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**“The State of the Union Message”**

*C O N G R E S S M A N J O H N M C C O R M A C K*

*Democrat of Massachusetts*

*and*

*S E N A T O R*

*E V E R E T T M C K I N L E Y D I R K S E N*

*Republican of Illinois*

*S E N A T O R C L A I R E N G L E*

*Democrat of California*

*S E N A T O R H U G H S C O T T*

*Republican of Pennsylvania*

*T H E O D O R E G R A N I K*

*Moderator*

*The Announcer: This is THE AMERICAN FORUM OF THE AIR, produced by the Westinghouse Broadcasting Company in association with Theodore Granik.*

*Mr. Granik: On January 7, President Eisenhower appeared before a joint session of the United States Senate and House of Representatives to deliver his annual State of the Union Message. It has been called one of his greatest speeches, but some have been critical of its content. Tonight we are pleased to have four Congressional leaders to discuss some important aspects of the State of the Union. Congressman McCormack, Democrat of Massachusetts, and Majority Leader of the House of Representatives; Senator Everett McKinley Dirksen, Republican of Illinois; Minority Leader of the United States Senate; Senator Clair Engle, Democrat of California and one of the distinguished leaders in the United States Senate; and Senator Hugh Scott, Republican of Pennsylvania, former Chairman of the Republican National Committee.*

*One of the most controversial issues in Congress today is our defense program. President Eisenhower had this to say about our military preparedness: "During the past year our long-range striking power, unmatched today in manned bombers, has taken on new strength as the Atlas intercontinental ballistic missile has entered the operational inventory. In 14 recent test launchings at ranges of 5,000 miles, Atlas has been striking on an average within two miles of the target. This is less than the length of a jet runway, well within the circle of destruction. Incidentally there was an Atlas firing last night. From all reports so far received, its performance conformed to the high standard I have just described.*

*"Such performance is a great tribute to American scientists and engineers who in the past five years have had to telescope time and technology to develop these long-range ballistic missiles, where America had none before.*

*"Our military missile program, going forward so successfully does not suffer from our present lack of very large rocket engines which are necessary in distant space exploration. I am assured by experts that the thrust of our present missiles is fully adequate for defense requirements."*

*Senator Engle, is our defense program adequate to meet our needs?*

SENATOR ENGLE: Well, Mr. Granik, the announcement recently made by the President since the State of the Union Message that he intended to improve and to build up the Atlas and the Polaris programs by one-third is, I think, a significant addition to the statement made by the President of the United States in his message.

Now the Democratic Party has consistently criticized this program as being inadequate. We will have to reevaluate it in terms of what this one-third addition means to the military capability of this country.

SENATOR DIRKSEN: Well, I start with the premise, of course, that the President in his own right is an expert in the military field.

He has given two generations of his life to the business of the military and has by all odds been the captain of one of the greatest expeditionary forces in the whole history of mankind. So he comes as a witness with high credit to appraise our military program. I think he has put the emphasis where it belongs. He indicates, of course, that Atlas is operational, that the nuclear subs are coming into being now and in addition, of course, he divorces the space program from the military program, something that should have been done long ago, so that there won't be any confusion as to the accent and emphasis of the space program with respect to our military—

*Mr. Granik: May we hear from the Majority Leader of the House, Mr. McCormack?*

CONGRESSMAN MCCORMACK: I don't think there is any basic controversy between the Democratic Party and the Republican Party. I think from a world angle that our people and our country is most fortunate in the fact that the Democratic Party wants greater national defense than most of our Republican colleagues. In Britain, for example, the Labor Party wants less. It is an entirely different situation from the angle of the world and from our own country where the Democratic Party, in control of the Congress but not in control of the White House, wants stronger defense and it is better for the country, as I see it.

Now from the angle of what Senator Dirksen referred to—the President—I agree with him, but it is a dangerous thing to rely on the judgment of one man. Suppose he is wrong? I don't imagine that General Eisenhower, when he was in command in Europe, made his own decisions without consulting the Chief of Staff and the other military leaders.

SENATOR SCOTT: I never like to disagree categorically with my friend John McCormack, but I can not accept and on the record ought not to accept any statement that the Democratic Party wants more national defense than the Republican Party, because the defense of this country, entrusted with the President of the United States, has kept the country out of war, has maintained the peace, and he has consistently asked for more and more of the items of national defense. The fact that he has asked for one-third more in the Polaris and in certain other programs is simply an implementation of his own State of the Union Message, and I would assume that every time a Democratic President had asked for more in one year than he did in the previous year, that that would be an improvement of the program. It wouldn't necessarily indicate that the previous program was inadequate.

SENATOR ENGLE: Would you yield for this observation. The President said in his message that the Atlas was a very accurate missile. Now he is correct about that but we have to assume that the Russians are just as accurate. And if they are, since they are going to get the first strike at us, they can knock down Vandenberg, they can knock down all our bases, and that raises the problem of what we are going to have left.

In other words, if the Russians can knock down our Atlas missiles, sticking up like pine trees as they do on those great bases, what is going to be left then?

SENATOR DIRKSEN: Senator Engle, may I intrude this thought? First of all with respect to what our good friend John McCormack said, the President relies upon expert advice. Look at the number of scientists and experts that we have in government today. So this does not represent particularly his solo judgment, because he has brought in all of these people before he makes a report to the people on the State of the Union to make sure that he is on solid ground. So that fact is constantly to be borne in mind. And then if you don't mind my including this thought, and I hope this is not regarded as politically offensive, but he used a phrase in the message, he said "We had to telescope time and technology."

