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The Cost of Defense

By ALMA E. RASMUSSEN, C. P. A.

Probably you know the story about Thomas Mann's first visit to America, when a Hollywood author went on at some length to the effect that he was as nothing compared to the famous novelist. Mr. Mann's comment to his host after the other guest's departure was, "That man has no right to make himself so small. He is not that big." Had I not read that story this talk might have begun with apologies for my inadequacy in dealing with "The Cost of Defense."

Perhaps the topic might better be "What Price Victory?" since those upon whom rests the responsibility for that victory are suggesting that we adopt a more positive attitude. But however positive our attitude, and regardless of when our armed forces take the initiative, they and we are still fighting for the preservation and *defense* of our way of life. What will it cost us in dollars and cents? Who can say? We know that authorized expenditures and pending legislation totalled, at last reports, some 159½ billions of dollars — \$1,227.00 for each man, woman and child in this country. It is interesting to note that only 40% of this amount, 64 billion dollars, was appropriated *before December 7th*. At that rate of acceleration will it be necessary to make further appropriations?

Statistics are dull to most of us, trained as we are in their preparation and use, and we have read of appropriations and expenditures of such large sums that the figures are meaningless. Let us bring the 64 billions appropriated before Pearl Harbor down to earth by breaking it down as though it were one dollar. Neither the U. S.

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Chamber of Commerce nor the Bureau of Government Reports were able to furnish a breakdown of the total appropriation to date and the probabilities are that no further data of this nature will be published for the duration.

But getting back to our breakdown of 64 billions, take a dollar bill (or reasonable facsimile thereof) out of your purse or jacket and put it on the table before you. Imagine it is divided into 100 equal squares each, of course, representing one cent:

- 23 cover ordnance expenditures.
- 17 airplanes, engines, parts, etc.
- 13 naval ships and parts
- 11 industrial facilities
- 9 stockpiles, other equipment, etc.
- 7 posts, depots, fortifications
- 6 pay, subsistence, travel and miscellaneous expenses of our armed forces
- 5 other munitions
- 5 merchant ships and parts
- 3 pay, subsistence, travel and miscellaneous expenses of other defense agencies
- 1 housing

Did you note that only six cents of our dollar represents direct expenditure for pay, subsistence, etc. for our armed forces? Truly this is a war of production, and the soldier, sailor or marine is only as strong as the productive forces behind him! Recent estimates of the U. S. Department of Commerce place output of U. S. industries for 1942 at 53% for war and 47% civilian, compared with 21% for war and 79% civilian in 1941.

Upon these men constituting our armed forces we depend not only for the preservation of our right to life as we choose to live it, but for our very life itself. So it may not be amiss to devote some thought to that item of pay, etc. for them. We hear much about the \$21.00 per month paid to our soldiers. Compared with the sacrifices these men are making, even the \$50.00 to which their base pay is to be increased is a mere pittance.

Multiply \$21.00 by ten million (our expected total military strength); add to it ten million times the 52 cents per day it costs to feed each man and you will find that it costs each one of the 120 million

of us outside the military \$3.05 per month to feed and pay our army and navy at the *present base rates*. At the new \$50.00 per month minimum, this amounts to \$5.47, not taking into consideration increases in pay given for special skills, rank and length of service. Nor have we computed the cost of clothing, medical care or any of the other necessary expenses for maintaining these men in the front lines.

Most of you may be familiar with the present rates of pay, but for those who are not, and as a reminder to the rest of us:

Army and Marine Privates range from Private through twelve classes to Private First Class Specialist First Class. The monthly pay ranges from the minimum for Private at \$21.00 per month to the Maximum of \$82.50 for Private First Class Specialist First Class. In addition to this they receive full subsistence, which includes clothing, food, lodging and medical care. Non-commissioned officers are Corporal, Sergeant, Staff Sergeant, Technical Sergeant, and Master Sergeant. Their minimum pay is \$54.00 for a Corporal and on up to the maximum of \$157.50 which a Master Sergeant can earn per month. Commissioned officers from Second Lieutenant through General, Chief of Staff earn a minimum of \$125.00 plus rental and subsistence allowance not to exceed \$96.00 for a lieutenant with dependents to a maximum of \$808.33 for the highest ranking officer. Major Generals and Lieutenant Generals receive the same pay as our highest ranking officers.

