

Statement on the Annual Budget Message

Dwight D. Eisenhower

Commentary

Taft's rhetorical attacks on Truman were partly designed to earn him the Republican party's presidential nomination in 1952. However, the party was split between so-called "conservatives," such as Taft, and "moderates," who were sympathetic (or at least half-way sympathetic) to the "liberal" domestic policies being pushed by Roosevelt's heirs in the Democratic party. "Moderates" were also sympathetic to Truman's foreign policy. After a hard fight in the convention, the nomination went to Dwight Eisenhower, who easily won the election.

A host of factors account for Eisenhower's overwhelming election in 1952 and his re-election four years later. Perhaps most important was his ethos as a War Hero and as an Internationalist. He had commanded Allied forces in Europe during World War II, and after a short stint as president of Columbia University he had served as Truman's Chief of Staff and NATO commander.

As president, Eisenhower negotiated an end to the Korean War and continued his predecessor's foreign policy of containment. He called his domestic policy "Modern Republicanism," a policy that favored some "liberal" programs but avoided putting too much power into the hands of the Federal government at the expense of the States. It was a partial return to the Jeffersonian doctrine of States' Rights that had been abandoned during Roosevelt's "New Deal" and Truman's "Fair Deal."

To Eisenhower, one of the most worrisome aspects of the New Deal-Fair Deal era was what he regarded as financial irresponsibility. Prior to the New Deal, *all* parties had agreed on balancing the Federal budget and repaying debts. Indeed, one of the arguments for adopting the Constitution in 1788 was that the Federal government needed to pay off its Revolutionary War debts. As time went by, the Federal Government usually balanced the budget or ran a surplus (for the express purpose of paying off debts) except in times of war or economic depression. Balancing the Federal budget was a non-debatable

issue even in the election of 1932, when Democrats, as well as Republicans, promised reduced spending. Even during the New Deal era, Federal deficits were usually justified by saying that deficit spending would stimulate the economy but that once the depression ended, Federal surpluses would be necessary to pay off the debt.

Only three of Eisenhower's budgets avoided a deficit. Critics within the Republican party charged that he was a "Me too" Republican; one who was too sympathetic to the kinds of New Deal-Fair Deal proposals that were being advocated by "liberal" Democrats. Supporters claimed that the deficits resulted from the needs for (1) military expenditures and (2) funding a plethora of domestic programs that had been enacted by the Democrat-controlled Congress. Eisenhower himself complained that many spending measures of which he disapproved were inserted into legislation that he was "compelled by circumstances to sign." To stop this practice he advocated (first in 1958) a line-item veto. Congress, which has a long tradition of slipping "pet projects" into bills that must be enacted if the government is to function, turned down the proposal, as it has done many times since.

On January 19, 1959, Eisenhower sent his last Annual Budget Message to Congress (for Fiscal Year 1960, which would begin on October 1). Concerned about prior deficits and a host of legislative proposals that he considered unaffordable, he had already met with Republican Congressional leaders to develop legislative strategies for killing what he called "foolish proposals" that would unnecessarily add to expenditures. He also realized the necessity of persuading the public that "thrift is not a bad word."

In keeping with his effort to persuade the public, Eisenhower delivered the following speech via the mass media. It was successful in the short run (the Fiscal 1960 budget ran a small surplus) and unsuccessful in the long run (the Federal budget has been balanced only once since 1960). The speech is reproduced from the *Public Papers of the President. Dwight D. Eisenhower* for 1959 (Washington: U.S. Government Printing Office, 1960), pp. 112-3.

Statement by the President on the Annual Budget Message

Fellow Citizens:

Today I have sent to the Congress the Budget of the United States.

The Budget is the annual governmental plan for spending your Federal tax money, which amounts to one dollar out of every five that all our people earn. It comprises the proposals of the Government for assuring the safety of our Nation, the well-being of our people and their continuing prosperity. The program that I have sent to the Congress will, at the same time, allow us to live within our means.

The Budget is in balance.

This is important, because if the Government does not live within its means, every American suffers. When the Government continues to run deficits,

inflation is the end result. And inflation means rising costs to every housewife, a falling value to every pay envelope, and a threat to the prosperous functioning of our economy. Every citizen, no matter where he lives or what he does, has a vital stake in preventing inflation.

The President has the duty of representing all the interests of the entire nation in his Budget recommendations.

But it is Congress—and Congress alone—that must enact the legislation to carry out these recommendations.

The program in this Budget provides for:

—Accelerated modern weapons development and a strong and adequate national defense program;

—Increases for dramatic exploration of outer space;

—The greatest investment for public works programs in the Nation's history;

—Additional help to local communities to improve the health, education and welfare of citizens.

Many more programs are provided for in this balanced budget.

In the Government, as in your family, it is not possible to do all that everyone would like to do—all at the same time. A budget is a way to schedule priorities. And whatever choices are made, there will be objections from pressure groups that would put their own interests before the common welfare—that would like to see the Government spend more for their special projects. The Budget is not designed for special interests; the real purpose is to promote the good of all America.

I intend to do everything within my power to keep our country strong, our economy expanding, and Federal spending at a level that will make these objectives possible of attainment. I hope you will help.

Thank you.