$5.5 18.3% | 1940 \$6.4 28.6% |
| Line 8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL OF CORPORATE INCOME AND EXCESS PROFITS TAXES | 1913 \$43,128,000 | 1914 \$39,145,000 | 1915 \$56,994,000 | 1916 \$171,805,000 | 1917 \$2,142,446,000 | 1918 \$3,158,764,000 | 1919 \$2,175,342,000 | 1920 \$1,625,235,000 | 1921 \$701,576,000 | 1922 \$783,776,000 | 1923 \$937,106,000 | 1924 \$881,550,000 | 1925 \$1,170,331,000 | 1926 \$1,229,797,000 | 1927 \$1,130,674,000 | 1928 \$1,184,142,000 | 1929 \$1,193,436,000 | 1930 \$711,704,000 | 1931 \$398,994,000 | 1932 \$285,576,000 | 1933 \$423,068,000 | 1934 \$596,048,000 | 1935 \$735,125,000 | 1936 \$1,191,378,000 | 1937 \$1,276,172,000 | 1938 \$859,566,000 | 1939 \$1,232,256,000 | 1940 \$2,548,546,000 |

In 1921 taxes made the losses

CORPORATE TAXATION 1913-1956

| | 73rd | 74th | 75th | 76th | 77th | 78th | 79th | 80th | 81st | 82nd | 83rd | 84th | 85th | | | |
|---|------------------|------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---|--|
| | 1940 | 1941 | 1942-1943 | | 1944-1947 | | 1948-1953 | | | 1954 to present | | SOURCE | | | | |
| 39 | 516,783 | 509,066 | 1942 479,677 | 1943 455,894 | 1944 446,796 | 1945 454,460 | 1946 526,363 | 1947 587,683 | 1948 630,670 | 1949 649,957 | 1950 665,992 | 1951 687,310 | 1952 705,497 | 1953 730,974 | 1954 722,805 1955 836,000 1956 869,000 Figures furnished by Statistics Division, IRS, Treasury | "Historical Statistics of the United States" Table P-152, Page 308 "Statistical Abstract of the United States" 1956 Table 437, Page 372 |
| .636 .080 .898 .631 .779 .097 .501 .960 | | | | | | | | | | | | | | | | |
| .646 .786 .101 .231 .161 .028 .884 .479 | 220,977 | 264,628 | 1942 269,942 | 1943 283,735 | 1944 288,904 | 1945 303,019 | 1946 359,310 | 1947 382,531 | 1948 395,860 | 1949 384,772 | 1950 426,283 | 1951 439,047 | 1952 442,577 | 1953 441,767 | 1954 441,177 1955-56 not available | "Historical Statistics of the United States" Table P-153, Page 308 "Statistical Abstract of the United States" 1956 Table 437, Page 372 |
| 000,000 000,000 000,000 000,000 000,000 000,000 000,000 000,000 000,000 | \$11,203,000,000 | \$18,111,000,000 | 1942 \$24,052,000,000 | 1943 \$28,718,000,000 | 1944 \$27,124,000,000 | 1945 \$22,165,000,000 | 1946 \$27,185,000,000 | 1947 \$33,381,000,000 | 1948 \$36,273,000,000 | 1949 \$30,577,000,000 | 1950 \$44,141,000,000 | 1951 \$45,333,000,000 | 1952 \$40,432,000,000 | 1953 \$41,819,000,000 | 1954 \$39,573,000,000 1955-56 not available | "Historical Statistics of the United States" Table P-155, Page 308 "Statistical Abstract of the United States" 1956 Table 437, Page 372 |
| .238 .056 .703 .882 .696 .810 .148 .138 | 252,065 | 204,278 | 1942 172,723 | 1943 136,786 | 1944 123,563 | 1945 118,106 | 1946 131,842 | 1947 169,276 | 1948 198,383 | 1949 230,070 | 1950 203,031 | 1951 213,329 | 1952 229,494 | 1953 256,208 | 1954 281,628 1955-56 not available | "Historical Statistics of the United States" Table P-160, Page 308 "Statistical Abstract of the United States" 1956 Table 437, Page 372 |
| 000,000 000,000 000,000 000,000 000,000 000,000 000,000 000,000 000,000 | \$2,284,000,000 | \$1,779,000,000 | 1942 \$1,001,000,000 | 1943 \$899,000,000 | 1944 \$819,000,000 | 1945 \$1,026,000,000 | 1946 \$1,992,000,000 | 1947 \$1,959,000,000 | 1948 \$1,848,000,000 | 1949 \$2,382,000,000 | 1950 \$1,527,000,000 | 1951 \$1,788,000,000 | 1952 \$1,976,000,000 | 1953 \$2,335,000,000 | 1954 \$3,244,000,000 1955-56 not available | "Historical Statistics of the United States" Table P-162, Page 308 "Statistical Abstract of the United States" 1956 Table 437, Page 372 |
| loss loss | \$8.9 | \$16.3 | 1942 \$23.1 | 1943 \$27.8 | 1944 \$26.3 | 1945 \$21.1 | 1946 \$25.2 | 1947 \$31.4 | 1948 \$34.4 | 1949 \$28.2 | 1950 \$42.6 | 1951 \$43.5 | 1952 \$38.5 | 1953 \$39.5 | 1954 \$36.3 1955-56 not available | "Historical Statistics of the United States" Computed from Tables P-155 and P-162 "Statistical Abstract of the U. S.", 1956 Computed from Table 437 |
| 9 Taxes en- 0 larged 5 the losses 0 43.3% 1 16.3% 1 17.4% 3 23.4% 5 18.3% | \$6.4 28.6% | \$9.2 43.9% | 1942 \$10.8 53.2% | 1943 \$11.9 57.2% | 1944 \$11.4 56.6% | 1945 \$10.3 51.1% | 1946 \$16.3 35.2% | 1947 \$20.4 34.9% | 1948 \$22.5 34.6% | 1949 \$18.4 34.8% | 1950 \$25.3 40.6% | 1951 \$21.5 50.7% | 1952 \$19.3 49.8% | 1953 \$19.6 50.3% | 1954 \$19.5 46.4% 1955-56 not available | "Historical Statistics of the United States" Computed from Tables P-155, P-162, and P-156 "Statistical Abstract of the U. S.", 1956 Computed from Table 437 |
| 576,000 068,000 048,000 025,000 078,000 072,000 066,000 056,000 | \$2,548,546,000 | \$7,167,902,000 | 1942 \$12,256,396,000 | 1943 \$15,925,582,000 | 1944 \$14,884,050,000 | 1945 \$10,794,750,000 | 1946 \$8,874,840,000 | 1947 \$10,981,482,000 | 1948 \$11,920,260,000 | 1949 \$9,817,308,000 | 1950 \$17,316,932,000 | 1951 \$22,082,117,000 | 1952 \$19,147,694,000 | 1953 \$19,869,049,000 | 1954 \$16,861,000,000 1955-56 not available | "Historical Statistics of the United States" Table P-156, Page 308 "Statistical Abstract of the United States" 1956 Table 437, Page 372 |

