

# Whale of A Budget

by Sydney Mayers

The fabulous Moby Dick was a mere sardine compared to the whale of a budget presented by President Eisenhower to a perplexed Congress for its gingerly consideration. "How to cut taxes in the midst of increasing spending" is as much a problem to legislators as "why poverty persists in the midst of increasing progress" is to political economists. Almost \$72 billion in amount, the whopping five-pound document proposing expenditures for the fiscal year 1958 is the biggest peacetime budget in the nation's history. One wonders how this Republican generosity can be reconciled with the party's vehement denunciation of its Democratic predecessors as "uncontrolled spendthrifts."

The staggering size of the federal budget has inevitably resulted in widespread criticism by members of both major parties, but the most intriguing circumstance is that Secretary of the Treasury Humphrey, nominally the official responsible for it, has freely expressed personal dissatisfaction, and worry concerning its consequences. He bluntly predicted: "If we don't reduce expenditures over a long period of time, you will have a depression that will curl your hair, because we are just taking too much money out of this economy that we need to make jobs." Superficial as this reaction may be, it does at least hint at one of the reasons for the dire effects which must follow a severe curtailment in production.

To understand quickly and clearly the tremendous drain that so massive a spending program will impose on America's producers, one need only

observe that 80 per cent of the money called for by the budget is to be provided by personal and corporate income taxes, with individual income taxes accounting for 51 per cent of the total. The effect of this on living standards, on consumer demand, on incentives to production, and on the very foundations of a presumably private and competitive economy, is as obvious as it is frightening to contemplate. Thus far, increasing population and economic growth have kept pace with swelling government costs, but if this balance be disturbed, what will ensue is all too patent to those old enough to remember 1929.

The brick wall confronting economy-minded Congressmen is built of the many untouchable, irreducible and noncuttable "musts" which abound in the budget. Expenditures relating to past and present "defense" operations comprise about 80 per cent over-all; interest on the national debt will take ten per cent more. These leave a comparatively small percentage for all other federal "needs," but apparently enough for greenhouses in Washington, D. C. (\$587,000), bowling alleys in the Canal Zone (\$26,500) and cars for the Alaska railroad (\$590,000). However, as Time magazine points out, no provision is made in the 1958 budget for funds for the Joint Congressional Committee on Reduction of Non-essential Federal Expenditures!

Granting a need for public maintenance of proper governmental functions, there remain the great questions of whether countless activities engaged in by federal agencies are in fact "proper" functions of government, and how long even the robust

American economy can stand the strain of having taken from it so gigantic a proportion of its productive output. Depressions are not caused solely by taxation or governmental spending; they are sparked by stoppages in production which snowball into industrial stagnation—and other economic factors cause such stoppages, especially monopolies which mulct labor of its wages and capital of its return. But government can and does contribute to the creation of industrial depressions, to the extent that it too takes the proceeds of labor and capital, thereby denying them the ability to demand, to exchange, to trade, to buy and by doing so to encourage production. This phenomenon is the beginning of industrial woe.

How pleasant it would be for individuals if they could generously outline their proposed disbursements, and only *then* had to think about ways and means of arranging their income to meet their desires. Instead, they must carefully tailor their expenditures to fit their financial ability. Unfortunately, government budgeting takes the opposite course; first it spends and then it collects the wherewithal by taxing the accomplishments of every producer. No, governments do not make depressions, and they cannot prevent depressions where monopolies prevail, but as they spend, so shall the economy reap. It would reap less industrial chaos if a lot of the blubber were cut out of that whale of a budget.