Navy pay starts at a minimum of \$21.00 per month for Nonrated men, Third Class, and reaches a maximum of \$72.00 for Non-rated men, First Class; Petty Officer Third Class \$60.00 up to \$126.00 for Chief Petty Officer; Ensigns \$125.00 up to \$599.83 plus special amounts recently authorized by Congress for Admirals. In addition, these officers receive rental and subsistence allowances.

Remember that only six cents of every dollar appropriated before December 7th covered direct expenditures for pay, subsistence, etc. of the military; the other 94 cents being spent for ammunition, guns, tanks, planes, and all the other items needed. Doubtless this ratio will change as

the increased rates of pay become effective, as production gets under way, and as the number of men and women in the military increases. Because this is a war of machines, the larger part of our expenditures must continue to be for equipment rather than direct pay and subsistence of the men actually in the fighting forces.

The December 16, 1941 issue of *Victory*, the official publication of the Office for Emergency Management, printed an interview with Mr. William Knudsen in which he stated that our monthly expenditures of two billion dollars at that time would have to be more than doubled. That means a minimum expenditure of 48 billions of dollars a year or \$400.00 per year for each of 120 million civilian (total population of 130 millions less 10 million in the military); \$33.33 out of your pay check and mine for every month the conflict lasts. Did I hear someone say "It could be much worse?" It is and will be! When you eliminate from our 120 million the children, the aged, the incapacitated and all the others who do not work for pay and are dependent upon those who do, that \$33.33 grows and grows.

Of course, this is not all to be paid as we go along. How and when are questions which are giving treasury department officials and congressmen, as well as you and me, very real headaches. However, that we are going to dig deeper into our pockets next year we all know. Proposed lowering of exemption, elimination of earned income credit, increase of surtax rates (which may begin at 12% on your first dollar of net income after deduction of not more than a \$500 exemption for a single person or \$1200 for married persons or head of a family) means that you will pay in federal income taxes not less than 16% of your net income over the specific exemptions. So that \$33.33 or more per month which we computed as our minimum cost of defense doesn't seem so much out of line.

Let us go back to the actual expenditure necessary for a successful prosecution of the war. I was very much interested to learn that it takes a half ton of sugar to fire a sixteen-inch gun *once*. A bomber and its equipment, not to mention its crew, represent an expenditure of not less than a quarter of a million dollars. The cost of

a full sized naval or land battle is too colossal for us to comprehend.

We have been talking about present and future expenditures and painting a rather gloomy picture. Perhaps a glance into the past and what was accomplished may help to lift the gloom a little. Recently I found in our public library a booklet "Millions for Defense", published by the Federal Works Agency and containing some very interesting information. During the seven years from 1933 to 1940 not *all* of the billions spent for PWA and WPA were paid to men for leaning on shovels.

According to this booklet, more than 100 military planes of various types, complete with spare engines, parts and radio, as well as with the necessary armament, were purchased by the Army Air Corps out of a PWA allocation of 7½ billion dollars. Both the number of Army and Navy airports and their capacity in planes have been enlarged as the result of many construction programs undertaken with emergency funds. WPA alone worked on more than 50 military airports throughout the nation. The cumulative expenditure of Federal Emergency Funds for military airports has exceeded 22 million dollars. From PWA grants of more than 7 millions for naval aeronautics, 130 new planes were built for the Navy. Two large modern aircraft carriers, the Yorktown and the Enterprise, were built at a cost of 19 millions apiece without armament from funds advanced by PWA. In 1938, PWA allocated 238 million to the Navy from which were built:

- 2 aircraft carriers
- 4 cruisers
- 4 heavy destroyers
- 16 destroyers
- 4 submarines
- 2 gunboats.

Approximately 2½ million dollars were allocated to the Navy from PWA funds for machine tools and shop equipment. 130 million dollars of PWA funds were spent for improvements to Army posts. Army and Navy hospitals have been built and equipped with PWA funds. More than 8¾ millions were allocated to the Army by PWA for the manufacture, renovation and preservation of ammunition and the

modernization of ordnance and improvement of arsenals. Ten million dollars of PWA allocations have been used for the motorization and mechanization of our Army. The Public Roads Administration spent a billion dollars of emergency funds for highway construction and improvement, much of which we felt at the time was wasted money and effort. Nor was the Coast Guard neglected. This vital branch of our service constructed 18 cruising cutters, 9 patrol boats and 28 patrol planes for the nearly 27½ millions allocated from PWA funds. Who can now say what may be the strategic value of these improvements?