FEDERAL TAXATION OTHER TH

| | Democrat Congresses in Red | | | | | | Republican Congresses in Black | | | | | |
|---|----------------------------|--------|-----------------------|--------|-----------------------|--------|--------------------------------|--------|------------------------|--------|------------------------|--------------|
| | 63rd 1913-1916 | 64th | 65th | 66th | 67th | 68th | 69th | 70th | 71st | 72nd | 73rd | 74th 1940 |
| Line 1 TOTAL EXCISE TAX COLLECTIONS IN ALL FORMS | 1916 \$388,000,000 | | 1917 \$405,000,000 | | 1921 \$1,134,000,000 | | 1925 \$627,000,000 | | 1932 \$454,000,000 | | \$1,867,000,000 | |
| | | | 1918 \$774,000,000 | | 1922 \$891,000,000 | | 1926 \$646,000,000 | | 1933 \$839,000,000 | | | |
| | | | 1919 \$1,138,000,000 | | 1923 \$722,000,000 | | 1927 \$537,000,000 | | 1934 \$1,660,000,000 | | | |
| | | | 1920 \$1,254,000,000 | | 1924 \$762,000,000 | | 1928 \$539,000,000 | | 1935 \$1,872,000,000 | | | |
| | | | | | | | 1929 \$540,000,000 | | 1936 \$1,593,000,000 | | | |
| | | | | | | | 1930 \$565,000,000 | | 1937 \$1,746,000,000 | | | |
| | | | | | | | 1931 \$520,000,000 | | 1938 \$1,716,000,000 | | | |
| | | | | | | | | | 1939 \$1,749,000,000 | | | |
| Line 2 CUSTOMS COLLECTIONS Tonnage tax included prior to 1932 | 1913 \$318,891,396 | | 1917 \$225,962,393 | | 1921 \$308,564,391 | | 1925 \$547,561,226 | | 1932 \$327,754,969 | | \$348,590,636 | |
| | 1914 \$292,320,014 | | 1918 \$179,988,385 | | 1922 \$356,443,387 | | 1926 \$579,430,093 | | 1933 \$250,750,251 | | | |
| | 1915 \$209,786,672 | | 1919 \$184,457,867 | | 1923 \$561,928,867 | | 1927 \$605,449,983 | | 1934 \$313,434,302 | | | |
| | 1916 \$213,185,846 | | 1920 \$322,902,650 | | 1924 \$545,637,504 | | 1928 \$568,986,188 | | 1935 \$343,353,034 | | | |
| | | | | | | | 1929 \$602,262,786 | | 1936 \$386,811,594 | | | |
| | | | | | | | 1930 \$587,000,903 | | 1937 \$486,356,599 | | | |
| | | | | | | | 1931 \$378,354,005 | | 1938 \$359,187,249 | | | |
| | | | | | | | | | 1939 \$318,837,311 | | | |
| Line 3 ESTATE AND GIFT TAXES Estate tax initiated in 1917 Gift tax initiated in 1925 | | | 1917 \$6,076,575 | | 1921 \$154,043,260 | | 1925 \$108,939,896 | | 1932 \$47,422,313 | | \$360,071,167 | |
| | | | 1918 \$47,452,880 | | 1922 \$139,418,846 | | 1926 \$119,216,375 | | 1933 \$34,309,724 | | | |
| | | | 1919 \$82,029,983 | | 1923 \$126,705,207 | | 1927 \$100,339,852 | | 1934 \$113,138,364 | | | |
| | | | 1920 \$103,635,563 | | 1924 \$102,966,762 | | 1928 \$60,087,234 | | 1935 \$212,111,959 | | | |
| | | | | | | | 1929 \$61,897,141 | | 1936 \$378,839,515 | | | |
| | | | | | | | 1930 \$64,769,625 | | 1937 \$305,547,766 | | | |
| | | | | | | | 1931 \$48,078,327 | | 1938 \$416,874,065 | | | |
| | | | | | | | | | 1939 \$360,715,210 | | | |
| Line 4 INTERNAL REVENUE COLLECTIONS OTHER THAN INCOME AND PROFITS TAXES By fiscal years | 1913 \$309,410,666 | | 1917 \$449,684,980 | | 1921 \$1,390,379,823 | | 1925 \$828,638,068 | | 1932 \$503,670,481 | | \$3,177,809,000 | |
| | 1914 \$308,659,733 | | 1918 \$872,028,020 | | 1922 \$1,115,125,064 | | 1926 \$855,599,289 | | 1933 \$858,217,512 | | | |
| | 1915 \$335,467,887 | | 1919 \$1,296,501,292 | | 1923 \$945,865,333 | | 1927 \$644,421,542 | | 1934 \$1,822,642,347 | | | |
| | 1916 \$387,764,776 | | 1920 \$1,460,082,287 | | 1924 \$953,012,618 | | 1928 \$621,018,666 | | 1935 \$2,168,571,390 | | | |
| | | | | | | | 1929 \$607,307,549 | | 1936 \$2,086,276,174 | | | |
| | | | | | | | 1930 \$628,308,036 | | 1937 \$2,168,726,286 | | | |
| | | | | | | | 1931 \$569,386,721 | | 1938 \$3,034,034,000 | | | |
| | | | | | | | | | 1939 \$2,972,464,000 | | | |
| Line 5 TOTAL FEDERAL RECEIPTS, ALL SOURCES, GROSS By fiscal years (Trust funds included in 1937 and thereafter) | 1913 \$724,111,230 | | 1917 \$1,124,321,795 | | 1921 \$5,624,932,961 | | 1925 \$3,780,148,685 | | 1932 \$2,005,725,437 | | \$5,893,368,000 | |
| | 1914 \$734,673,167 | | 1918 \$3,664,582,865 | | 1922 \$4,109,104,151 | | 1926 \$3,962,755,690 | | 1933 \$2,079,696,742 | | | |
| | 1915 \$697,910,827 | | 1919 \$5,152,257,136 | | 1923 \$4,007,135,481 | | 1927 \$4,129,394,441 | | 1934 \$3,115,554,050 | | | |
| | 1916 \$782,534,548 | | 1920 \$6,694,565,389 | | 1924 \$4,012,044,702 | | 1928 \$4,042,348,156 | | 1935 \$3,800,467,202 | | | |
| | | | | | | | 1929 \$4,033,250,225 | | 1936 \$4,115,956,615 | | | |
| | | | | | | | 1930 \$4,177,941,702 | | 1937 \$5,028,840,237 | | | |
| | | | | | | | 1931 \$3,189,638,632 | | 1938 \$6,241,661,000 | | | |
| | | | | | | | | | 1939 \$5,667,824,000 | | | |
| Line 6 DISTRIBUTION OF AMERICAN TAX BURDEN (NET TAX COLLECTIONS) By fiscal years (Includes trust funds) | FEDERAL 1913 | | FEDERAL 1919 | | FEDERAL 1922 | | FEDERAL 1927 | | FEDERAL 1936 | | FEDERAL 1940 | |
| | \$673,000,000 | | \$4,478,000,000 | | \$3,656,000,000 | | \$3,337,000,000 | | \$3,853,000,000 | | \$5,622,000,000 | |
| | STATE \$301,000,000 | | STATE \$594,000,000 | | STATE \$947,000,000 | | STATE \$1,608,000,000 | | STATE \$2,641,000,000 | | STATE \$4,157,000,000 | |
| | LOCAL \$1,308,000,000 | | LOCAL \$1,681,000,000 | | LOCAL \$3,069,000,000 | | LOCAL \$4,479,000,000 | | LOCAL \$4,083,000,000 | | LOCAL \$4,503,000,000 | |
| | TOTAL \$2,282,000,000 | | TOTAL \$6,753,000,000 | | TOTAL \$7,672,000,000 | | TOTAL \$9,424,000,000 | | TOTAL \$10,577,000,000 | | TOTAL \$14,282,000,000 | |
| | | | | | | | | | | | | |
| Line 7 PER CAPITA BURDEN OF TAXES By fiscal years | FEDERAL 1913 | | FEDERAL 1919 | | FEDERAL 1922 | | FEDERAL 1927 | | FEDERAL 1936 | | FEDERAL 1940 | |
| | \$7.06 | 29.5% | \$43.39 | 66.3% | \$33.68 | 47.7% | \$28.42 | 35.4% | \$30.28 | 36.4% | \$42.96 | 39.4% |
| | STATE \$3.17 | 13.2% | \$5.78 | 8.8% | \$8.76 | 12.3% | \$13.75 | 17.1% | \$20.85 | 25.0% | \$31.92 | 29.1% |
| | LOCAL \$13.72 | 57.3% | \$16.29 | 24.9% | \$28.28 | 40.0% | \$38.15 | 47.5% | \$32.09 | 38.6% | \$34.41 | 31.5% |
| | TOTAL \$23.94 | 100.0% | \$65.43 | 100.0% | \$70.68 | 100.0% | \$80.27 | 100.0% | \$83.12 | 100.0% | \$109.12 | 100.0% |

SOCIAL SECURITY R SINCE O

EXPLANATION OF CHARTS

When the personal income tax began in 1914, only single persons with incomes above \$3000 and married persons with incomes over \$4000 filed tax returns with the Federal government. Only one in 300 citizens made out tax forms.

