

Subject: The President's Budget Proposals
Guests: Sen. Hubert H. Humphrey (D., Minn.)
Sen. John Sherman Cooper (R., Ky.)
Moderator: Harry W. Flannery
Time: 13:30

FLANNERY: Washington Reports . . . To The People !

Here in Washington, as Congress convenes, the President is making his proposals in messages to the members.

What of the State of the Union message? What of the Budget message? Are the proposals good, bad -- adequate, inadequate?

To answer these questions, the AFL-CIO and this station brings you, as a public service, two leading members of the United States Senate -- one a Republican, the other a Democrat. The Republican is John Sherman Cooper, Senator from Kentucky; the Democrat is Hubert Humphrey, Senator from Minnesota.

This interview is in the office of Senator Humphrey in the Senate Office Building here in Washington.

First, Senator Humphrey, have you any general comment on the President's messages?

HUMPHREY: Well, my first comment would be that the State of the Union message was one of the lofty purposes and worthy objectives, and I felt it was constructive, and it surely gave the American people a ray of hope in these troublesome times.

However, I did say, and I repeat, that it is one thing to have a philosophy of action and another to implement it with the detail, programs and policies.

The Budget message provided the detail. And when you see some of the detail, I regret to say that it does not carry or does not make possible the fulfillment of some of the more lofty objectives of the President's State of the Union message.

I would say that I have pretty good support for this generalization. One of the leading newspapers of our nation's capital, and of the nation in fact, headlined its editorial for Tuesday, January 14th -- the day after the Budget was delivered -- as follows: "An Inadequate Budget." "The President's Budget does not measure up to the challenge of the times...." I leave my case with that assertion and statement.

FLANNERY: We'll go into some detail, naturally, Senator, a little bit later.

I'd like to get a general comment, first, from Senator Cooper.

COOPER: Well, I would agree with Hubert Humphrey that the President's State of the Union message was broad and comprehensive in its scope. I was particularly interested in that he dealt not only with our military situation and that is primary at this time, but he also brought to our minds the large problems ahead for the future dealing with the Russians in the economic field abroad and the problems here in this country.

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I'm not going to agree wholly with Hubert Humphrey that the Budget is inadequate in the sense that I think he meant. I do think we have the problem of balancing the military expenditures and keeping track of our economic resources at home. I believe that the Budget, as it has been presented, raises grave problems about the future of this country -- its own development. And I do find deficiencies in it.

FLANNERY: What about the military budget, Senator Humphrey? Would you call that part of it inadequate?

HUMPHREY: I will say that the shift of emphasis in the defense budget on some of the newer weapons such as missiles and rockets, and, of course, research development, is to be welcomed and is indeed worthy and constructive.

But when you look at the total Budget, or the Budget proposals for fiscal '59, as compared to what we had for last year -- fiscal year '58 -- you actually find that the increase which is being requested is just about enough to cover the costs of price increases or inflation; it really doesn't get down to what I call more hardware and more strength.

Now, of course, I have been one of those that felt and continues to feel that there is still much room for improvement in our Defense Department in terms of the utilization of the monies that are appropriated. I still think we can get more for the dollar.

The inter-service rivalry in the field of missiles and rockets to me is just unbelievable. And here is a place the President, as Commander-in-Chief, can take action. And as has been said by others, and I repeat, a few heads need to be bumped together; and then finally we need someone to head this great program of scientific development for missiles and rockets which are obviously essential for our defense.

FLANNERY: Would you agree largely, Senator Cooper?

COOPER: I think that this Budget shows much greater progress in its military strength than Hubert indicates.

Now, first, let's look at the amount which is set up for the missile program: it's \$520 billion. It's over a billion dollars more than it was last year, and twice as much as it was two years ago.

Further, the President asked authority to shift up to \$2 billion in the total military appropriations of nearly \$40 billion as he thinks necessary. That gives him the opportunity to get better action in the Department of Defense.

I want to say further, though, I think we're over-emphasizing this idea that the Congress can put dollars in and turn a crank and get missiles. I think they can come only from brains. And I think the reorganization of the Defense Department may be the most important factor in this military picture.

FLANNERY: To make it more efficient.

HUMPHREY: I wouldn't disagree with that. In fact, that was what I was trying to emphasize.

COOPER: I know.

HUMPHREY: I have listened to the reports of the fantastic amounts of money that are still unexpended; and some of them are even unobligated -- that is, they haven't been committed yet. And I do believe that there is more that can be obtained for the dollar, and this should be the priority consideration of Congress and the Executive branch.

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However, I think it is fair to note here for this broadcast that this Budget asks for about \$40 billion in defense expenditures, for defense appropriations. Last year, we appropriated approximately \$38 billion. And the President has come up here now with a supplemental request -- that is, an additional request for the balance of this fiscal year, up until the coming June; he's asked for another billion. So actually, this new Budget, in light of the world situation these days, requires only an additional billion dollars in spending authority.

