

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

<u>Fiscal actual 1950</u>	<u>1951</u>	<u>1952</u>
11,889	20,000	40,000

Rounded off to nearest \$10 billion !?

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

Rates fiscal '50	Dec. '50	Dec. '51
18 billion	20 billion	45-55 billion
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

1950	1951	1952
4.8	4.7	7.4

B. Expansion of capacity for producing military supplies

The mobilization "hump" in investment

*is a great political
figure once and*

1951.

We planned it that way

**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. Flato.

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.