Today, most persons making over \$600 a year must file returns. Some 119 out of 300 citizens file returns with the government.

Consequently, one of the most basic aspects of income tax legislation is the size of the personal income tax exemption. Exemption amounts were changed eleven times since 1914 and this accounts for the eleven vertical columns on the tax charts. The dollar amount of the exemptions forms the first line across the chart.

The second basic change of concern to taxpayers is in the rates. Rates form the second line across the personal income tax chart. Thus 1940 shows an exemption change and one rate change while 1948 to 1954 shows one exemption change and four changes in rates.

Figures in red denote Democrat control of the House of Representatives in Congress. Figures in black are for Republican years.

Obviously the changes in personal income tax exemptions do not apply to corporate income and other Federal taxes, but the vertical columns are continued so that anyone can observe at a glance what other taxes were levied during any of the basic eleven personal income tax periods. The Social Security rates and collections are extended through the basic personal income tax columns.

The Expenditure chart is based upon fiscal years rather than upon the tax columns. However, the red figures for Democrats and the black figures for the Republicans are used.

EMPLOYER - EMPLOYEE RATES

Social Security tax on wages levied upon employer and employee at identical rate

EMPLOYER EMPLOYEE COLLECTIONS

1937 \$265,000,000 \$550,000,
1938 \$500,000,000
1939 \$390,000,000

SELF EMPLOYED RATES

Social Security tax on self-employed is levied on net earnings from self-employment at 3/4 the combined employer-employee rate.

SELF EMPLOYED COLLECTIONS

Rates are for Collections & Collections i began in 1951

OTHER THAN PERSONAL AND CORPORATE INCOME

1913-1956

| 73rd | 74th | 75th | 76th | 77th | 78th | 79th | 80th | 81st | 82nd | 83rd | 84th | 85th | Source | | | | |
|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--|--|
| 1940 | 1941 | 1942-1943 | | 1944-1947 | | | 1948-1953 | | 1954 to present | | | | | | | | |
| \$1,867,000,000 | \$2,381,000,000 | 1942 \$3,123,000,000 | 1943 \$3,795,000,000 | 1944 \$4,462,000,000 | 1945 \$5,945,000,000 | 1946 \$6,684,000,000 | 1947 \$7,283,000,000 | 1948 \$7,412,000,000 | 1949 \$7,585,000,000 | 1950 \$7,559,000,000 | 1951 \$8,704,000,000 | 1952 \$8,971,000,000 | 1953 \$9,946,000,000 | 1954 \$9,517,200,000 | 1955 \$9,095,900,000 | 1956 \$10,035,400,000 | "Sales and Excise Taxes" by Dr. E. Manning, Legislative Reference Service, Library of Congress Page 14 |
| \$348,590,636 | \$391,870,013 | 1942 \$388,948,427 | 1943 \$324,290,778 | 1944 \$431,252,168 | 1945 \$354,775,542 | 1946 \$435,475,000 | 1947 \$494,078,000 | 1948 \$421,723,000 | 1949 \$384,485,000 | 1950 \$422,650,000 | 1951 \$624,008,000 | 1952 \$550,696,000 | 1953 \$613,420,000 | 1954 \$562,021,000 | 1955 \$606,397,000 | 1956 \$704,897,000 | "Historical Statistics of the United States" Table P-90 "Statistical Abstract of the U. S.", 1956 Table 418, Page 354 |
| \$360,071,167 | \$407,057,747 | 1942 \$432,540,288 | 1943 \$447,495,678 | 1944 \$511,210,337 | 1945 \$643,055,077 | 1946 \$676,833,000 | 1947 \$779,291,000 | 1948 \$899,345,000 | 1949 \$796,538,000 | 1950 \$706,226,000 | 1951 \$729,730,000 | 1952 \$833,147,000 | 1953 \$891,284,000 | 1954 \$935,122,000 | 1955 \$936,267,000 | 1956 \$1,171,237,000 | "Historical Statistics of the United States" Tables P-127 and P-128 "Statistical Abstract of the U. S.", 1956 Table 426, Page 361 |
| \$3,177,809,000 | \$3,892,037,000 | 1942 \$5,032,653,000 | 1943 \$6,050,300,000 | 1944 \$7,030,135,000 | 1945 \$8,728,951,000 | 1946 \$9,425,537,000 | 1947 \$10,073,840,000 | 1948 \$10,682,517,000 | 1949 \$10,825,001,000 | 1950 \$11,185,936,000 | 1951 \$13,353,541,000 | 1952 \$14,288,369,000 | 1953 \$15,808,006,000 | 1954 \$16,394,081,000 | 1955 \$16,373,866,000 | 1956 \$18,476,485,000 | 1913-37 "Historical Statistics of the U.S." Page 296, Table P-92 1938-56 "Statistical Abstract of the U.S., 1956" Page 354, Table 418 |
| \$5,893,368,000 | \$7,995,612,000 | 1942 \$13,676,680,000 | 1943 \$23,402,322,000 | 1944 \$45,441,049,000 | 1945 \$47,750,306,000 | 1946 \$44,238,135,000 | 1947 \$44,508,189,000 | 1948 \$46,098,807,000 | 1949 \$42,773,506,000 | 1950 \$41,310,628,000 | 1951 \$53,368,672,000 | 1952 \$67,999,370,000 | 1953 \$72,649,135,000 | 1954 \$73,172,936,000 | 1955 \$69,454,196,000 | 1956 \$78,820,426,000 | 1913-37 "Historical Statistics of the U.S." Page 296, Table P-89 1938-56 "Statistical Abstract of the U.S., 1956" Page 354, Table 418 |
| 1940 \$5,622,000,000 | 1941 \$7,741,000,000 | 1942 \$13,382,000,000 | 1943 \$4,979,000,000 | 1944 \$41,980,000,000 | 1945 \$5,390,000,000 | 1946 \$4,705,000,000 | 1947 \$52,075,000,000 | 1952 \$63,909,000,000 | 1953 \$11,290,000,000 | 1954 \$9,470,000,000 | 1955 \$84,669,000,000 | 1956 \$63,485,000,000 | 1957 \$12,735,000,000 | 1958 \$11,889,000,000 | 1959 \$88,109,000,000 | Tax Foundation Book of "Facts and Figures", 1956-1957 Page 104, Table 83 | |
| 1940 \$42.96 39.4% | 1941 \$58.66 45.6% | 1942 \$100.53 58.2% | 1943 \$37.62 21.7% | 1944 \$312.71 80.6% | 1945 \$40.42 10.4% | 1946 \$35.05 9.0% | 1947 \$387.91 100.0% | 1952 \$416.66 75.5% | 1953 \$74.00 13.3% | 1954 \$61.74 11.2% | 1955 \$552.01 100.0% | 1956 \$439.18 72.3% | 1957 \$89.60 14.7% | 1958 \$79.12 13.0% | 1959 \$607.43 100.0% | As above, Page 105, Table 84, and Page 106, Table 85 | |

