

## Text of President's Message Announcing Bonus Bill Veto

To the House of Representatives:

Herewith is returned, without approval, H. R. 7959, a bill "to provide adjusted compensation for veterans of the World War, and for other purposes."

The bill provides a bonus for the veterans of the World War and dependents of those who fell. To certain of its beneficiaries, whose maximum benefits do not exceed \$50, this bonus is to be paid immediately in cash. To each of its beneficiaries who are not to receive such immediate cash payment, there is to be provided free insurance under a twenty-year endowment plan. The face value of each policy will be based upon the military service, the average amount being at least \$962, payable at the expiration of twenty years or at death prior thereto. After the lapse of two years the holder of a policy may borrow thereon from banks at reasonable rates of interest. If amounts so borrowed are not repaid by the veteran the Government is obligated to pay to the banks this indebtedness, which ultimately reduces the maturity value of the policy.

An appropriation of \$146,000,000 for the fiscal year 1925 will be required to provide the prorated annual cost of the insurance and to meet cash payments to those not receiving such insurance. This does not include administrative costs, which will amount to approximately \$6,500,000 the first year. For the fiscal year 1926 an appropriation of \$155,500,000 will be required and the annual appropriations for the twenty-year period will aggregate, according to the lowest estimate, \$2,280,758,542. These and the other figures herein are from the Veterans' Bureau, but the Treasury estimates are materially more.

That part of the annual appropriation not required to meet the cash bonus or to pay policies maturing on account of death will be invested in Government bonds. The face value of the bonds thus acquired plus the interest thereon reinvested will equal during the twenty-year period the maturity value of the insurance policies, aggregating at the lowest estimate \$3,145,000,000.

The money spent for the acquisition of these bonds manifestly cannot be spent for any other purpose, no matter how urgent our other requirements may be. In other words, we will be committing this nation for a period of twenty years to an additional average annual appropriation of \$114,000,000. This, of itself, should require most serious reflection, but if we are to have such commitment it should be in some form which would be in harmony with recognized principles of government finance. The provisions of this bill are not so in harmony. Under it the Government will not have in the fund in 1945 \$2,500,000,000. All it will have will be its own obligations, and it will owe \$2,500,000,000 cash. It will then be necessary to sell to the public this \$2,500,000,000 of bonds—a major operation in finance which may be disastrous at that time and may jeopardize the value of Federal securities then outstanding.

We have no money to bestow upon a class of people that is not taken from the whole people. Our first concern must be the nation as a whole. This outweighs in its importance the consideration of a class and the latter must yield to the former. The one compelling desire and demand of the people today, irrespective of party or class, is for tax relief. The people have labored during the last six years, under a heavy tax burden. This was necessary to meet the extraordinary costs of the war. This heavy assessment has been met willingly and without complaint. We have now reached a financial condition which permits us to lighten this tax

burden. If this bill becomes law, we wipe out at once almost all the progress five hard years have accomplished in reducing the national debt. If we now confer upon a class a gratuity such as is contemplated by this bill we diminish to the extent of the expenditures involved the benefits of reduced taxes which will flow not only to this class, but to the entire people. When it is considered that less than \$40 a year would pay for the average policy provided by this bill, there is strong ground to assume that the veterans themselves would be better off to make that small payment and be relieved of the attendant high taxes and high living costs which such legislation would impose upon them. Certainly the country would. We have hardly an economic ill today which cannot be attributed directly or indirectly to high taxes.

The prosperity of the nation, which is the prosperity of the people, rests primarily on reducing the existing tax burden. No other action would so encourage business. No other legislative enactment would do so much to relieve agriculture. The drastic executive campaign for economy in Government expenditures has but one purpose—that its benefits may accrue to the whole people in the form of reduction in taxes. I cannot recede from this purpose. I am for the interests of the whole people. The expenditures proposed in this bill are against the interests of the whole people. I do not believe they are for the benefit of the veterans.