That was pointing back, of course, to what Werner von Braun, our missile expert, called the lost or irretrievable years, years back. So that we have moved steadily forward, have done a good job and I think the President was entitled to bring an optimistic note to the people with respect to our defense program.

CONGRESSMAN MCCORMACK: The weakness, of course, in the position taken by Hugh Scott and Everett Dirksen with reference to the proposed increase in the missile and rockets and the Polaris is that it is a one third increase and we have accepted the proposition heretofore that we would concede to the Soviet Union a three to one superiority over us. That is what some of us who are Democrats, but as Americans express concern about.

Now I am glad to see the President admit that the Democratic position was correct. The Democrats who advocate it were correct. Now, Hugh, you can't get away from it, you can use your high sounding phrases and you can have your Republican press, that is 85 percent Republican, discolor, but you can't get away from the fact that Senator Henry Jackson, Senator Stuart Symington, Senator John Kennedy, John McCormack and others, consistently have been taking the position that we should have greater national defense and this is the conformation of it.

SENATOR SCOTT: Yes. If you mean that Democrats have consistently been critical of Republicans, I concede that at once, but I want to say to you that when the President asks for 1.6 billion dollars in research and he gets 1.3 billion dollars from the last Congress, it is the Democrats who failed to supply the President with the amount which he requests. It was the Democrats in Congress back four years ago for that matter, who cut the President's request for research, for missiles, it was three years ago that you again cut it. You added \$200 million of the \$300 million you cut and then you proceeded the following year to cut again.

Now the President ought to know what this country needs. He has consistently shown that he does know. Now just one final comment on that, to what my friend Senator Clair Engle said: What is going to happen if the Russians knock down our Atlas missiles?

Of course the question arises what are we going to be doing at the same time, but suppose they do knock down every one of them, that is the great virtue of Polaris, the missile carrying submarine and that is why the President has asked for an extension of that program—I am a Navy man—and that can fire 1200 miles from under water and it will present a target which the Russians won't be able to get at, so if they knock down every one of our Atlases, we still have Polaris and we could blast the dickens out of them.

SENATOR ENGLE: The quick answer is that neither the Polaris nor the Atlas are operational at this time. He said they had entered the operational inventory, but they are just getting through the door. There is a lapse in here of four or five years when we are going to be in very sad shape. That is why I made a speech the other day on the Senate floor about the need for the B-70 bomber to bridge that gap, and nothing has been said here in this discussion, Mr. Granik, about our capability in limited war activity. We haven't done anything with that.

SENATOR DIRKSEN: We might uncover that, however.

CONGRESSMAN MCCORMACK: If I may make one observation: Hugh Scott has a very hazy recollection about what the appropriations have been. The Democratic-controlled Congress has increased defense appropriations. We put through appropriations for a 900,000 man Army and a 200,000 Marine Corps—

*Mr. Granik: Gentlemen, we will get back to that in the next segment of our discussion.*

*Gentlemen, it is generally accepted that the Soviet Union poses the greatest military and economic challenge to the United States. Yet during 1959 there appeared to be a lessening of tensions between the two countries, and President Eisenhower viewed the future with hope. He said: "We live in the divided world of uneasy equilibrium, with our side committed to its own protection, and against aggression by the other.*

*"With both sections of this divided world in possession of unbelievably destructive weapons, mankind approaches a state where mutual annihilation becomes a possibility. No other fact of today's world equals this in importance. It colors everything we say, everything we plan and everything we do. We note that recent Soviet deportment and pronouncements suggest the possibility opening of a somewhat less strained period in relationships between the Soviet Union and the rest of the world. If these pronouncements be genuine, there is brighter hope of diminishing the intensity of past rivalry and eventually of substituting persuasion for coercion.*

*"Whether this is to become an era of lasting promise remains to be tested by actions. Over the past year the Soviet Union has expressed interests in measures to reduce the common perils of war. While neither we nor any other free world nation can permit ourselves to be misled by pleasant promises until tested by performance, yet we approach this apparently new opportunity with the utmost seriousness. We must strive to break the calamitous cycle of frustra-*

tions and crises which, if unchecked, could spiral into nuclear disaster, the ultimate insanity."

*Gentlemen, is it conceivable that we can work successfully with the Soviet Union on the Communist ideology—Senator Dirksen?*

SENATOR DIRKSEN: Theodore, this was one of the most encouraging segments of the President's address on the State of the Union. First, he lifted the people by sounding a note of hope and optimism with respect to disarmament, the easing of tensions and the solution of this problem that is before us and it is going to cast a great burden upon this country for goodness knows how many years unless we find a solution for it, and that is our relationship with the Soviet Union.

He points out, however, that there has been progress in this field, that we do have a responsibility to help these countries that are allied with freedom's cause, that mutual security must go forward and at the same time we will have to deal from strength. But I think it is conceded there has been a diminution of the tensions with which we have been familiar for so many, many years.