SECURITY RATES AND COLLECTIONS

SINCE ORIGIN IN 1937

| 1937-1949 | 1% on first \$3000 of earnings | 1950 | 1 1/2% on first \$3000 of earnings | 1951-53 | 1 1/2% on first \$3600 of earnings | 1954 | 2% on first \$3600 of earnings | 1955-56 | 2% on first \$4200 of earnings | 1957 | 2 1/2% on first \$4200 of earnings | Source | | | | | |
|---------------|--------------------------------|--------------------|------------------------------------|----------------------|------------------------------------|----------------------|--------------------------------|--|-------------------------------------|--|---|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| \$550,000,000 | \$688,141,000 | 1942 \$895,619,000 | 1943 \$1,130,495,000 | 1944 \$1,292,122,000 | 1945 \$1,309,919,000 | 1946 \$1,238,218,000 | 1947 \$1,459,492,000 | 1948 \$1,616,162,000 | 1949 \$1,690,296,000 | 1950 \$2,106,388,000 | 1951 \$3,119,537,000 | 1952 \$3,318,557,000 | 1953 \$3,833,369,000 | 1954 \$1,344,055,000 | 1955 \$4,813,290,000 | 1956 \$5,828,512,000 | U. S. Treasury Fiscal Service Bureau of Accounts |
| | | | | | | | | 1951-53 2 1/4% on first \$3600 of earnings | 1954 3% on first \$3600 of earnings | 1955-56 #5 on first \$4200 of earnings | 1957 3 3/8% on first \$4200 of earnings | 1952 \$250,000,000 | 1953 \$252,924,000 | 1954 \$193,214,000 | 1955 \$226,283,000 | 1956 \$508,293,000 | Dept. of Health, Education & Welfare Information Service U. S. Treasury Fiscal Service Bureau of Accounts |

Rates are for calendar years.
Collections are by fiscal years.
Collections from self-employed began in 1951.

THE NATIONAL PROGRAM

▷ A Monthly Letter
of thought and opinion
about America's problems...

Letter

TO STRENGTHEN
AND SAFEGUARD

the **STRUCTURE** of
AMERICAN
FREEDOM

A CITIZEN'S POLITICAL RESPONSIBILITY

In the nationwide elections last month 46,000,000 people voted. That constituted about 60 per cent of the eligible voters in the United States. In other words, four out of every 10 eligible voters failed to exercise this great individual freedom and thus defaulted on their greatest citizenship responsibility. Even though only 60 per cent voted, this was a far bigger percentage than vote regularly in local, county and state elections. The sad fact is that counting all elections only about 20 per cent of the eligible voters vote regularly.

Even among the 60 per cent who did vote last month, not more than 10 per cent actually worked in a precinct political organization trying to win victory for the candidates and issues of a particular political party. In other words, most American citizens are not active politically. The only political responsibility they accept is the casting of a ballot. They take no part in the actual selection of candidates or issues. They do not get down into the firing line of politics at the precinct level. All these responsibilities are left to a comparatively small group.

We Let "George" Do It

What this means is that a few thousand people in a given state, or a few hundred in a county or community, virtually run the politics, call the shots on candidates and issues. And their work on election day shapes the future of every American citizen. Look around you in your community and state. How well does the average voter or eligible voter know the candidate for whom he voted? Did you have a part in shaping the issues? Is the candidate the best man in the community, the best qualified for the office and service for which he is asking election?

If the answer to this last question is "No"; then you as a citizen in one of the few remaining free countries of the world are falling down on your political responsibility. You are jeopardizing freedom and all the potential blessings inherent in our American way of life.

Lenin in Russia 40 years ago set out to win a political objective. He had only 40,000 followers.

But they were zealous in their cause. They were willing to work and make sacrifices of time and energy. This little group of Communists won their first objective — the overthrow of the Russian government and the establishment of a Marxist Socialist state. Today the Communist Party whose leaders run Russia (and have enslaved a big segment of the world's people) numbers about 6,000,000 — or 3% of the population of Russia. They are working at and winning control of the world.

In England during the last 50 years a tiny group of people who called themselves Fabian Socialists worked zealously and effectively in politics, and they finally won control of Britain and drastically changed the governmental structure. In a few years, they had so dissipated the economic strength of the nation that there is now serious doubt that Britain's 50,000,000 people will escape the quagmire of total Socialism or Communism.

Announcing a Filmstrip

Throughout history we find similar clear lessons reaffirming that no people can long default on their full political responsibilities and continue to be free. In our National Education Program workshop in Searcy, we have developed a dramatic sound-color filmstrip which brings this fact right to the doorstep of the families of America. It is being offered to individuals, groups, associations, political parties, industries, employee organizations, civic clubs and schools.

The filmstrip presentation is entitled, "A Citizen's Political Responsibility." Its stated objectives are: (1) to promote better individual citizenship by motivating the citizen to understand politics and become active in the party of his choice; and (2) to inform the citizen in the practical aspect of political action at the precinct level. It might well be called "a blueprint" for individual or group political action. It is being distributed at production cost — \$18 with turntable disc and \$20 with tape recorded playback. This is another public service project of our National Education Program designed to strengthen and safeguard the structure of American freedom.



Government Is YOUR Business

Excerpts from the audio-tape of "A Citizen's Political Responsibility":

It has been said that Government is you and I, and all of us together. It's a collection of rules and regulations and authorizations. It is not a human, living thing you can see or touch with your fingers. But, rather, it is a group of powers and laws and authorities, all vested in the hands of **people** elected to political office by the franchise of the free ballot given to you and me.

These governmental officials whom we elect by our action or inaction are armed by the Constitution with great and challenging powers affecting all of us — and that's why we say, "Government is your Business!" Either you run your Government, or Government runs you!

Start in Community

Before examining your responsibility in the running of our Government, it is well to take stock of your interest in the civic affairs of your community, since such an interest should be the foundation of your political action. We asked a lot of people who are active in community affairs exactly why they felt they should do something about making their community a better place to live, work, and raise a family. We received three types of answers.

The first group we interviewed told us they were active in the community because of the personal self-development potentials. Some said, for example, that their present jobs were confined to only one phase of business or professional activity (or homemaking) and so civic participation helped them to broaden their understanding and service, and improve their outlook for the future in their vocation.

In the second group were typical examples of

citizens who agree to take on difficult civic assignments at considerable personal sacrifice, because they receive a sense of personal pride and satisfaction when they are able to contribute their ideas, time and efforts toward solving various problems confronting their community.

Preserving A Heritage

The third and largest group of citizens interviewed told us they were active in the community because of their families and because of their children. They decided that the country and the system had afforded them excellent opportunities, and they wanted to do something about strengthening their community and the American way of life, in order that their children might have the same opportunities of individual freedom and incentives that they had had. And this is a paramount reason for personal activity in the political party of your choice. Everything that your family holds dear, especially the future of your children, is subject to the actions of the Government which you and your fellow citizens create and to which you give great power over your lives and future.

Government is **your** business — you have a direct and personal duty toward its betterment that you cannot delegate or dodge. That duty begins with an understanding of politics, and is implemented by political action.

And yet — so many men and women, when politics demand their attention, say, "Let George Do It!" The businessman says, "I'm in business — why mix politics with business?" The professional person says, "It's not the thing for me." The wage earner says, "Why bother? just a few run everything; my influence wouldn't count." The housewife says, "A woman's place is in the home." And the office worker says, "I simply haven't the time or the desire."

