

*AC/No.7/June 2017*

# *American Capitalism*

---

## PURSUING PROSPERITY, 1953-1961

---

*Louis Galambos*

Johns Hopkins Institute for Applied Economics,  
Global Health, and Study of Business Enterprise



## **Pursuing Prosperity, 1953-1961**

By Louis Galambos

Co-Director, Institute for Applied Economics, Global Health, and the Study of Business Enterprise,  
The Johns Hopkins University

### **About the Series**

The *American Capitalism* series is under the general direction of Prof. Steve H. Hanke, Co-Director of The Johns Hopkins Institute for Applied Economics, Global Health, and the Study of Business Enterprise ([hanke@jhu.edu](mailto:hanke@jhu.edu)).

### **About the Author**

Louis Galambos is a Research Professor of History; Editor of *The Papers of Dwight David Eisenhower*; and a Co-Director of the Institute for Applied Economics, Global Health, and the Study of Business Enterprise at The Johns Hopkins University. His major interest in recent years has been innovation and, in particular, the interactions between individuals and organizations in the private, public, and nonprofit sectors that foster entrepreneurship in America.

*This chapter is from Louis Galambos' Eisenhower: Leadership, Identity, and the Middle Way, forthcoming at the Johns Hopkins University Press.*

## CHAPTER TEN

### PURSUING PROSPERITY, 1953-1961

In January 1953, Dwight Eisenhower became the leader of an American economy that faced three major challenges. One stemmed from a postwar settlement that had laid the foundation for a second globalization of the world economy. The first, British-led globalization of the late nineteenth century had been destroyed long ago by the First World War and the retreat in the 1920s and 1930s to nationalism, then to autarky, and finally to war again. Now the United States had replaced Britain as the informal overseer of the global movement, but it was still not at all clear in 1953 that America would be up to this task. There were serious internal struggles over trade policy and international competition, struggles that frequently tied Congress in knots and made it difficult to frame coherent policies.<sup>547</sup>

Another closely related challenge involved America's capacity to generate the productivity gains and basic innovations that had powered the nation's growth since the nineteenth century.<sup>548</sup> Many learned analysts thought that the second industrial revolution had run out of gas. The leading industries of that amazing

era, they concluded, would no longer provide America with new investment opportunities or the country's consumers with the new goods and services they had come to expect. There was serious discussion in the late forties and early fifties of stagnation or even worse, stagflation, a devastating combination of slow growth and high inflation.<sup>549</sup>

The third problem was easier to understand but still difficult to solve. It stemmed from a combination of accumulated federal obligations, the ongoing expenditures for the war in Korea, and the added expenses of a major military buildup. The 1953 deficit would be \$6.5 billion – an amount that would foster inflation if Congress ended the Korean War program of price controls.<sup>550</sup>

These challenges had global as well as national implications. Since 1945, the United States had been the bulwark for the capitalist nations arrayed against the Soviet Union and its allies and client states. The United States was also providing essential support for the new array of international institutions – the United Nations, the International Monetary Fund, and the World Bank – designed to prevent the kind of economic nationalism and beggar-thy-neighbor autarky that had led the world toward war in the 1930s. Meanwhile, America had pumped substantial Marshall Plan subsidies into the effort to spur western Europe's postwar recovery.<sup>551</sup>

In the new President's mind, the links between these international programs, the nation's foreign policy, and the success of its domestic economy were crucial and self-evident. He fully understood that one of his most important tasks was to guide the world's largest industrial economy by working with Congress to craft policies that would help to keep business profitable, hold down unemployment, control inflation, and promote growth. These were awesome goals. To some considerable extent, they were conflicting goals.<sup>552</sup> They were a formidable challenge to the new administration and its leader.

Especially so because nothing in Eisenhower's long Army career had prepared him for this new role. In the aftermath of World War I, he had developed an economic mobilization plan for the War Department, but his understanding of and interest in America's very large, very complex economy was shallow. He sought and received advice about industry from investors like Bernard Baruch. But he appears not to have developed any particularly salient ideas that would help him in 1953. Even during the Great Depression of the 1930s he had given little thought to what made America's capitalist system tick – or not tick.

Many of his experiences as a professional soldier were, however, relevant to his tasks in the White House. He had learned how important it was to operate within the given political context and to draw upon the best professional expertise available in that setting.<sup>553</sup> He had learned from painful personal experiences how

easy it is to get into economic trouble and how important it was to avoid getting trapped in that way. Ike knew that he would have to build an effective team and provide them and the nation with an appropriate vision of America's past, present, and future. In the realm of economic policy, he was not entirely prepared to do all that in 1953. As President, he was in effect sent back to school, and his performance would provide a good test of his ability to learn on the job and give effective leadership to his administration.

### **A Collage of Economic Ideas**

While lacking formal training or knowledge of the economy, his mind was filled – as most of ours are—with random economic ideas.<sup>554</sup> Many of these traces of thought were rooted in his personal experiences. Some of the ideas had been gathered long ago when he was growing up in Abilene, Kansas, when he was far more interested in football than finance. His family -- as we have seen in previous chapters -- was poor and money was always tight. Life near the railroad tracks was not easy, and Ike and his brothers were familiar with hand-me-down clothing. It may sound quaint or even humorous to you, but my sense is that it was not easy or fun when one of the younger brothers had to wear a pair of women's second-hand shoes to school. All of that was distant by 1953, but Ike's early life left him sensitive to the impact the economy could have on those Americans whose

incomes were low and relatively fixed. There were many Americans who had shared these experiences in the 1930s.