SENATOR ENGLE: May I make an observation here? Now in listening very carefully to the President's State of the Union Message, the statement he made on foreign policy I thought was the most eloquent part and the best part of his speech, but I would like to say this about it, that somehow or other in that speech he didn't create the sense of urgency that it seems to me ought to be conveyed to the American people, with respect to the very dangerous times in which we live, preparing them to make the kind of sacrifices that we are going to have to make if we meet the competition of the Soviet Union. That is the leadership that has to come from the White House.

SENATOR SCOTT: That sense of urgency is demonstrated not by an excess of words, or by emphasis, or by hysteria. Urgency is demonstrated by actions. The President has demonstrated the urgency by making this tremendously effective visit to Asia, to North Africa and to Europe. He has demonstrated it by sending the Vice President to Russia, by going to Russia himself, by going to the summit. He has demonstrated it by action and he has the support of the people behind him. We know what the urgency is, but the difference between our party and yours is that we also know what to do about it and not just talk about it.

CONGRESSMAN McCORMACK: Of course Hugh Scott always gets in the political atmosphere and injects the partisan note—

SENATOR SCOTT: John, you are hardly one to say that.

CONGRESSMAN McCORMACK: Well, I know, but you are injecting a partisan note. Now we want to get into this. There are many people of America who are concerned with the evidence of weakness.

Now the other day we see in the United Nations our country, upon instruction of the present Administration, participating in the further condemnation of Hungary, and yet submitting to the Soviet Union on the United Nations outer space committee by conceding their seven membership of that committee, and one of them Hungary. On the one hand we condemn them and on the other hand we

not only give in to the Soviet Union on seven members of the outer space committee that they demand but we also include Hungary in it.

Now I thoroughly approve of the President going abroad. I think the President well stated it, that it was a manifestation of deep friendship for the people of America. There is no question the President contributed to that, I concede that. But he will admit himself that it was a manifestation on the part of the people of India for the deep friendship and affection they have for the people of America as well as other countries.

SENATOR DIRKSEN: Mr. McCormack, will you permit this observation: I think everybody realizes the urgency in this whole international field. What is so often forgotten is that in this field you are dealing with the perversities of human nature and human personality. Now when the talking stops, of course, action may begin and that is the very thing that mankind must hope will be avoided, and so there has been a forbearance, there has been a patience, and yet there has been a necessary aggressiveness on the part of this Administration, and the part of the President to keep this thing moving forward, and I think the results thus far all considered have been all too good, and as you have so rightly said, that is conceded and that was an eloquent part of the State of the Union Message.

CONGRESSMAN McCORMACK: And the President is very fortunate in having a strong Democratic Party supporting him on a bipartisan level, particularly when as you know we are not consulted before the fact, but after the fact.

SENATOR DIRKSEN: Well, we are not unmindful of that, and certainly we are grateful that the President has had that support in the international field. But the fact of the matter is that the urgency in this whole field, the necessity of obviating the danger of war and going steadily forward with a vigorous peace program, a disarmament program, having in mind that the Soviet Union leaders who have been meeting at Geneva and elsewhere have their own ideas about it, requires, of course, the utmost skill and the utmost forbearance in order to get this job done in our time.

SENATOR ENGLE: If you will permit an observation there, the President said that he felt that some of the actions taken at Geneva by the Soviets were politically motivated.

SENATOR DIRKSEN: And that was frank discussion on his part—

SENATOR ENGLE: Sure. That is fair enough. But the question I raise—and I didn't seem to get across to my friend Hugh Scott—is that only the President can give the kind of leadership the nation needs, and create the atmosphere in which the American people realize that we are in this for keeps and that we have to compete and that we have to pay the price and if we have to cut down the size of the tailfins on automobiles, and do a few things in order to meet the challenge that the Soviets are bringing against America—not just in the military field, not just in the space field, but in the economic and the cultural and the propaganda and the government

field—somebody has to get that across to them. The President's message didn't do it. That is what I say.

SENATOR SCOTT: Don't you agree, though, that the American people, both Democrats, Republicans or independents, for that matter, have shown their confidence in the President's leadership? That you may have some doubts about it, but 80 percent of the American people cherish that leadership, and value it and approve of what the President has done, and the President has made the whole American nation proud of his own initiative in going to all of these countries and carrying the word that we believe in peace and friendship, and in freedom.

CONGRESSMAN MCCORMACK: Now you don't want to create the impression that the American people don't have confidence in any Chief Executive. Of course we are discussing a subject now that transcends politics. We should forget politics and discuss it impersonally, objectively, impassionately.

I support President Eisenhower, but I want him to go further. I am for him as far as he goes, Hugh. I have stated publicly, and I state now, that I would feel happier if the President, in his message—you may disagree with me, and you have a right to, but I am expressing my views, and I have a right to, and I have the courage to do it, that I would feel happier—I said it last January right after his message on the State of the Union—that the President had recommended more taxes for greater national defense.

SENATOR DIRKSEN: Again, of course, you are up against a realistic problem.

CONGRESSMAN MCCORMACK: Yes, but I assume my responsibilities.

SENATOR DIRKSEN: They have shown a rare indisposition to vote any additional taxes. Not even a postage increase, and not even a highway increase.

CONGRESSMAN MCCORMACK: Well, you don't call that a tax, do you? I mean in the sense that you use the word "taxes."

SENATOR DIRKSEN: Just imagine what would happen if you tried to increase the individual taxes, the existent corporate taxes. I doubt very much whether Congress would ever support that.

