RELATING THE BUDGET TO THE ECONOMIC REPORT

I. NATURE OF THE TASK

A. Large and rapid increase in armed strength

1. The big item in the budget is Military Services but this is simply a number with no supporting evidence - for security reasons.

<table>
<thead>
<tr>
<th>Fiscal actual 1950</th>
<th>1951</th>
<th>1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,839</td>
<td>20,000</td>
<td>40,000</td>
</tr>
</tbody>
</table>

Rounded off to nearest $10 billion !?

C. E. Wilson said last night - $87 billion
President said authority for '51 and '52 - $140 billion

<table>
<thead>
<tr>
<th>Rates fiscal '50</th>
<th>Dec. '50</th>
<th>Dec. '51</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 billion</td>
<td>20 billion</td>
<td>45-55 billion</td>
</tr>
</tbody>
</table>

Increase / 2 " / 25-35 "

Illustration of planning - p. 7

Also Agriculture Dept. eggs illustrate planning

2. In terms of manpower

Armed forces / 1 to 3.5 million
Defense workers / 4 to 6 ? "

3. Foreign aid

<table>
<thead>
<tr>
<th>1950</th>
<th>1951</th>
<th>1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.8</td>
<td>4.7</td>
<td>7.4</td>
</tr>
</tbody>
</table>
B. Expansion of capacity for producing military supplies

The mobilization "hump" in investment

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**Government's Dried Eggs Found Lacking by Army**

By The United Press.

WASHINGTON, Jan. 17—The Agriculture Department explained today that the Army had been buying dried eggs in the open market for $1.39 a pound because the 67,000,000 pounds of dried eggs already owned by the Government did not meet military specifications.

The Government-owned eggs were bought and stored by the Agriculture Department under a farm price support program which was abandoned last Dec. 31.

William D. Termohlen, chief of the Agriculture Department's poultry market branch, defended the Army's open-market purchases, which had been publicly criticized last week by one of his aides, Roy D. Fiato.

On the recommendation of the Agriculture Department, Mr. Termohlen said, the Army refused to accept any dried eggs unless they had been prepared by a new "acidification" process.