Now that's really what it boils down to. And it is my claim that the attrition of inflation -- the increase in the end items, the increase in costs in the products which are being produced -- will essentially eat up that billion dollars.

COOPER: But I do say, Hubert, if it's indicated that we need more money for defense, I think that's one area and one place there'll be no question that the Congress will give it.

HUMPHREY: I agree with that, Senator Cooper.

COOPER: I don't think that's one of the most difficult problems we've got to face.

FLANNERY: What about the economic aspects of our defense programs?

COOPER: The President asked in this Budget for, I think, \$390 billion -- approximately that. It's about \$500 million less than he asked for last year, but it's about \$900 million more than the Congress gave him.

I think that there are some other factors, though, which bear upon this question of foreign aid that the President does bring into this Budget. He asks for \$2 billion more for the Export-Import Bank to lend. He asks for, Hubert, and this is the part you're interested in, a billion-and-a-half for agricultural surpluses, which I know you and I agree are very important in this whole question of foreign aid. He asks that the Development Loan Fund be increased from \$300 million to \$650 million. I see a more effective program in this. I think it will be much more effective this year.

HUMPHREY: Well, I want to say, though, in this Budget of approximately 70 -- what is it? -- \$74 billion in round numbers.

COOPER: Yes, about that.

HUMPHREY: That the \$2 billion, as I understand, for Export-Import is not listed as an expenditure.

COOPER: No.

HUMPHREY: Nor is the \$1½ billion for agricultural surpluses because those are already paid for. In my study of the Budget, I think that they charge up actually as a new expenditure about \$95 million as the cost of the surplus food program.

Now, these are, of course, Senator Cooper, very important items of our foreign aid program, but I must say that while it is true that the Budget request this year, Senator, is more in the field of mutual security than the Congress appropriated last year; that you must always realize, and you, sir, do with all of your experience better than I do, that the Congress generally does cut down somewhat on this mutual security program. Not with my vote, sir, nor with yours -- but we run into a little trouble, I regret to say.

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COOPER: I think it's going to be a real battle this year, too, Hubert.

HUMPHREY: It is. I'd like to say that it's a joy to have joined with Senator Cooper, who is one of our most forthright and able champions of an effective economic aid program overseas. And I happen to believe that this may be every bit as important or more so than our military program; and, as the Senator said a moment ago, we can get money for missiles, but we sure do have a lot of trouble getting the money we need for economic assistance.

COOPER: I believe we're going to win this; we're going to come back militarily. But I don't think it is quite as easy as it is saying that, Hubert. But over the long years, the great Soviet threat to us, I believe, is going to be its economic threat. And while we're trying to build up our military strength, we've got to hold to those places in the world which have some stability and which are free countries. We've got to help them.

HUMPHREY: I just left a meeting today that was a shocker to me. I heard, for example, from the members of the advisory commission on our information program overseas that the Soviet Union spends four times as much money to jam, that is, to jam up our broadcasts, as we spend in even putting on the broadcasts. And they spent more money in propaganda in the Middle East and North Africa than we spend the whole wide world over.

Now we're up against a tough lot, and I think we have to admit it; and we'd better recognize that these Soviets are cunning, subtle, vigorous, determined and willful. And if we don't have the same kind of will and determination, we're going to be in trouble, more trouble.

FLANNERY: What about the cutbacks that have been made in the programs as represented in the Budget? The cutbacks in hospitals, agriculture, schools, welfare and so forth?

HUMPHREY: It is my view that the American people are willing to pay for the full dimension of security, which includes military security, our foreign aid, our information, our cultural exchange programs -- and our domestic programs. Because, after all, we want to protect more than just our geography in terms of our security program; we're protecting institutions; we're defending a way of life.

Now one other point that I'd like to make here relating to this: That we're not even challenging the gross national product of this country, or the productive ability. Steel is at less than 70 per cent of capacity now, about 65 per cent of capacity. Many of our metals are down in terms of production. We have four million or more unemployed; and many partially employed. We are not even pulling at the economy yet. And I feel that if we're going to win this struggle, which will be one of long duration, and I wouldn't want my words to be interpreted that you can win it by a magic twist of some kind -- but if we're going to win it, we're going to have to call upon our resources, both physical and intellectual and spiritual; and this means girding a sort of -- of building the economy, challenging the economy. And I regret to say I don't believe that what we're doing now is a challenge; I think we're more or less coasting with the economy. Because here, again, there is a view that there'll have to be no further increase in taxes, no further increase really in expenditures, that somehow or another we're going to do this without any difficulty. I don't think we can. I think America can pay more for the security that it needs.

FLANNERY: Thank you, Senators. The American Federation of Labor and Congress of Industrial Organizations together with this radio station has brought you this interview as a public service. The broadcast, in the office of Sen. Hubert Humphrey in the Senate Office Building here in Washington, was with Senator Humphrey, Democrat from Minnesota, and Sen. John Sherman Cooper, Republican from Kentucky.

This is Harry W. Flannery, inviting you to be with us next week at this same time for the next program in this series: Washington Reports to the People.



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