CONGRESSMAN MCCORMACK: Do you mean the Congress wouldn't support increased taxes for greater national defense effort? I don't think you mean that, my dear friend.

*Mr. Granik: We will come back to taxes in just a little bit.*

*The recent steel strike, which threatened our economy, was settled after a lengthy and bitter dispute between labor and management. Will the wage increase contribute to the inflationary spiral, or can we hold the line at its present level? What is labor and management's responsibility in this field?*

*President Eisenhower said:*

*"Every American was deeply disturbed by the prolonged dispute in the steel industry, and by the protracted delay of reaching a settlement. We are all relieved that a settlement has at last been achieved*

*in that industry. It is my intention to encourage regular discussions between management and labor outside the bargaining table arena to consider the interests of the public as well as their own mutual interests in first the maintenance of industrial peace, price stability, incentives for continuous investment, and economic growth."*

*Gentlemen, how can the steel industry continue to keep the price of steel at the same pre-strike level, after granting a wage increase.*

*Senator Scott—*

SENATOR SCOTT: Well, in the first place this is the lowest increase which has ever been negotiated in recent times.

SENATOR ENGLE: Is it lower than Kaiser's, by the way? I understand Kaiser got by with about 28 cents, and this is 39.

SENATOR SCOTT: As a matter of fact, it is lower than Kaiser's. It is the lowest increase of any, since World War II, and it is less than half as much as the previous increase.

Now the total 30 months' benefits granted are as follows: Kaiser, American Can, Aluminum, all got benefits totalling 52 cents over a 30 months' period. Here management offered something like—something under 30 cents. The final settlement was 41. Therefore the settlement in the steel strike is less than the union got without a strike from Can, Aluminum and Kaiser, and therefore if the union and management generally join in honest efforts to increase productivity, to work together, in my opinion an inflationary price rise can be avoided, but I would like to add this: There is a rather amusing aspect of the comments on the steel strike that I would like to mention later.

*Mr. Granik: Let us go to John McCormack, and then come back to you.*

CONGRESSMAN MCCORMACK: I am sure we will be interested in that when you tell us what it is.

Of course the Administration's indecision permitted the strike to be unnecessarily prolonged. The President sat back and said that they should negotiate, and the government shouldn't exert pressure, and after nearly three months this famous disclosure that appeared in the newspapers took place, and of course everybody knows that that was government exerting its pressure, and many people—

SENATOR SCOTT: You didn't threaten to draft the workers as President Truman did in the rail strike.

CONGRESSMAN MCCORMACK: Now you are very smart, you are very clever. We are discussing the steel strike. One thing is certain, President Truman always had courage to make his own decisions, and he made his own decisions.

SENATOR DIRKSEN: Well, Mr. Granik, I would like to remind Mr. McCormack—

CONGRESSMAN MCCORMACK: Yes, you go ahead, now.

SENATOR DIRKSEN: Of course the whole desire on the part of the President was not to intrude the force of government into the strike. Otherwise what happens to free collective bargaining?

CONGRESSMAN McCORMACK: Didn't he do it ultimately?

SENATOR ENGLE: In the dock strike, why was he in the dock strike in three days, and it was over 90 days before he was in the steel strike? Was it because we had a steel surplus?

SENATOR DIRKSEN: You had other circumstances there—

SENATOR ENGLE: Well, I can say you had steel stacked all over the—

SENATOR DIRKSEN:—but here you had this bargaining in process constantly, and to hope that the bargaining would continue—you had your mediators in this picture, you were going along exactly as prescribed by the Taft-Hartley Act. And so I thought the President did the wise and timely thing. And while I am about it—

CONGRESSMAN McCORMACK: Sure, sure. And while management had the great reserves of steel, that went along without invoking the Taft-Hartley Act on the part of the President, while the steel companies were in an advantageous position to carry on the strike.

SENATOR ENGLE: While the workers were getting hurt.

CONGRESSMAN McCORMACK: Yes. And then it shifted to the side of the workers who were on strike, then he stepped in and invoked Taft-Hartley—and you coming from Pennsylvania, Hugh, ought to realize that that is so, and ought to frankly admit it.

SENATOR SCOTT: I did, but—

*Mr. Granik: Will the cost of steel go up?*

SENATOR DIRKSEN: It hasn't gone up.

SENATOR SCOTT: It hasn't gone up.

SENATOR DIRKSEN: And in these other negotiated settlements there has been an increase.

CONGRESSMAN McCORMACK: We know what is going to happen. The first increase will take place after the next election.

*Mr. Granik: Do you expect an increase, John?*

CONGRESSMAN McCORMACK: That is their first agreement.

Now everybody admits—what they are all saying is "We can see no increase in steel now." Everyone puts that word "now" in there. Nobody is deceived.

SENATOR DIRKSEN: Other factors may come into play at some time in the future. We shall see.

CONGRESSMAN McCORMACK: I will agree with Hugh that they should not increase it. They should have granted these increases to the workers, but the company, the steel companies will always increase. They are going to do it.

SENATOR SCOTT: John, the important thing to remember is this, that the price did go up after every other settlement. That the price went up—

CONGRESSMAN McCORMACK: Because the wages went up after every settlement.

