

University of Nebraska - Lincoln

DigitalCommons@University of Nebraska - Lincoln

---

College of Business Faculty Publications

Business, College of

---

December 1990

**Review of *Eisenhower Versus 'The Spenders': The Eisenhower Administration, the Democrats and the Budget, 1953-60* by Iwan W. Morgan**

Ann Mari May

University of Nebraska - Lincoln, amay1@UNL.edu

Follow this and additional works at: <https://digitalcommons.unl.edu/cbafacpub>



Part of the [Business Commons](#)

---

May, Ann Mari, "Review of *Eisenhower Versus 'The Spenders': The Eisenhower Administration, the Democrats and the Budget, 1953-60* by Iwan W. Morgan" (1990). *College of Business Faculty Publications*. 27.

<https://digitalcommons.unl.edu/cbafacpub/27>

This Article is brought to you for free and open access by the Business, College of at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in College of Business Faculty Publications by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

Published in ***The Journal of Economic History*** 50:4 (December 1990), pp. 989–990.

Published by Cambridge University Press on behalf of the Economic History Association. Copyright © 1990 Economic History Association. Used by permission.

-----

Ann Mari May

Review of *Eisenhower Versus 'The Spenders': The Eisenhower Administration, the Democrats and the Budget, 1953-60* by Iwan W. Morgan

a wide audience. It stands next to Kerby Miller's *Emigrants and Exiles* (New York, 1985) as the best works dealing with the Irish-American experience.

GARY R. MORMINO, *University of South Florida*

*Eisenhower Versus 'The Spenders': The Eisenhower Administration, the Democrats and the Budget, 1953–60.* By Iwan W. Morgan. New York: St. Martin's Press, 1990. Pp. xii, 223. \$35.00.

The 1950s have often been characterized as a period outstanding only for its banality, when the head of state "preferred golf to government" (p. 1). Historians have reconstructed Dwight Eisenhower's leadership style but have given scant attention to the evolution of economic policy during the 1950s and to his role in fiscal policy formation. Iwan Morgan's *Eisenhower Versus 'The Spenders'* goes far in filling this void and provides an insightful, interesting discussion of fiscal policy formation during the Eisenhower years.

For many economic historians, the 1950s seems to have been a nonevent sandwiched between the New Deal–Fair Deal and the New Frontier—a period of general prosperity punctuated by a few inventory recessions, or in current vernacular, slowdowns. Neither depression, war, nor rapid inflation occupied center stage. For Morgan, however, the 1950s represents a compelling decade when the contours of the debate over the proper scope of fiscal policy in the postwar years emerged.

Shaping this debate were external factors such as the return of the presidency to Republican leadership, the advent of the cold war, and the continued development of the corporate welfare state. Internally, the debate over fiscal policy took shape in a highly partisan environment when such irascible characters as Arthur Burns, George Humphrey, Lyndon Johnson, and Richard Nixon all, in varying degrees, influenced policy.

As Morgan points out, Eisenhower was the first Republican president since Herbert Hoover and was sensitive, especially in his first term, to charges of Republican economic mismanagement. Despite his renowned concern over the budget, Eisenhower made no attempts to offset the reduction in revenue associated with the recession of 1953–1954. While not a prescriptive Keynesian willingly engaging in active countercyclical policies, Eisenhower allowed automatic stabilizers to soften the downturn and even managed to authorize a speed-up of government expenditures "intended to generate jobs in the areas where Republican electoral prospects would benefit" (p. 64).

Whereas Eisenhower's "determination to rescue Republicanism from the crippling image of Hooverism" (p. 61) waned in his second term, the cold war overshadowed much of political life throughout the 1950s. According to Morgan: "Defense expenditure was the subject of the longest running partisan dispute over the budget during the Eisenhower era" (p. 34). From the cut in defense expenditures following the Korean involvement to the Soviet launching of Sputnik in 1957 to the "missile gap" rhetoric of the John Kennedy campaign, Democrats criticized Eisenhower for, in Kennedy's words, his "willingness to place fiscal security ahead of national security" (p. 35). Not to appear soft on communism, congressional Democrats sought to increase defense expenditures in every year except 1957, when the Democrats made a brief attempt to out-Eisenhower Eisenhower on the subject of economy in government.