The running expenses of the Government for services and supplies must be met. Certain other obligations in nature of investments for improvements and buildings are necessary, and often result in a saving. The debts of the nation must be paid. The sum of all these is a tremendous amount. At the present rate it is nearly \$35 for each resident of our country, or \$175 for each average family every year, and must be for some time. This bill calls for a further expenditure in the aggregate of nearly \$35 for each inhabitant, and lays nearly \$175 more on each family, to be spread over a period of twenty years. No one supposes the effort will stop here. Already suggestions are made for a cash bonus, in addition, to be paid at once. Such action logically would be encouraged if this bill becomes law. Neither the rich nor the profiteers will meet this expense. All of this enormous sum has to be earned by the people of this country through their toll. It is taken from the returns of their production. They must earn it. They must pay it. The people of this country ought not to be required by their Government to bear any such additional burden. They are not deserving of any such treatment. Our business is not to impose upon them, but to protect them.

If this bill be considered as insurance, the opportunity for such a provision has already been provided. Nearly \$3,000,000,000 of war risk and Government life insurance is now outstanding, and over \$500,000,000 has been paid on such policies. When this provision was made in 1917 it was on the explicit understanding of the Congress that such insurance was to relieve the Government of subsequent contributions. The then Secretary of the Treasury said in relation to the proposed insurance act: "It ought to check any further attempts at service pension legislation by enabling a man now to provide against impairment through old age, total disability or death resulting from other causes, and to give all this protection to those kindred who may be dependent upon him and who do not share in the Government compensation." This opportunity was afforded all those who entered the service. It was distinctly understood that it covered every obligation on the part of the Government. The intent of this bill now to provide free insurance lacks both a legal or moral requirement, and falls into the position of a plain gratuity.

Considering this bill from the standpoint of its intrinsic merit, I see no justification for its enactment into law. We owe no bonus to able-bodied veterans of the World War. The first duty of every citizen is to the nation. The veterans of the World War performed this first duty. To

confer upon them a cash consideration or its equivalent for performing this first duty is unjustified. It is not justified when considered in the interests of the whole people; it is not justified when considered alone on its own merits.

The gratitude of the nation to these veterans cannot be expressed in dollars and cents. No way exists by which we can either equalize the burdens or give adequate financial reward to those who served the nation in both civil and military capacities in time of war. The respect and honor of their country will rightfully be theirs forevermore. But patriotism can neither be bought nor sold. It is not hire and salary. It is not material, but spiritual.

It is one of the finest and highest of human virtues. To attempt to pay money for it is to offer it an unworthy indignity which cheapens, debases and destroys it. Those who would really honor patriotism should strive to match it with an equal courage, with an equal fidelity to the welfare of their country, and an equal faith in the cause of righteousness.

I am not unmindful that this bill also embraces within its provisions the disabled of our veterans and the dependents of those who fell. To state that the disabled veterans and these dependents are entitled to this additional gratuity is to state that the nation is not meeting its obligation to them. Such a statement cannot truthfully be made. The nation has spent more than \$2,000,000,000 in behalf of disabled veterans and dependents of those who died. It is now spending for compensation, training, insurance and hospitalization more than \$400,000,000 annually.

Solicitude for the disabled veterans and the dependents of those who lost their lives is the nation's solicitude. To minister to their every need is a sacred obligation which will be generously and gratefully met. The nation stands ready to expend any amount needed for their proper care. But that is not the object of this bill.

America entered the World War with a higher purpose than to secure material gain. Not greed, but duty, was the impelling motive. Our veterans as a whole responded to that motive. They are not asking as a whole, they do not want as a whole, any money recompense. Those who do seek a money recompense for the most part, of course, prefer an immediate cash payment. We must either abandon our theory of patriotism or abandon this bill.

Patriotism which is bought and paid for is not patriotism. Our country has maintained the principle that our Government is established for something higher and finer than to permit those who are charged with the responsibility of office, or any class whose favor they might seek, to get what they can out of it. Service to our country in time of war means sacrifice. It is for that reason alone that we honor and revere it. To attempt to make a money payment out of the earnings of the people to those who are physically well and financially able is to abandon one of our most cherished American ideals.

The property of the people belongs to the people. To take it from them by taxation cannot be justified except by urgent public necessity. Unless this principle be recognized our country is no longer free. This bill would condemn those who are weak to turn over a part of their earnings to those who are strong. Our country cannot afford it. The veterans as a whole do not want it. All our American principles are opposed to it. There is no moral justification for it.

CALVIN COOLIDGE

The White House, May 15, 1924