SENATOR SCOTT: Let me finish this time.—that the price went up after Can and Aluminum settlements, which were negotiated a couple of months ago. The price did not go up after the steel settle-

ment, and it does not need to go up, but I want to say this about what you people have been saying about the settlement, and how it was made. In the first place you wish it had been made by somebody in your party. How well we know that. But then not knowing how to handle the settlement, with the participation of the Vice President and Secretary Mitchell—

CONGRESSMAN McCORMACK: You have a habit of exaggerating, but go ahead.

SENATOR SCOTT: You people are torn between two points of view. You don't know whether to say that Dick Nixon didn't really have anything to do with this, or that if anything untoward comes up, he is really to blame for the whole thing. Now you better make up your mind.

SENATOR ENGLE: He settled that strike on the fifty-yard line at the Rose Bowl game. He has 110,000 witnesses that he did it. I don't know how anybody can deny that he took care of it.

SENATOR SCOTT: And he was on the phone four times that very day, and he did a good job in both places.

SENATOR DIRKSEN: Theodore, this needs to be said, because the Vice President's name has come up from time to time, and it is made to appear that this was some kind of an unwarranted intrusion on his part. It is forgotten that he is the Chairman of a cabinet committee that is exploring this whole field of price stability and economic growth in the country.

Who better, who more timely and who with greater justification than the Vice President should intrude himself in the hope, of course, that this might be settled, and it was done on an entirely voluntary basis.

CONGRESSMAN McCORMACK: It is the President's responsibility.

SENATOR DIRKSEN: The force of government was not included here at all.

CONGRESSMAN McCORMACK: Now let me ask you, Everett, do you make the categorical statement here now—and we are going to ask you, Senator Scott—that there will be no increase in the price of steel as a result of this settlement? That is the question that you asked, Theodore, and that we are discussing now.

Do you say categorically there will be no increase?

SENATOR DIRKSEN: I will give you two answers: Number one, there has been no increase. Number 2, there is an understanding that through increased efficiency and greater productivity, every possible effort will be made to ward off any price increase. What more can be said about it than that.

CONGRESSMAN McCORMACK: Do you say that there will be no increase in the price of steel?

SENATOR DIRKSEN: Well, I don't know whether there will be—

CONGRESSMAN McCORMACK: As Republican leader I know you can operate with great effectiveness upon Blough and the other great

leaders, the leaders of the steel companies, to stop the American people from being subjected to further increases.

SENATOR DIRKSEN: There can be other economic factors that come into this picture that might account for some subsequent increase in steel. We hope that there will be no increase, and there hasn't been any. That is the most optimistic thing about this record.

CONGRESSMAN MCCORMACK: The first increase in wages takes place next December. There would be no justification.

SENATOR SCOTT: Well how much better a settlement that is, then, in Can, and Aluminum and the settlements made in previous years.

CONGRESSMAN MCCORMACK: The question asked by Mr. Granik is, would there be any increase in steel, in the price of steel.

SENATOR DIRKSEN: There hasn't been.

CONGRESSMAN MCCORMACK: Now you can't get away with that, Everett.

SENATOR DIRKSEN: Why not?

CONGRESSMAN MCCORMACK: The people know there is going to be no increase in wages until next December. There would be no justification for an increase in steel now. The American people have common sense. You can't just talk them out with nice high-sounding phrases.

Now I just asked you a question. Do you say now that there will be no increase?

SENATOR SCOTT: Everybody asks me a question, but nobody gives me a chance to answer. You continue to ask how can you guarantee there will be no price rise. That is exactly like asking Harry Truman whether he could guarantee that the cost of living wouldn't go up 50 percent in his Administration. It did. He never knew in advance that it did because he didn't know enough about economics to ward it off.

CONGRESSMAN MCCORMACK: To begin with, you are wrong again on 50 percent.

SENATOR SCOTT: I am not wrong at all. I am not wrong at all.

CONGRESSMAN MCCORMACK: You are wrong again, Hugh.

SENATOR SCOTT: Well, 52 percent. I was a little low.

CONGRESSMAN MCCORMACK: You are just one of these fellows who pick it out of the air.

SENATOR SCOTT: I agree, I am off. It is 52 percent.

CONGRESSMAN MCCORMACK: Again you are wrong. Now if you want us to talk about that, we can talk about the highest cost of living in our country is today, but I am not going to.

*Mr. Granik: Gentlemen, let's get to another subject, if we may.*

*In this year the issue of tax reduction and a balanced budget will assume great political significance. President Eisenhower had this to say about fiscal responsibility:*

*"One major method by which the federal government can counter rising prices is to insure that its own expenditures are below its revenues.*

*"The debt with which we are now confronted is about \$290 billion. With interest charges alone now costing taxpayers about nine and a half billion dollars each year, it is clear that this debt growth must stop. You will be glad to know that, despite the unsettling influences of a recent steel strike we estimate that our accounts will show on June 30 this year, a favorable balance of approximately \$200 million. I shall present to the Congress for 1961 a balanced budget.*

*"Expenditures will be \$79 billion 800 million. The amount of income over outgo, described in the budget as a surplus to be applied against our national debt, is \$4 billion 200 million.*

*"Personally I do not feel that any amount can be properly called a surplus as long as the nation is in debt. I prefer to think of such an item as reduction on our children's inherited mortgage."*

*Gentlemen, is there any possibility that tax revision or reduction will be enacted in this session of Congress? Mr. McCormack—*

CONGRESSMAN MCCORMACK: I doubt very much, Mr. Granik. There might be some provisions in connection with revision, but I doubt if we can afford any substantial tax reductions in the world of today. I said heretofore that I would feel happy—and I say it sincerely—because politically it is unpopular for me to say this. I know that. If the President would have recommended more taxes for greater national defense.