A PERSONAL NOTE . . .

Dr. George S. Benson
Director



In analyzing the defeat of his bill in the Senate designed to re-establish one of the internal safeguards against Communism which the Supreme Court had destroyed, Senator McClellan noted that it had passed overwhelmingly in the House and had been expected to be passed by the Senate by a two-to-one vote. When it reached the Senate, however, something happened. An avalanche of mail opposing the bill flowed in on the Senators. Heavy pressure was brought to bear by "liberals." The leadership of both parties was swung behind manipulations calcu-

lated to defeat the measure. This is a demonstration of political action. The left-wing apparatus can get 50,000 letters written and mailed into Congress in 72 hours! And they have great political power. They have one of the smoothest organizations and propaganda mills in the world. On the other hand the rank and file of the American people are inactive or inept in political affairs — and unless this is changed, our liberty and prosperity will be in critical jeopardy.

ONE MAN'S POWER

Additional Excerpts:

When we feel the direct impact of legislation upon our ability to keep a steady job, we can get excited enough to even write a letter to our Congressman. But just so long as governmental action is not detrimental to us personally, and in a manner in which we can see it and feel it, most of us will leave politics to the politicians.

The self-seeking politicians — and this breed is powerful in every political organization — want you to "leave it to George." They know George won't do it either. They want you and George to stay away from civic and governmental affairs. So when you say, "Don't mix politics and business," or "Let George do it," or "Politics are dirty," please remember that **these Georges** want you to stay away so they can operate all the angles to make politics pay off for them.

Your Political Role

These ward or precinct leaders don't have to be shamed, threatened, begged, cajoled into going to the polls and taking everyone within reach with them. They have a real dollars-and-cents interest in these elections; they have a yen for power and easy money. They don't mind a bit if we merely talk about our convictions, wring our hands at the breakdown of faith and morals and confine ourselves to complaining. Their only fear and worry is that some day we might wake up and try to do something about our convictions.

But what can one man do? One citizen? Is that what you are thinking?

Here is a motto: "One Man can change the World!"

Each person can play a role of his own choosing in shaping the destiny of mankind. The future is ours to make. If things are wrong with our community, our nation or the world, our actions as citizens will determine whether they shall remain wrong or be changed for the better. Suppose you were to start as one force for honesty, integrity and ability — in your local politics. What can one man do? Let's see.

Outline for Action

We call our approach to the solution of this problem the Four Point Formula — Study Up, Join Up, Sneak Up, and Build Up . . .

These demands of activities (explored in detail in the full presentation) for the betterment of your community, state and nation, prepare and qualify you to get busy in partisan political action . . . Both the major parties hold their precinct meetings in even years. The Republicans elect a precinct committeeman and committeewoman, and the Democrats elect a man and woman precinct co-chairmen.

The precinct is the grass roots of our political party organization which elects delegates to state conventions and calls the shots in every other way; it is the wheel of activity in local political campaigns. Party members at the precinct meetings determine party platforms and policies and nominate candidates from local to presidential. Dates and times of meetings vary from state to state . . .

Political A. B. C.'s

The A. B. C.'s come first. And the first duty upon you is to accept the responsibility to act as your party's representative to 20 families in the neighborhood. Accept the assignment and then go about getting acquainted with those 20 families. Call on them in a spirit of service in a common interest.

Know their interests.
Win their confidence.
Stimulate community spirit.
Be well informed — and honest.
Become acquainted with your local political authorities — if you haven't already done so. Get a copy of your local voting list.

Any worker anywhere must have tools to work with. In organizing a precinct for political action you need this information:

Complete name and address of each voter.
Party affiliation.
Are there young voters or those coming of age?
Are voters newly naturalized or should they be?

Does the voter require transportation on election day?

In addition you need this additional voting information: location of precinct voting booth; map of the precinct; registration requirements; date of primary, general and special elections; the procedure for the absentee ballot; names of incumbents; their terms of office; names of the candidates for office for whom the electors in your precinct will vote at the next election and what their qualifications are; what offices are to be filled . . .

So much for the informational tools. Now about the duties.

Call on the voters in this precinct. Notice voters with qualities of leadership who will make good campaign assistants and election booth attendants. Relay this information directly to the precinct captain.

Send a digest, to your Congressman or Congressional candidate, of the reaction of voters to major issues.

And lastly — organizing the precinct for the campaign. Here are some of the mechanical needs: calling cards for your assistants; a large map of the precinct; a list of registered and prospective voters; election statistics for the precinct for the last three elections, showing the vote for major candidates; list of party nominees.

The job is a job for workers. You'll need a precinct assistant for each 20 families in the area. You'll need volunteers from the ranks of your party's women's clubs, at whatever level. You'll need to draw on your party's young peoples' clubs and other groups for the distribution of campaign literature. You'll want to attract to your campaign organization members of the Armed services and veterans. You'll want to draw workers from non-partisan groups — service and social clubs. By all means work hard to get independent voters into action behind your candidates and platforms. Find men and women of foreign descent for work with the newly naturalized and displaced persons.

Draft party members best suited to do person-to-person campaigning in hospitals, rest homes, and other institutions.

COMMON-SENSE ECONOMICS

A few years ago a national organization made an opinion poll of newspaper editorial writers to obtain their attitudes on a number of economic questions. The writers were asked if they favored certain measures of legislation affecting economic activities within the nation. And at the end of the list of questions was this one: "Would it be advisable to adopt Socialism as an economic system for America?"

An overwhelming number of the editorial writers participating in the survey said "No" to the last question — they registered themselves as opposed to Socialism for America. But surprisingly enough, a substantial number of them favored individual legislative measures taken directly from the textbook of Socialism. In other words, they thought they were opposed to Socialism, but when Socialism's economic program was broken down into separate measures — not labeled as Socialist — they registered approval of some of its vital parts.

This opinion survey revealed two important dangers: (1) Many influential people in America do not understand the economic facts of life, and (2) The real danger of Socialism to America is its insidious, unrecognized advance.

A New Book

A new book on economics has come to my attention. It is entitled, "Common-Sense Economics." That is exactly what we need in the whole realm of economics — common sense writing and common sense appraisal. This new book was written by Gilbert M. Tucker of Albany, New York, and is pub-

lished by The Stackpole Company, Harrisburg, Pennsylvania (\$4.95). Gilbert Tucker is a friend of mine. I have found him to be a man of sound logic, and his book reflects a great talent for clarity as well as an entertaining sense of humor.

So far as is humanly possible, he has tried to present the economic facts of life devoid of the jargon and the seemingly endless dog-after-his-tail involvements of the classic academic economist. He has gone far toward achieving success in this goal. His book is readable. His arguments for his viewpoints are clear and logical. A beginner or a scholar can learn a great deal of economics from this book.

Basic Economic Facts

Mr. Tucker spends considerable time in showing the need for tax reform in America. Most of the best informed tax experts are agreed that long overdue tax reform must now be considered a "must" for safeguarding our nation, and this includes my friend Representative Wilbur Mills, chairman of the House Ways and Means Committee. They may not all accept Mr. Tucker's suggestions, but all would be stimulated and benefited by studying them.

"We believe," says Mr. Tucker, "that economics can be made a fascinating subject . . . We believe also that it is one of the most necessary . . . for if the next generations are not better trained than we have been, it is unfair and dangerous to toss into their laps such questions as inflation, taxation, public borrowing, the conflict of Communism with the American idea, and a hundred other questions." To this we can say, "Amen!"

