

OUTLINE OF PROGRAM

1. W. P. A. - \$2 billion additional (\$3 billion in all). Relax relief certification and sponsors' contributions requirements.
2. P. W. A. - Federal Government to pay interest; local bodies to repay principal within fifty years. Amount to be spent in the fiscal year 1938-39, \$500 million.
3. Railroads.
 - (a) Equipment Corporation could spend \$500 million in first twelve months.
 - (b) Loans and/or purchase of preferred stock by R. F. C. at direction of President for employment-creating type of expenditures.
4. Housing.
 - (a) Exempt income of individuals and corporations devoted to new low-cost residential building from Federal taxation in 1939 and 1940, the proportion of such exemption to vary inversely with the amount of the individual's taxable net income, so that unduly large subsidies will not be given to the wealthy.
or
 - (b) Exempt income derived from the rental or sale of low-cost residential houses constructed between _____ and January 1, 1940, provided such income is derived by the persons or corporations actually constructing such housing.
 - (c) In the case of limited dividend rental housing corporations, now financed on 80 percent insured mortgages, authorize the R. F. C. to put up 10 percent of the appraised cost. (This requires a change in F. H. A. regulations, not law.)
5. Social Security
 - (a) Provide for increased grants for health under Titles V and VI of Social Security Act. Fiscal year 1938-39, -\$130 m.
 - (b) Begin payments on Old Age Annuity Account January 1, 1939; increase benefits and make provisions for survivors and dependents. Calendar year 1939- \$75 m. (No change in budget).
6. Federal Toll Authority - \$50 million in fiscal year 1938-39.

SUMMARY OF FISCAL ASPECTS OF PROGRAM, FISCAL YEAR 1939. (In millions of \$)

	Federal Government out of budget		Federal under writing, not in budget	State	Private	Total
	Non- Recoverable	Recoverable				
W. P. A.*	2,850	150				3,000
P. W. A.	negligible	-	-	10	490	500
R. R. Equipment	-	100	(400)		400	500
R. R., other	-	200 (?)				200 (?)
Toll Authority		20	(30)		30	50
Social Security						
Health	130					130
Old Age						75
Housing						
R. F. C.	?					?
Tax Exemption						?
	2,980	470	(430)	10	920	4,455+

*Program exclusive of W. P. A.

Total charge on Federal budget \$450 million

Total spending \$1455 (exclusive of induced expenditures on housing)

1. Need for a program:
 - (a) Inventories at year end \$5 billion higher than at end of 1935. Liquidation of \$1 billion more of inventories will offset housing expenditures this year.
 - (b) Continuing decline in heavy durable goods expenditures.
 - (c) Exports continuing slow decline.
2. Need for getting things under way which will result in increased expenditures in 1939 without entailing charge on the budget and permitting reduction of W. P. A.
3. Various parts of comprehensive program should be incorporated in one bill.
4. Couple dewaterilization with program.
5. Need of a popular issue to go into elections.