So I can't see where there will be any reduction in taxes as such, a policy either on the part of the Administration or on the part of Congress. To me that would be irresponsibility.

SENATOR SCOTT: John, I think the chance of tax reduction in any Democratic Congress is always remote, and more so in view of the continual attempt to increase the expenditures.

CONGRESSMAN MCCORMACK: Now will you stop indulging in politics. Do you agree with me that it would be inadvisable for either party to engage in tax reduction in the world of today at this time?

SENATOR DIRKSEN: I agree. I have become a realist about these fiscal matters.

SENATOR ENGLE: Let me make this further observation, that the Democratic Party has always believed that we ought to maintain a high level of taxes during prosperity and try to retire this debt. Get some money on it.

Now I approve of that. I think we ought to do it. It has to be paid. So we ought not to be reducing taxes when the economy is relatively strong. So now to answer your question specifically, the Congress won't reduce taxes in my opinion except as the Majority Leader of the House says, in the nature of revisions, and the Democratic Party, I believe, will support the application of surpluses to the debt.

SENATOR DIRKSEN: Well, Senator Engle, I am glad to hear you say it because—

SENATOR ENGLE: As a matter of fact, we have cut the President's requested budget every year. We have been more economical

than he has. He talks about applying \$4.2 billion to the debt. He had a deficit of \$12.5 billion the last year. Now if he gets 4.2, he has only sopped up half or a third of his deficit in the past year.

SENATOR SCOTT: Well, now, Clair, you refer to his having a deficit. You know perfectly well there is no deficit which the President has. The deficit is created by the amount which the Congress appropriates. And the responsibility of the Congress is in your hands, in the hands of John McCormack's Party.

Now when you appropriate the money, the President has to put it in the budget figures.

SENATOR ENGLE: He requested a certain amount of money. We appropriated less than he requested and because he had such a bum set of figures or he looked in the wrong crystal ball, we ended up with a 12.5 billion dollar deficit, the biggest peacetime deficit in the history of the nation.

CONGRESSMAN MCCORMACK: Now, Hugh Scott, when you say that as a member of Congress without regard to party—

SENATOR SCOTT: You know there was an economic recession.

CONGRESSMAN MCCORMACK: You just made a statement that you know is not a correct one to convey to the American people. The President of the United States submits his budget.

SENATOR SCOTT: I am not aware of having made any such statement.

CONGRESSMAN MCCORMACK: The President of the United States submits his budget and the fact is, and I don't say this from a political angle, that the Congress in six years has reduced his budget request by over \$12 billion. Now we all have a responsibility, but the President submits the budget in the first instance. It is his responsibility.

Now I hope if there is a surplus of \$4 billion \$2 million, I hope it will go toward reducing the deficit.

SENATOR SCOTT: You think in terms of deficit, John. You really must accept that.

CONGRESSMAN MCCORMACK: Yes, that is correct. A surplus of \$4.2 billion. Because to me one of the most serious questions confronting us today, and for generations to come, is this \$285 to \$290 billion debt.

SENATOR SCOTT: There is no question about that.

CONGRESSMAN MCCORMACK: It would be better to reduce that for America and all of us.

SENATOR SCOTT: It should be reduced before there is a tax reduction, but I am saying if the Congress exerts more discipline, has better housekeeping and spends less money on programs which create fixed charges and increase in the debt, that makes the chance of a tax reduction that much more remote.

SENATOR ENGLE: Now the President said something else in his message. He referred to the cost of carrying the interest. He said it was \$9.1 billion. A year ago in January it was \$8.1 billion. In other words, the interest on this debt has gone up a billion dollars.

Now the additional charges that the American taxpayer has to pay on that national debt over the period of the Eisenhower Administration has amounted to about \$6 billion, which would have bought a lot of school houses, a lot of hospitals and a lot of roads, and it is a direct contribution to the banking institutions of this nation.

SENATOR SCOTT: If you stop hamstringing the Secretary of the Treasury you will be able to reduce the interest charges.

SENATOR DIRKSEN: Senator Engle, let me say this about the debt service—meaning the interest on the public debt. First of all, interest is going up in all parts of the world. I think Congress has forgotten that money is a commodity. And when the Secretary of the Treasury has to go into the market, he has to compete with Eastman Kodak, DuPont and General Motors, Standard Oil and everybody else for the savings and thrift of the people. And realism demands that the limit on long-term marketable securities should have been lifted last year. But this present Congress refused to do it.

SENATOR ENGLE: And I think we will refuse to do it again.

SENATOR DIRKSEN: Well, of course you are going to jeopardize the country, and I think you are going to play with dynamite before you get through.

CONGRESSMAN MCCORMACK: You mean refuse to lift. There is a difference between refusing to lift the ceiling and increase the authorized—

SENATOR DIRKSEN: Let me get in this one thought: How in the world can you expect the Secretary of the Treasury to finance a \$290 billion debt on a five-year basis, because he has to operate within the short term that the statute allows now. But is that kind of a burden placed upon any kind of a large enterprise anywhere in the world, at any time?