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THE NATIONAL PROGRAM letter

December 1958

TO STRENGTHEN
AND REFORM
the BASIC PRINCIPLES of
**AMERICAN
FREEDOM**

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FOR RELEASE

FOR RELEASE 12:15 PM (CDT)
WEDNESDAY, OCTOBER 15, 1958

ADDRESS BY
POSTMASTER GENERAL ARTHUR E. SUMMERFIELD
40TH ANNUAL MEETING, ILLINOIS STATE CHAMBER OF COMMERCE
CHICAGO, ILLINOIS -- OCTOBER 15, 1958

For almost four decades this Illinois State Chamber of Commerce has been distinguished because of the imagination and energy of its members.

Years ago as a businessman in the Midwest, I became acquainted with the Chamber's activities -- and it is my high regard for many among you and your deeds that has brought me here today.

I am proud to be associated with the Postal Service of the United States.

It is our governmental activity closest to the people. It is the only large Government service which tries to match expenses with revenues.

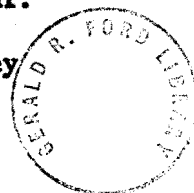
As businessmen and leaders in your communities, I am certain you are intensely interested in the Postal Service. For you it provides the vital needs of communication with customers and clients, with friends and relatives in all parts of the United States and the world.

We Americans have the biggest mail service in the world. While the United States occupies only one-fiftieth of the land surface of the globe and has one-fifteenth of its population, we send and receive nearly two-thirds of the world's mail.

Our expenses run more than three and one-half billion dollars a year.

Our cash transactions on a yearly basis, including 400 million money orders, total more than twenty-three billion dollars.

(more)



We are now handling more than 60 billion pieces of mail annually, plus a billion pieces of parcel post.

Recently, our mail volume has been increasing percentage-wise about twice as rapidly as our population has grown. Since 1948 our mail volume has increased by nearly 19 billion pieces which is more mail than the present yearly mail volume of France, Germany and Canada combined.

In the last few years we have greatly improved the Postal Service -- first, by expediting the delivery of all classes of mail; and second, by reducing the postal deficit.

Moreover, we have had over 2,500 new post offices constructed under an arrangement whereby private industry builds and owns the facility which is leased to the Post Office Department.

Next year I will ask Congress for appropriations for the mail-handling equipment for approximately 12,000 badly needed new post offices we expect to have built with private capital throughout the nation.

It is in the best interests of the businessmen of America to support this program and I urge each of you to use your influence to secure universal support for the completion of this postal modernization.

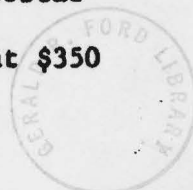
We have cut the postal deficit -- not only through better methods and procedures and the elimination of subsidies -- but also by increasing postal revenues so today the Postal Service is more nearly self-supporting.

Had we failed in raising postal rates, the postal deficit would have reached shocking proportions.

It would have been over ONE BILLION DOLLARS A YEAR!

Thanks, however, to increased efficiency, economy and increased postal rates, the actual postal deficit for the 1959 fiscal year will be about \$350

(more)



million, after giving credit for public service costs.

These many savings notwithstanding, we have brought direct mail service to millions of new American homes and rural communities.

It is my earnest hope that all the users of the mail will now embark on a program of mutual cooperation with us so that we can achieve two prime goals -- first, a more nearly self-supporting operation of the Post Office Department; and second, next-day delivery of First class letter mail between any two cities in the United States!

On both counts, we need your cooperation!

Indeed we need your help -- and on our part we will, as we have in the past, always stand ready to extend to you our wholehearted assistance in connection with your postal problems.

Not only am I concerned with the Postal Service of this nation.

I am also concerned about the future of the private enterprise system in America which is so heavily influenced by our governmental activities.

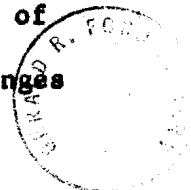
Today I should like to expand my remarks beyond those about the Post Office Department to a subject I consider of vital importance to every citizen.

The threat to our economic structure is one which should concern every one of us. It concerns me greatly as I come before you today as an American citizen, who has had experience over many years in both business and in government.

The opinions and suggestions I offer are my own. While they may vary, in certain fundamentals, from some heretofore expressed, my purpose is not to assign responsibility for past failures or to precipitate partisan controversy. The times have changed, the issues are so grave, and we need a fresh outlook.

These are years of challenge for America -- for the American people as a whole and for each individual citizen. We face challenges in the fields of science and technology as the space age opens before us. We face challenges

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in education; in learning to live together in mutual respect and cooperation. We face challenges which will test our spiritual vigor and our political wisdom and discernment.

But, looming over all, we face the challenge of Soviet communism -- a force which has proclaimed, through the lips of Khrushchev, an intention to bury us.

The communist menace of which I speak is two-fold -- military and economic. And it is with this latter challenge that I wish to deal today. For, make no mistake about it, the Soviet blueprint to bury us is more of an economic blueprint than a military one. The Russian leaders intend to drive their people, and to deny their people, until they have overmatched us in productive capacity. They intend to build factories and plants and laboratories, at whatever cost, until they can outproduce us in the sinews of war and the goods of peace. And then, they firmly believe, we will be at their mercy.

For ourselves, we depend on the ways of free men to keep ahead. There is no point in adopting, out of fear and doubt, the same sort of bureaucratic dictatorship over our lives and actions which Khrushchev himself would install were he to conquer us.

This brings me to the nub of the challenge which faces us. It is this: How do we maintain our military and economic superiority over communism and at the same time keep our freedom?

Before we can answer this question, I think we've got to ask ourselves three more questions, and we'd better give ourselves honest answers because if we don't we are truly in danger.

First, what are the factors or incentives which motivate our free economy to produce and to grow?

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Second, what impediments or interferences have we allowed to come into being which hamper the full realization of our economic potential?

And third, what must we do to remove these hindrances and set in motion a great surge of progress which will leave the Russians far behind and destroy the myth they are so desperately trying to create that communism offers a superior economic system?

Before proceeding to a discussion of these questions, I think it might be well to get our political orientation straight. I am a member of the Republican Party and I speak as a Republican. I adhere to a definite philosophy which was best expressed by President Eisenhower when he stated that the Republican Party believes in being conservative when it comes to economic matters and liberal in dealing with human wants and aspirations.

To my mind the philosophy of government laid down by the President is not only consistent but sound. It means that the Federal Government recognizes and will discharge every legitimate obligation it owes to the citizens but at the same time will do everything it can to protect the value of their bank accounts, their life insurance, their pensions, their government bonds, and other forms of savings which frugal and thrifty citizens set aside for their comfort and security in later years. It means that those charged with the duty of government will not resort to the easy road of inflation to make good on its commitments to the people, but by following sound and conservative economic policies will stimulate the expansion and growth of our free economy so that there will be abundance for all and ample revenue for the Government to pay its bills without deficits and without inflation.

The opposition on the other hand - or at least those factions which control its overall national policies - apparently aims at creating a gulf between the people and

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the economic system on which they depend for their livelihood and well-being, a gulf which it seeks to exploit for selfish political purposes.

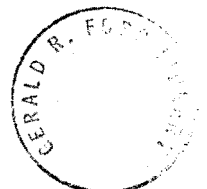
This dominant faction of the opposition would promise the people more and more benefits and services to be paid for in the false coin of inflation. And at the same time, it would hamper and harass the industrial and business system which is expected to create the wherewithal to make good on these promises. This is the real inconsistency.

This is a road fraught with peril. It would end in disastrous inflation and economic collapse. It would steadily weaken not only our industrial strength but the moral fibre of our people. It would allow Soviet Russia to achieve dominance over America and the rest of the world without firing a shot. It fails completely to recognize or take into account the factors and incentives on which a free people must rely to motivate the economic growth and development which are essential if America is to win out in either a cold or hot war.

This brings me back to the first question I raised earlier: what are the factors and incentives which motivate our free economy to produce and grow?