So far we have considered only the monetary cost of defense and VICTORY, and that has of necessity been sketchily done. No one can possibly estimate with any degree of accuracy what the total cash expenditures will be; perhaps 300 billions; perhaps 500 billions; or much more.

We have not touched upon the costs of our Civilian Defense Program in our local communities, a large portion of which will be volunteer work participated in by all of us without direct financial expense to the community. No discussion of the cost of defense or the price of victory can ignore our contributions to the Red Cross, U.S.O., Navy Relief, Army Relief, and other worthy organizations. Your individual gifts to husbands, brothers, boy friends and others in the service are also properly reckoned as part of this cost.

There are other costs, not financial, perhaps of greater importance. After all, what value will our money have if we lose this war?

Already the use of our automobiles has been curtailed. Complete freedom of speech and of the press are no longer ours. We shall be able to travel only when the roads, railroad cars, planes and other facilities are not needed for the transportation of men and supplies for the armed forces. The rationing of sugar means not only that we will have to use our home supplies judiciously, but there will be less for candy, ice cream sodas and our indispensable coca colas. Perhaps that is just as well,

since we will have no rubber to use for controlling our sugar-made curves.

Nylon being necessary for parachutes and such can no longer be made into stockings. With the shortage of silk and the impending shortage and restriction of the use of cotton it looks as though we will be absorbing more sunshine vitamins through our legs than usual. We will work longer hours at dull, thankless tasks, and our heretofore leisure time will be spent in war work of one kind or another. Our men may no longer decide for themselves whether or not they want vests, and cuffless trousers are definitely the vogue. In short, Government will control every department of our lives. This is as it should and must be **SO LONG AS IT IS ONLY FOR THE DURATION AND SO LONG AS THOSE RESTRICTIONS ARE SELF-IMPOSED BY A FREE PEOPLE WITH THEIR EYES OPEN.** No sacrifice is too great and nothing that we at home can do compares with what we are asking of our men in the military services.

Another item of the price of victory is the loss of one, two, three (who knows how many) years from our lives; priceless years of thought and effort devoted to destruction and forever lost to progress. How and when are we to make this up?

Another possible cost of defense is the permanent lowering of our standard of living. We now have a plan worked out with Canada whereby all tariff barriers are to be removed "for the duration of the war" and similar agreements with our neighbors to the south. It is not my purpose to comment on the results of these agreements if they are made permanent, and it is not at all improbable that this may be done. I merely bring to your attention the question of "What will happen to your job and mine and to our American standard of living if, after the war, our government establishes a permanent lower price structure on the basis of goods coming in free from our neighbors to the north and to the south, not to mention the possibility of this policy becoming world wide?" Part of our cost of defense must of necessity be rehabilitation of ruined countries and peoples after the war. But is this the best way to accomplish it?

The House Committee has approved removal from the proposed new income tax law of the right of husbands and wives to file separate returns. This is a danger point for business and professional women and may well be an unnecessary cost of defense. Are you any less an individual because you are married? Are your services less valuable to your country? You and your husband still cast two ballots at the polls!

Another problem not primarily caused by our defense program or the war, but greatly aggravated thereby, is the growth of large businesses and chain stores and the consequent elimination of the small business man and independent merchant. Is the concentration of wealth and power in such large units desirable to the extent that it becomes our only method of doing business and we all become the servants of this concentrated wealth and power?

What of inflation? Its dire results may well become the greatest and least necessary price of Victory. Will the price ceilings going into effect curb it (for it is now too late to stop it entirely) or will more drastic measures be necessary? How soon after the cessation of hostilities can these ceilings safely be removed?

These are just a few of the questions which we, as business and professional women must be prepared to answer. If, after diligent study and intelligent discussion, we can arrive at the correct solution and take our proper place in a truly better, freer world for all peoples, this war and all our sacrifices, no matter how great, will not have been in vain, and the cost of defense and the price of victory will have been small indeed.

Cost ? Accounting

It is rumored that one of the Indianapolis Convention members debated with the steward on the homeward bound train over the slight charge of \$2.50 for scorched lamb chops. Stingy-she only paid him \$1.65.

***The Patriotic Plan—
Buy What Bonds You Can!***