SENATOR SCOTT: You deny the Secretary of the Treasury the same right which every state has. Every state's fiscal officer is not tied down by limitation on how much the rate of interest shall be. But you hamstring the Secretary of the Treasury and you don't let him fund the national debt and take the government out of competition by putting out long-term securities. As long as you do that, you are going to keep up the interest rate.

SENATOR ENGLE: The government has regulated the price of money since Biblical times and in this instance the government is tightening up the money which makes it harder to buy in the market, which raises the interest rate.

Now all the government has to do through its Federal Reserve regulations is to support that bond market and make more money available and those interest rates will come down.

SENATOR DIRKSEN: Well, actually, of course, the rate on money is going to be determined by market needs, by the supply, and what the man who has money is willing to rent his money for. It is just exactly that simple. And money is a commodity just like anything else, and you don't think for one minute that a citizen is going to

loan his money to the United States Government for three percent if he can go into the market and get five or six.

CONGRESSMAN McCORMACK: Money is a medium of exchange—it is a medium through which persons buy and exchange services and goods and in that respect it responds to the law of supply and demand. The result is the same.

SENATOR SCOTT: Artificially limiting it as you propose to do is a form of Neo-Bryanism.

CONGRESSMAN McCORMACK: Well, you float around so much. We are talking now about 1960.

SENATOR SCOTT: I upset you, John.

CONGRESSMAN McCORMACK: No, you don't upset me, you interest me, and you amuse me at times.

SENATOR SCOTT: I am glad to help.

CONGRESSMAN McCORMACK: You talk about hamstringing the Secretary of the Treasury. We had a four and a quarter percent ceiling for 41 years. Now I concede, due to the policies of the Federal Reserve System, with the present Administration abdicating to the Federal Reserve System that interest has been artificially forced up—artificially, not in response to the law of supply and demand alone; I will concede there would have been an increase in response to the law of supply and demand, but not the increase to the extent that already exists.

Now, I recognize that in order to—that is water over the dam—meet the present situation in long-term bonds—and there is no long-term refinancing in the latter part of this year, so there was no real urgency last year for legislative action, we could think this over—that there should be an increase, but I don't believe in lifting the ceiling because when we do that, Congress removes from its jurisdiction completely the whole question. I will be frank with you, I believe in lifting it to a point, but putting another ceiling on where the Treasury Department can refinance.

SENATOR DIRKSEN: Let's get the history books straight. Carter Glass of your party was the author of the Federal Reserve System. Its powers and duties and responsibilities are defined in the statute. The present Governor does exactly what they have done ever since it was created in 1913 and that is to properly look after the credit of the country. They haven't differed in that particular from all the predecessors to Bill Martin, who now runs that show in the Federal Reserve.

*Mr. Granik: Gentlemen, the four areas we have discussed have only scratched the surface. What do you consider some of the other crucial issues this Congress must resolve?*

*Senator Engle—*

SENATOR ENGLE: Mr. Granik, getting back to the President's message, in the field of domestic policy he was extremely vague. No detail, no specific program. To give you an illustration, one of the big problems is in the farm field. He bemoaned the surplus in certain areas, suggested that we do something to raise the farmers' income and get rid of the surplus, but promised no specific program at all. The same

thing is true with reference to his statement with regard to inflation. We are all against inflation. He said "Look at it. Why doesn't somebody do something about it?" But he offered no program. The same thing with reference to civil rights. He didn't even back the recommendations made by his own Commission.

He said they ought to be seriously considered. And he bewailed the labor-management troubles and major strikes, like steel, but he didn't say what he wanted done. Not one specific recommendation.

SENATOR DIRKSEN: Let's just look at this for a moment and see how wide my good friend and colleague, Senator Engle, is of the mark.

First of all, the message was roughly about 48 minutes long. If you put in all the specific recommendations, it could have run into hours.

SENATOR ENGLE: He didn't even promise any. Usually he says "We are going to send up one."

SENATOR DIRKSEN: It was generally understood, I think, that all these things are to be handled in supplementary messages. The first one came up yesterday with respect to interest rates. There will be other messages on labor. There will be a message on agriculture. And my friend, don't forget that the seven point program on civil rights was sent up by the President last year. I introduced the major share of it. It is still pending up there in the House and Senate. It is stuck. It is stuck in the House Rules Committee for the moment, and in the Judiciary Committee of the Senate.

CONGRESSMAN McCORMACK: Can you get us three Republican votes?

SENATOR DIRKSEN: That is not my responsibility. That is yours.

SENATOR ENGLE: I can give you a better answer than that.

CONGRESSMAN McCORMACK: I concede it is not yours direct.

SENATOR DIRKSEN: Well, not even indirect.

CONGRESSMAN McCORMACK: It is not mine. But if you would use your influence. I didn't worry about you on civil rights.

SENATOR SCOTT: You can count on me.

CONGRESSMAN McCORMACK: Yes, I know that. Absolutely. Hugh Scott, when he was on the Rules Committee, when we needed a Republican vote for progressive legislation, he was—

SENATOR ENGLE: He was even good to me sometimes on Western projects.

SENATOR DIRKSEN: I am glad to hear that.

SENATOR SCOTT: I do like to hear those kind of things, but I do want to know, John, have you signed the discharge petition—

CONGRESSMAN McCORMACK: As you know, leaders don't sign. You know that, Hugh.