According to Morgan, "Eisenhower's conduct of national security policy was guided by a sense of the economic limits of American military power" (p. 51). This posture led, of course, to the desire to achieve "effectiveness with economy" or, more crudely, "more bang for the buck" and eventually led Democrats to criticize the structure of the budget rather than its size. For Democrats, the danger in criticizing the level of defense spending lay in appearing fiscally irresponsible. The 1960 election demonstrates the

dilemma facing both parties when trying to appear fiscally frugal and tough on communism at the same time. As Morgan points out, both Nixon and Kennedy ran as fiscal conservatives while calling for expansion in both domestic and defense expenditures.

Funding the continuation of the corporate welfare state exerted additional pressure on fiscal policy in the 1950s. Eisenhower's fiscal conservatism did not prevent him from supporting federal programs such as the Interstate Highway Act that would benefit business by strengthening the nation's infrastructure. Yet, the president's devotion to balancing the budget made him inflexible on some issues. The debate over tax reduction carried on by the Republican right and, periodically, the Democrats was one such issue. In 1954, when the economy slid into recession, Johnson criticized Eisenhower's policies as promoting "that state of affairs in which the rich get richer and the poor are expected to balance the budget" (p. 38). While supply-side arguments which had been around since the 1920s surfaced again in the 1950s, Eisenhower was never convinced and chose to forgo major tax reductions in lieu of a balanced budget.

There are many things to like about this book. For those interested in presidential politics, it is delightful. For politicians hoping to learn from the past, it is instructive. And for understanding the debate over military spending, the budget, and inflation in the postwar period, it is essential. In short, Morgan's contribution to our understanding of policy formation in the 1950s and beyond is substantial.

ANN MARI MAY, *University of Nebraska, Lincoln*

*Evolution of United States Budgeting: Changing Fiscal and Financial Concepts.* By Annette E. Meyer. Westport: Greenwood Press Inc., 1989. Pp. xiv, 179. \$39.95.

Annette Meyer's study provides us with a useful survey of the economic research of the last two decades on the budget process of the U.S. government. The book is divided into four parts. The first briefly traces the development of concepts of fiscal policy and public finance, especially since World War II, with the primary emphasis on the 1960s and 1970s. The second part describes the institutions shaping the budget process, beginning with the Budget and Accounting Act of 1921. In this section Meyer emphasizes the growth of congressional power since the Congressional Budget Act of 1974. The third part surveys the trends in spending, revenue, lending, and deficit finance and describes the introduction of the "unified budget" in fiscal year 1969. The fourth part discusses a set of topics under the rubric of "budget reporting and control"—budget authority, capital budgets, tax expenditures, off-budget spending, and deficit finance.

Meyer's central assessment and policy prescriptions are compelling. She finds that the reporting of both fiscal policy and federal financial activity is seriously inadequate. She points to the need for "independent verification of the accuracy of budget revenues and outlays over time" (p. 90). She ends with a call for "restructuring budget authority and clarifying the relationship to budget outlays, introducing overall assessment of budget outcomes, improving financial management and government-wide accounting systems, and reinstating the audit and review phase of the budgeting process" (p. 163). Perhaps most importantly, she argues for greater sophistication in the reporting of the financial activities of the federal government.

The primary value of Meyer's book is its concise survey of the vast body of recent economic literature on federal public finance. Setting her study firmly in the context of this contemporary literature, however, means accepting its limitations. Most important, Meyer does not tell us how the budget system and process developed prior to 1960, or what have been the sources of institutional change. Taxation receives short shrift, even in the discussion of the recent past. For example, Meyer does not mention, or discuss