We must recognize at once that these incentives are personal and individual. The largest corporation is, after all, only a collection of individuals - motivated in great measure -- and properly so -- by the expectation, or the hope, of financial reward. The stockholder who invests his money hopes to earn a profit. If the profit is not realized, or is insufficient, he will withdraw his money and put it where he hopes it will do better. The executive who improves the efficiency and earning power of his company will increase his own status and financial position. The workers in the plant which produces more know that this increased productivity will result in more take-home pay and a better standard of living for themselves and their families.

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The same factors operate in the case of unincorporated business enterprises - and 84 per cent of the business concerns in this country are unincorporated.

And it is the sum total of all of these individual efforts which add up to economic expansion and growth; which results in a rising standard of living for all; which provide the sinews of the nation's defensive strength.

There is no way to substitute for this individual motivation if we are to keep our economy free. And we firmly believe, on the basis of demonstrated performance, that our free economy will produce more abundantly by far than any kind of regimented or controlled economy.

This brings me to the second question: What are the impediments or hindrances which hamper economic expansion and growth?

The answer is found principally in two areas -- taxes, and monopolized labor.

The more serious of these is the present tax structure which is out-dated and the result in large part of the prejudices and emergencies of the past.

We have failed to recognize and appreciate the importance to our national welfare of the growth of capital resources largely due to the fact that we have been through two wars during which our government's need for revenues was tremendous and war profiteering was the center of popular attention. To confiscate profits became a laudable objective of government.

The second great hindrance to our economic development is the steady rise in the cost of doing business which union monopoly power, in the hands of a few union bosses, is forcing on this country. It takes more than courage these days to open a new business or to bring out a new product when it is virtually certain that labor costs will rise year by year, regardless of the productivity of that labor.

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Justification for this wage-price inflation is claimed on the ground that consumers do not have enough purchasing power to buy, and that the remedy is to pay higher wages out of the enormous profits business is supposed to be making. But business profits as a percentage of sales are lower today than they were even during the great depression. To go lower would endanger the basic incentive which sparks our free economic system.

The purchasing theory, as it is being used today by some labor bosses in attempting to justify unearned wage increases, is false and self-serving. Wage gains in basic industries, unmatched by increases in the productivity of labor, force prices up and set patterns which spread through the entire business structure, even to the service trades where improvements in productivity are slow or non-existent. Thus even those who get the wage increases do not really benefit. The rising price level promptly catches up with them.

But meanwhile tens of millions of consumers who can least afford it find their purchasing power lessened. These are the people on fixed incomes or whose incomes are slow to rise in response to inflationary pressures -- pensioners, social security recipients, beneficiaries of life insurance policies; also school teachers, clergymen, government workers and many categories of salaried employees.

This group totals nearly 21 million people, all of whom are robbed by inflation of some of the purchasing power they have every right to count on.

When we contemplated the vast sums flowing into the economic stream from such sources as these - all of which form part of the sum total of consumer purchasing power - it is evident that everyone would be better off, including workers in the factories and on the farms, if a proper proportion of the nation's rising productivity could be channelled into lower prices instead of being discounted, even far

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in advance, by unwarranted wage demands which bring no lasting benefit to anyone.

The third question we must answer, therefore, is: What can we do to remove these obstacles to progress so that we can surge forward with all the initiative and energy of which our free economic system is capable?

The Vice President of the United States courageously put his finger on some of the things we can do in a speech at Harvard University on September 6th.

Speaking of the impact of taxation on business growth and expansion, Mr. Nixon called for an overhaul of the tax structure. "Our goal," he said, "should be to fashion a tax structure which will create more jobs, more income and more genuine security."

He pointed out that if our economy were to grow at the rate of five per cent a year we would have ten billion dollars more in tax receipts in 1962 than if we were to continue to grow at the recent rate of one and one-half per cent.

Specifically, he advocated more liberal treatment of depreciation for business taxation purposes in order to stimulate risk-taking and investment in new plants and equipment. He said that there are strong reasons to believe that the stimulating effects of even a small cut in the corporate tax rate would lead to more rather than less revenue. He stated his belief that any small loss of revenue which might be caused by some reduction of the almost confiscatory personal income tax rates would inevitably be offset by the new investment and business expansion which would result.

In the context of what the Vice President said, let me just leave with you here a few factual observations and a few personal thoughts about a possible remedy.

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It may come as a shock to you to know that Russia's productive capacity is growing almost three times as fast as ours -- 8 per cent a year as compared to 3 per cent.

If these rates remain unchanged, Russia's total production rate will approximately equal 50 per cent of ours in 6 years, 75 per cent in 13 years, and 100 per cent in 1980, 22 years from now.

But for many complicated reasons, there is ground for believing that -- if our present tax policies remain unchanged -- our growth rate could drop to 2 per cent a year. If this happens, with Russia's production proceeding at 8 per cent, their total would approximately equal 50 per cent of ours in 6 years -- 75 per cent in 11 years -- and 100 per cent when children being born today reach the age of 18.

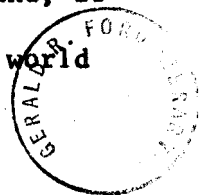
This does not need to happen. It is not inevitable. If the U. S. economy grows at a rate of 6 per cent, even if the Russian growth is 8 per cent, it would take them until the year 2,015 to match us, if ever.

It is hardly necessary to point out that military might and industrial might go together. The lesson the world learned from World War II is that industrial superiority is essential to victory.

So the challenge confronting us today is clear. We must find ways of providing the capital formation which will make the greatest industrial growth possible.

Thus stated, the challenge may not sound inspiring. But it can be stated in other terms. Stimulating an increase of our productive capacity to 6 per cent a year can be a tremendous factor in maintaining peace in the world in this century, and the security which peace brings. And, on the other hand, it can produce an era of individual opportunity and prosperity such as the world has not yet seen.

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This must come about through tax reform and gradual tax reduction. In my opinion, it can only come about through progressive tax reduction. This, of course, means that Federal spending must be kept at an absolute minimum consistent with our National Defense needs and maintaining other necessary Government activities. Immediate and sharp reduction in all income tax rates could not be achieved without substituting some other burdensome form of taxation, or by increasing the prospective level of deficits for several years. So the reductions must be made by progressive stages. The best available alternative is the enactment of legislation under which these rates can be brought down to reasonable and moderate levels by repeated annual reductions over a period of years.

This is not, my friends, a proposal for a "trickle-down" theory of tax reduction, but instead is an equitable tax reduction for all taxpayers, large and small.

I ask you to imagine what would happen throughout the country -- in the offices and plants where future business plans are made -- and in millions of homes where buying decisions are made -- if your government were to announce and adopt a tax program which has as its committed goal an ultimate tax pattern such as this:

1. A cut in individual taxes.
2. A cut in corporation rates.
3. Corresponding cuts in Capital Gains, Estate, Gift, and
Excise Taxes.

The effect of such a program introducing equity and balance in our tax structure, on the state of mind and initiative of the American public would be immediate and electrifying -- provided the program firmly commits the Government to a complete fulfilment of its terms in a specified period of time.

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It is natural for critics and demagogues to ask -- can this be done without deficits and without inflation?

Over the period of this program, there is every reason to believe that the lowered tax rates would be more than compensated for in the revenue increase they would precipitate.-

This is a complex subject, in which facts from past experience should be considered.

For a span of 60 years -- up to 1930 -- our economy grew in the range of 4 per cent a year. During this period taxes were a small fraction of what they are today.

In the decade ending with 1939, even though we continued to develop in technological and productive knowhow, we achieved no new net increase in production. This is the only decade in our history when production failed to grow. And it is the decade in which we chose to divide existing wealth, rather than to encourage the increase of wealth and opportunity for all.