SENATOR SCOTT: Normally, but how can you as a leader, or Sam Rayburn, blame the Republicans when you and Sam haven't signed the discharge petition yourselves.

CONGRESSMAN McCORMACK: You know as well as I do, leaders don't sign. Now there are only about ten or 11 Republicans who have signed to date in the House.

SENATOR SCOTT: I agree there should be more Republicans, and more Democrats, but I believe it should include the Majority Leader and the Speaker.

CONGRESSMAN MCCORMACK: I agree—you are very clever.

SENATOR SCOTT: Not clever, just simply stating the facts.

CONGRESSMAN MCCORMACK: Oh, yes, you know it is a time—honored custom for leaders in the House not to sign a discharge petition.

SENATOR SCOTT: And there is also a good time to break a custom, John, and this is it, because civil rights are more important than time-honored customs.

SENATOR DIRKSEN: Well, Theodore, I want to nail down before we get away from this—

CONGRESSMAN MCCORMACK: Now, just a minute—

*Mr. Granik: Let him nail this down and we will come back to you, John.*

SENATOR DIRKSEN: That is, that there will be supplemental messages all through this session. That was the purpose of keeping this State of the Union Message at a high level without these specific recommendations, because those can be handled at a subsequent time. And there will be scarcely a week go by when there will not be a message from the White House, and I emphasize once more that it needs no further message so far as civil rights is concerned, because the President stated the case, the bills are introduced, they are there, and you have two soldiers on the line for every one that I've got, both in the Senate and in the House.

CONGRESSMAN MCCORMACK: The fact remains that the first civil rights bill since the Civil War, nearly 90 years, passed in the 85th Congress. Now with the split in the Democratic Party, that was a Democratic-controlled Congress—only four years before, Everett, there was an 83rd Republican Congress which was controlled by your party, both the House and the Senate, and the White House, and yet no civil rights bill was reported even out of committee by the House or the Senate. So it was a Democratic-controlled Congress that passed the measure.

SENATOR SCOTT: The civil rights bill that passed—wait John.

*Mr. Granik: Let him finish and we will come right back.*

SENATOR SCOTT: Don't be clever with us. Don't be clever with us.

CONGRESSMAN MCCORMACK: And we are going to put through the amendments this session, too.

SENATOR SCOTT: Don't be so clever with us, because the civil rights bill that passed in the 85th Congress passed because it had not only a higher percentage of Republican support than Democratic, but if I am not mistaken, more Republican votes. Even though we were so few in number.

CONGRESSMAN MCCORMACK: What I said is—and you can't get away from it—four years ago in the 83rd Congress with Republican control, with Mr. Eisenhower in the White House, complete control of

government, that the Republican-controlled committee of the House and the Senate didn't even report a civil rights bill out of committee, and you can't get away from that.

SENATOR SCOTT: Maybe we can make you look better than we can ourselves, perhaps.

CONGRESSMAN MCCORMACK: In your party it shows the difference between promise and performance. I am not talking about either one of you two, now.

SENATOR DIRKSEN: John, on that point, let me just make this clear: As you know on adjournment day last September, we had an understanding that a bill will be called on the Senate floor and it will be open to amendments so that civil rights will get a hearing.

SENATOR ENGLE: The 15th of February.

SENATOR DIRKSEN: That is correct. We set the day. I don't know what more you can do. We canvassed the whole situation, and I think, John, when you talk about promise and performance, we have performed.

CONGRESSMAN MCCORMACK: Well, put some of your spirit in the Senate, there, over into the Republican Party in the House.

SENATOR DIRKSEN: But John, you are the Majority Leader.

CONGRESSMAN MCCORMACK: Yes, but your party has responsibilities.

SENATOR DIRKSEN: I am only the Minority Leader in the Senate.

CONGRESSMAN MCCORMACK: You have your responsibility and every member of the Republican Party is elected from a Congressional District and they have the responsibility to their people. And they have the responsibility as individual members of Congress to serve their people.

SENATOR SCOTT: John, if you can't get a bill out with a two to one majority, how many Democrats does it take to get action?

CONGRESSMAN MCCORMACK: Well, now, do you admit that the Republican members of the Rules Committee should vote as they feel on legislation? You did, didn't you?

SENATOR SCOTT: I did, yes.

SENATOR ENGLE: Getting back to this very fuzzy statement made by the President in his State of the Union Message on domestic issues, is he going to send up a program on labor-management relations with reference to nationwide strikes? Is he going to recommend something specifically with reference to civil rights, in addition to what he has already sent up? Because his Civil Rights Commission advocates more.

SENATOR DIRKSEN: He doesn't need to make a recommendation on it. If you are referring, of course, to those things contained in the report of the Civil Rights Commission, the reports have been submitted to Congress. We created the Commission in the first instance. We are free to take anything out of the report, offer it as an amendment on the floor of the House and Senate and incorporate it in a civil rights bill if we can get it enacted.

*Mr. Granik: This has been a special report presented by THE AMERICAN FORUM OF THE AIR by the Westinghouse Broadcasting Company. Thank you, Senator Everett McKinley Dirksen, Minority Leader of the United States Senate, Congressman John McCormack, Majority Leader of the House of Representatives, Senator Hugh Scott of Pennsylvania, and Senator Clair Engle of California, for being our guests on this special AMERICAN FORUM program. And now this is Theodore Granik bidding you good bye.*

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