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Book Review: *Eisenhower and the Management of Prosperity* by John W. Sloan

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lawyers involved in academic or forensic research on monopoly control/corporate power related issues.

The authors have performed another important service with this volume. They have taken on the Chicago School at the "street economics" level, in a way that is readily accessible to students, faculty, professionals, and policymakers. This makes this volume a direct challenge to the Chicago School writers in those markets for ideas, in and out of academia, where they have been the most fashionable over the course of the last few years.

The shelves are full of books and other works by the titans of the new learning (Bork, Posner, Becker, Baumol, Baxter et al., and their satellites), many of whom write at a level accessible to the intelligent layperson. Compared to the Chicago School's offensive in the areas of legal and economic literature, the courts, and academia, those with opposing views have been noticeably less energetic. This volume is doubly welcome for its ease of approach to a complex topic, and for the fact that it is directly confrontational.

For classroom use, this book would be an excellent choice at the upper division or graduate level. Since it is relatively short, presents both sides well, is lively, and is analytical and policy oriented. It would be perfect for use in economics, business law, and other law classes where these issues are alive and vibrant; the footnotes bristle with paper topics, and there are references and citations enough to get every paper off to a good start.

This is an excellent and timely addition to the literature on the control of monopoly power. I highly recommend it.

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EISENHOWER AND THE MANAGEMENT OF PROSPERITY.
By John W. Sloan. Lawrence, Kans.: University of Kansas Press, 1991. Pp. 191. \$25.00 (cloth).

Twenty-five years ago, Dwight Eisenhower was often depicted as a president with no great competence nor interest in economics or domestic policy issues. However, as those interested in

presidential studies know, Eisenhower has been posthumously rehabilitated.

The revisionist literature on Eisenhower is now becoming complete, and John Sloan's book *Eisenhower and the Management of Prosperity* reflects this revisionism by examining economic policy formation in the 1950s. In Sloan's book, we see an Eisenhower who was not only competent in economics, but was also very aware of the political ramifications of economic policy. We also see in Eisenhower's leadership style a politically astute president who was actively involved in shaping policy. In painting this picture, Sloan provides a cogent, concise survey of economic policy formation in the 1950s.

Sloan frames this discussion of macroeconomic policy in the Eisenhower years by examining the president's ideology, his advisors, the institutions involved in policy formation and development, and the cultural environment. In so doing, he correctly points out how multiple factors affect policy formation and demonstrates how even Eisenhower, that "rock of fiscal probity," changed through time. He examines the way in which the newly created Council of Economic Advisors was professionalized with the appointment of Arthur Burns, and how the Federal Reserve was allowed to assume its premier position in the fight against inflation.

As the first Republican president since Hoover, Eisenhower was fearful of being associated with economic decline, and he was careful to assure the public that he would act promptly to restore full employment should circumstances call for intervention. Sloan points out that even before his inauguration, Eisenhower told George Hauge, assistant for economic affairs, to "work on the federal highway program and suggested that 'the timing of construction should be such as to have some effect in leveling out peaks and valleys in our economic life'" [p. 134]. Moreover, as the first recession of his administration wore on, Sloan reports that Eisenhower told his cabinet, "We've got to have good economics . . . everything possible must be done to bring about a rapid recovery in order to avoid the fate of Hoover" [p. 140]. Although a fortuitous tax cut helped to curtail the 1954 recession, and Eisenhower was not prompted to engage in discretionary stabilization policies, he nonetheless issued a directive to stimulate the economy by speeding up the spending of monies already

appropriated. As Sloan reports, Eisenhower told agencies "Arthur's policy—if you have approp.—spend it" [p. 140].

While Eisenhower may have heeded Arthur Burns's advice during the 1954 recession, in the late 1950s, Burns's advice to stimulate the economy was rejected as Eisenhower became less sensitive to short-term political implications of his policy decisions. According to Sloan, during the 1958 recession, Eisenhower rejected the advice of Burns, Richard Nixon, and others who called for a tax cut to stimulate the economy. More importantly for Nixon, as the 1960 election approached, Eisenhower again rejected the calls for a more expansionary fiscal policy and chose instead to pursue fiscal policies aimed at balancing the budget rather than promoting economic growth and low unemployment.

What is perhaps most valuable about this book, however, is the way in which Sloan reminds us that, as is true in so many other areas, economic policy was greatly influenced by the Cold War in the 1950s and cannot be understood apart from it. According to Sloan, Eisenhower was firmly convinced that economic prosperity was vital to national security and, for Eisenhower, economic prosperity was intimately related to balanced budgets and low inflation. What is less well known is the degree to which Eisenhower viewed many domestic welfare programs to be related to defense as well. Not only was the interstate highway system a defense imperative, but increased expenditures for education and other social programs were viewed in defense terms as well. Sloan shows that while the Cold War permeated public policy discussion in the Eisenhower White House, Eisenhower was well aware that higher defense spending did not necessarily translate into increased national security. According to Sloan, it was in the area of defense expenditures that Eisenhower was most criticized and historically most vindicated [p. 98].

While there is much to like about this book, a lack of critical perspective on the Eisenhower years contributes to some errors of interpretation. For example, Sloan argues that in the late 1950s, John F. Kennedy was able to convince the American people that the economy was stagnating when, according to Sloan, "the United States was doing well" [p. 61]. Moreover, Sloan argues that, as the decade of the 1950s progressed, "the Democrats held the Eisenhower administration to ever higher standards of performance" [p. 68]. Sloan seems not to appreciate the upward drift in unemployment that accompanied the push to balance the budget in the late

1950s—a situation that prompted Lyndon Johnson to argue that the Eisenhower years were a period when "the rich get richer and the poor are expected to balance the budget."

This is a generous and sympathetic treatment of Eisenhower. Sloan dismisses Eisenhower's failure to provide leadership in civil rights and social welfare, consistently refers to Democrats who broke even moderately from the Eisenhower conservatism as "liberals," and praises Eisenhower's attempts to balance the budget. In spite of this conservative bias, the book helps us begin to explore the extent to which the domestic policy agenda and the parameters for governmental stabilization policies were established in the 1950s. In that decade, stabilization policy was a contested terrain, and it was Eisenhower who helped to establish the domestic perspective on inflation, unemployment, and the role of government in addressing these economic problems. Eisenhower reintroduced the budget deficit as a central notion in the debate over economic policy and reasserted the priority of low inflation. Most importantly, he shifted the responsibility for inflation away from the private sector to the government. In this sense, Eisenhower's influence was preeminent among postwar presidents, and the 1950s remains a pivotal decade in macroeconomic policy formation and public opinion. Those interested in understanding the current stalemate in macroeconomic policy will find much of use in this discussion, although the full significance of the development of economic policy in the 1950s remains, in part, unexplored.

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MORALITY, RATIONALITY, AND EFFICIENCY: NEW PERSPECTIVES ON SOCIO-ECONOMICS. *Edited by Richard M. Coughlin.* Armonk, N.Y.: M.E. Sharpe, Inc., 1991. Pp. xii, 411. \$45.00 (hardcover), \$17.95 (paperback).

Since the publication of Amitai Etzioni's *The Moral Dimension* in 1988, his "socioeconomics" has been among the most prominent challengers to neoclassical orthodoxy. It also presents a potential dilemma to institutional and evolutionary economists: Will it advance their efforts by providing a progressive, critical program