The pressure of war brought an increase in both our production and our plant capacity, some of which could be converted to peacetime use.

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Since World War II, over 80 per cent of business investment in plant and equipment has gone for much-needed replacement of used up values on a current dollar basis. Our moderate growth in total production has been due in considerable part to the fact that new facilities are usually more efficient than those replaced. But historically the greatest growth in total production of goods and services, per dollar invested, comes from expansion rather than replacement.

In our early days, a greater percentage of progress came from the starting of new businesses, and the expansion of small businesses, than has been the case in recent years for a simple reason: our federal tax system has choked off much of the potential in this area and discouraged new business starts.

There can be no doubt that a substantial increase in total production would follow an increase in the amount of capital which tax reductions make available and the optimistic atmosphere of confidence which tax reductions create.

I believe that under a moderate and reasonable system of rates, we could look forward to a revival in the starting and development of business which will improve both the quality and quantity of American progress.

After 1930 and through the years since the beginning of the depression, too many Americans have been more concerned with security than with opportunity. But, out from under the yoke of harassing tax rates,

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more and more Americans would realize that opportunity is the road to the greatest satisfaction in life and, in the final accounting, to the greatest security.

But there still remains the question of whether the high-level growth on which our security depends can be accomplished without inflation.

The answer is -- it must be accomplished without inflation. Growth must be in constant dollars if it is to be real.

I do not need to tell you how inflation cheapens your money-- increases the cost of doing business -- discourages growth and the jobs growth creates -- and lowers the standard of living of every man and woman who works as well as those in retirement.

There is probably no subject on which there has been more confused and conflicting thinking than there is on the subject of inflation -- its cause and cure.

So let me say first of all, inflation should not be confused with prosperity, although it frequently is.

As I have said, there are some who have advocated high taxes as a means of siphoning off consumer purchasing power in times when the supply of money exceeded the supply of goods. It may well be argued that leaving more money in peoples' hands by tax reduction

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automatically triggers inflation. But in the present instance, we are talking about an increase in production. This means an increased supply of goods. And we are also talking about increased investment as a prerequisite to increased production, stimulated by a new hope of the future. This puts the extra money to work.

Inflation, authorities agree, comes about for one of two reasons, or a combination of both.

The first is when the money supply increases faster than the supply of goods and services on the market. This results in costs and prices being pulled upward by the money supply. Economists describe this type of inflation as money-pull.

The second happens when wages and other costs on an overall basis increase faster than overall increases in productivity. This type is commonly known as cost or wage-push inflation.

This can produce a familiar vicious circle. Rising prices stimulate a demand for wage increases. And, since direct and indirect wage costs in the long run account for the great bulk of the total cost of production, continuing wage increases result in cost or price increases.

In recent years, there has been some recognition of the principle that the rate of wage increases should be related to increases in productivity.

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Admittedly, this contention has some appeal.

However, when wage demands are predicated on this plausible factor, it is easy for wages to be pushed up faster than actual productivity, and when wage increases cannot be matched by productivity increases, costs go up.

There is an intermediate stage, when wage increases are absorbed by taking them out of profits. And there have been wage negotiations based on a cut-into-profits principle. Some justification for this invasion of profits might be found in a tax philosophy based on the premise that profits are evil. But for the same reason that we need a tax program which fosters capital formation, a deliberate invasion of profits by wage increases is unsound and detrimental to the nation's economic welfare.

There has been timidity in government in facing up to the problem of wage-push inflation because it has been so generally viewed as one involving conflict between employees and management. This is a fallacious view, since the employees' interest in avoiding inflation and assuring maximum progress is fully as great as that of management.

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Unfortunately, the unfounded charges levelled at prices and profits has led to a toleration of wage policies which cause inflation.

It is essential that we have an enlightened and accurate understanding of the relation between wages and costs, and that more union leaders become alert to the public interest -- which in the final analysis is also the best interest of the men and women who make up the union membership they are supposed to represent.

Twenty-five years ago, the need for legislation to strengthen the union movement and promote collective bargaining was recognized. The underlying objective was good, and some legislation was needed. But over the intervening years we have created in this country -- by laws and subsequent judicial and administrative decisions -- a power in the hands of international union bosses which, misused, can vitally affect -- and hamper -- economic growth.

It has been frequently said that as the unions became more mature they would become more responsible. But, human nature being what it is, there is no more reason for believing that this will happen, than there was for believing that the old managerial buccaneers of the turn of the century would work in the public interest as soon as they got their

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monopolies and trusts firmly established. It took laws to solve that problem. It is just as sensible to say that it will take laws to solve our present problems of the accumulated powers now in the hands of international labor union bosses.

And this, my friends, is the crux of this matter. It is a question of power. It is not a question of putting some one in jail. We must reach the cause -- not merely brush away some of the effects.

The powers in the hands of men who command international unions must carry with them corresponding responsibilities. These responsibilities must be insured by appropriate legislation. This is not anti-labor. It is not anti-union. It is anti-monopolistic -- just as needed legislation of an earlier day was anti-monopolistic in the realm of business. The whole business community -- indeed the whole nation -- benefited by that legislation. It is accurate to say that unionism as a whole -- and indeed the whole nation -- will benefit by legislation which places proper limits on the powers of union bosses.

It should be emphasized that the answers to the challenge discussed today -- if we meet it -- and if our answer is permitted to exercise its full impact -- will accomplish many things which union members, and all Americans want and hope for.

It will mean more jobs, less unemployment.

It will check inflation, which affects the buying power of what people earn, and their scale of living in retirement.

It will mean an increase in take-home pay, through progressive

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tax cuts.

It will mean sound and balanced Federal budgets because, as prosperity increases, the tax needs of the government will be met by a smaller percentage of the national income than is now required.

This is, in short, an answer which holds bright hope for the future of every American -- man, woman and child -- and sets up inspiring goals to work for.

This program will awaken the sleeping giant of American genius and enterprise.

But it is something more. In a world struggle between two diametrically opposed ideologies, it is important that we, as a nation, make the most of what we have. That is the surest way to make clear to all the bewildered peoples of the world something which is sorely needed -- a new and dramatic proof of the rightness and soundness and indomitable vitality of our system of government and of our free competitive enterprise structure.

So I put this challenge before you today because it is your challenge. It is a challenge to you, as representatives of American business. Only if business rises to the opportunities which such a program will provide can it be successful. It is a challenge to all the people of the United States -- the professions -- the unions -- the people on farms -- to mothers and fathers -- to educators -- as well as your elected representatives in Washington. But in this, you as businessmen and outstanding members of your community can supply a leadership which is urgently needed.

Over the years, we have developed another philosophy expressed in the words, "Let Washington do it."

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Many businessmen have, to a considerable extent and without realizing it, been brainwashed by demagogues who have convinced them that business and politics don't mix, despite the fact that they are already deeply mixed.

Other businessmen have abdicated their rightful participation as American citizens in politics and failed to understand that the party of their choice is what they make it, either by their presence or their absence from politics.

You have in the White House an able, a dedicated and a greatly beloved man who must have your support, for he alone cannot solve all the problems facing you, and he cannot be expected to do so.

You have in Congress many men of vision and courage. But they need your help and active support.

Gentlemen, this is your country. The government is your government. You can offer leadership. You still have the means to support those who espouse good government. Do it. For the hour is late. The time is short. You might not have many more chances. Don't just sit in the wings and complain if things go wrong. Do all you can -- and do it now -- to make things right -- for the sake of America.

And think about this program that I've sketched out here. If it sounds like a good one to you, then support it.

Your future, and the future of your country, may well be in your own hands today.

(THE END)