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By Henry Morgenthau, Jr., Secretary of the Treasury

TREASURY DEPARTMENT
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(The following address by SECRETARY MORGENTHAU is scheduled to be broadcast over the facilities of the Mutual Broadcasting System at 8:15 p.m., Eastern War Time, Wednesday, June 3, 1942, and is for release upon delivery at that time.)

Five weeks have gone by since President Roosevelt outlined a national economic policy for fighting the war on the home front. He called for heavier taxation, for fixing prices and rents, for rationing scarce commodities, for stabilizing wages and farm prices, for checking installment buying, and finally, for rigid self-denial and saving and the investment of billions more in War Bonds.

Those were America's marching orders from the Commander-in-Chief. They called for patriotic effort and real sacrifice to meet a crisis that is without precedent in our country's history. "We cannot fight this war," the President said, "we cannot exert our maximum effort on a spend-as-usual basis. All of us are used to spending money for things we want but which are not absolutely essential. We will all have to forego that spending. We cannot have all we want if our soldiers and sailors are to have all they need."

In the weeks since the President spoke, the American people have shown that they are ready to back up the men at the front by effort and sacrifice at home. It has been immensely encouraging to us in Washington to see the voluntary cooperation that has come from all parts of the country and from all sections of the people, especially in the fields of price fixing, rationing and saving. That voluntary cooperation will be more and more necessary in the months ahead. A great change in national economic habits cannot be accomplished merely by saying "pass a law" or "write an Executive Order". The President's program can be carried through to success only if there is

active and constant cooperation from each and every one of us.

Essentially, the President's program is a call for self-restraint -- not just by a few of us, but by all of us; not just occasionally, but every day as long as the war may last. Our war industries need all the materials and all the labor they can get. Our fighting men and our allies in all parts of the world need those materials to win the war. If we spend our money extravagantly, carelessly, or even to satisfy what would have been our normal wants in normal times, we handicap our war production program. We take away from our fighting forces the supplies they need for victory. At the same time we create pressure on prices which will be a menace both to our war effort and to our economic future.

The patriotic conscience of every American should extend to every American pocketbook. Every time you are about to spend your money, that conscience should ask you "Do you really need what you are going to buy? Can't you do without it? Why not wait until after the war? Why not build up a nest egg for your family in the future, and put your money at your country's service now?"

I am in dead earnest when I say that any man or woman who chooses this time to go on a buying spree is committing an act of sabotage against our war effort. The patriotic thing to do, and the intelligent thing as well, is to make old clothes last longer, to eat simpler meals, to patch up old household appliances instead of buying new ones, and to do everything else that is possible to cut down on personal spending. In this battle on the home front the wage-earners and consumers of America hold the key positions.

It is our job at the Treasury to finance this greatest and costliest of all wars, a war that is already costing 130 million dollars every day -- a dollar a day for every man, woman and child in the country. It is also our job to finance the war so as to avoid, as far as possible, upward pressure on prices and interference with war production. To accomplish these purposes we at the Treasury have two chief instruments at our disposal: the first is

taxation, and the second, which depends upon voluntary effort, is the sale of War Bonds and other Government securities. Each of them is a vitally important part of the President's seven-point program.

The Administration has already recommended new taxes that should yield \$8,700,000,000 of additional revenue. That is a colossal sum; yet war expenditures alone are many times that amount even now, and it seems to me that \$8,700,000,000 is the very least that we can afford to ask of the American people at this critical time.

In line with the basic principle of the ability to pay, we have proposed sharply increased taxes on corporations and on higher individual incomes. In the same way, we have urged Congress to abolish a number of special privileges by which a comparatively few wealthy taxpayers have been able in past years to escape their fair share of the burden. We have also recommended the taxation of millions of people with small incomes who have never had to pay direct taxes before, but we recommended this only as part of a program which would include taxing the higher incomes more heavily and at the same time closing the loopholes.

~~I know that the American people are determined that no one shall be allowed to amass riches out of this war, and we have recommended a tax program to give effect to the people's determination. We have, for example, recommended a basic tax rate of 90 cents on every dollar of excess profit beyond a reasonable rate of return.~~

~~I have been shocked at evidence that some companies profiting from war contracts are distributing extravagant amounts in salaries, bonuses and other corporate expenses, so that they might escape paying full and fair taxes on their profits. We have made it our first concern to examine promptly the tax returns of every company engaged in war production, not only to protect the interests of the Government but to do justice to the great majority of American corporations which are reporting their earnings fairly and honestly. We are determined to make the offending companies pay.~~

~~The Ways and Means Committee is now hard at work writing a new tax bill. It is not for me to discuss the details of what they are about to recommend. I should like to make only this comment: I hope it cannot be said of the new tax bill that it was too little and too late. The people of this country have shown in a thousand ways that they are not in a mood for half measures, either financial or military. They will be critical only if the burdens are unfairly distributed. They will be disappointed in their leaders only if those leaders fail to ask them for all-out effort.~~

to come

of the American people

to help pay for the war has been clearly shown

The ~~same~~ willingness ~~has been shown by millions of Americans in the past year, especially in the past few months, in the buying of War Bonds and Stamps. I am very happy that we went over our national quota for the month of May and that our total sales for that month reached \$634,000,000. But we shall have to do much better in June and in the following months. The quota for June has been fixed at \$800,000,000, and in July and every month thereafter at a billion dollars. If we are to reach those quotas and carry out a vital part of the President's program, all who get a regular income will have to cut down on personal spending and put an average of at least ten percent of current earnings into War Bonds.~~

has been fixed at

The steady fulfilment of War Bond quotas, month after month, is an indispensable part of the financing of the war. But it means even more than that. It means that we are building the kind of future we want for ourselves and our children.

We can do a great deal to shape our future -- now. Our actions -- now -- will determine the kind of world we shall have after the war. Whatever success we achieve by voluntary cooperation will help to set the pattern of the post-war world.

I feel strongly that every War Bond bought today will play an essential part in the building of a free and democratic world. Millions in this country today are quietly establishing a reserve of spending power for themselves in the years after the war, and in that way they are fortifying themselves against unemployment and want.

There is nothing dramatic in saving your money, bit by bit, to buy War Bonds. There are no medals for self-denial in this war, no matter how much courage or sacrifice it may involve. Yet the combined effort of 130,000,000 people can achieve the great drama of the people's victory. We have a great opportunity, right now. We are going to rise to that opportunity. In the President's words, "We can, we will, we must."

Mr. Harold G. ...
315 ...
Washington, D. C.

From *Charles Schwarz*
Charles Schwarz
Director of Public Relations
Treasury Department

From MR. SCHWARTZ