His own career and those of his brothers convinced Eisenhower that even the poorest American could better his income and status if he got an education and worked hard. The best road to progress and upward mobility for white Kansans of that era was through the professions. Ike's father had worked hard. But lacking the right kind of education and career, he was stuck for much of his life in the American Nightmare, a detour on the highway of American Dreams. David could barely support his family and certainly could not help his sons pay to attend a college or university. Later, long after Ike left Abilene, David completed his degree through a mail-order school and at last made it into a white-collar job. But finishing his education was an afterthought to a long career spent performing the kind of labor that garnered little respect and even less income in an advanced, urban society.

Ike's older brother Edgar had charted a far better course at the University of Michigan and in the legal profession. He had quickly achieved the material success and status that had eluded their father. Edgar was not the only brother in the Eisenhower household who had successfully scaled the capitalist ladder. To one degree or another, along one path or another, all of the brothers had pushed

their way up in a society that seemed happy to reward the right mixture of intelligence, self-discipline, and ambition.

After young Dwight had launched his military career, he had also learned something about the perils of debt. Like much of the working class and many middle-class Americans, Eisenhower periodically wanted to buy more than he could afford.<sup>555</sup> He had suffered an embarrassing episode when he did not have enough cash to buy the uniforms he needed to serve in his first post. Later, his career was endangered when he misled the Army about expenses for a son who was not then living with him. He emerged from these experiences with a visceral opposition to debt. In that sense, he resembled the average American in the 1950s but was an anomaly in a Republican Party that included many businessmen and women who built their fortunes by using debt successfully.

### **Post-Graduate Training in Economic Policy**

To help Ike translate his core ideas into specific economic policies, his team of shadow supporters for the presidency had begun introducing him to the major economic issues facing the United States. They started this informal course of post-graduate training long before he had actually announced his decision to run for office. Some of the economic grooming had been informal: it popped up in the conversations he had when he was playing bridge with businessman Ellis D. Slater



or *New York Herald Tribune* publisher William E. Robinson. It arose in his frequent dealings at Columbia University with business leaders like Thomas Watson of IBM.<sup>556</sup> The more formal phase of his economic education was initially handled by George A. Sloan, a director at the United States Steel Corporation. Sloan's approach was gentle. It began at a dinner with Ike, Mamie, and Mr. and Mrs. Sloan in 1950.<sup>557</sup> Then, Sloan visited Ike in Paris and tried to nudge him toward a run at the presidency. Sloan also reported on the possibility of a major economic downturn and provoked the following response from the General:

“When people are out of work, bewildered, and see their families enduring privation, they instinctively turn to the greatest temporal force of which they know—the government—for relief. In doing so, it is easy enough to forget that all powers of government must always be carefully and intelligently limited or it is certain to become the master of the people who have set it up. In other words, catastrophes of the kind we are now describing become the occasion for weaving into governmental organization, procedures, and functions a net in which is caught an increasing portion of the individual political and economic liberty which is the basic characteristic of our system.”<sup>558</sup>

Would Eisenhower allow the people to sink or swim? No. “These things could be thought about in advance—they could be studied and the intellectual climate so developed that, in time of emergency, *the individual would get all the*

*help he needed* but without permanent damage to the essentials of representative government.”<sup>559</sup> Obviously, the Great Depression of the 1930s and the New Deal programs prior to World War II were front and center in Ike’s mind.

Although at that time he was preoccupied with the situation in Europe, Eisenhower said he was grateful for Sloan’s report “on the American scene.” He asked for additional “interesting condensed reports...” There was little chance that Sloan would not respond positively to that request, as he was now deeply engaged in the process of easing Ike into the presidential campaign. Further reports followed from those Eisenhower referred to as “my friends.”<sup>560</sup> They were of course much more than that. They pressured Eisenhower to speak more specifically to “the issues,” rather than the principles the General was expounding.<sup>561</sup> On matters of national security in the Cold War, Eisenhower had in mind both a general statement of strategy and specific measures to implement that strategy.<sup>562</sup> But he left domestic policy more abstract than Sloan and his colleagues felt would best serve the purposes of the fast-approaching political campaign. But as it turned out, Ike was able to win both the nomination and the ensuing campaign without committing himself to a specific set of economic policies. That quickly changed, however, after he won his sweeping victory in the election and began to marshal his new administration.

## Getting Up To Speed

In preparation for that momentous transition, the President-Elect quickly put together a team. Because he lacked a solid background in domestic policy, Ike's choices for his economic advisors were extremely important. His Secretary of the Treasury, George M. Humphrey, who came out of Ohio and the Taft wing of the Republican Party, brought good business sense to the table and a tendency to focus very tightly on taxes. Similar input with a similar tilt came from Budget Director Joseph M. Dodge and from Gabriel Hauge, who was the President's Special Assistant for Economic Affairs. Economist Arthur F. Burns, the new head of the Council of Economic Advisors, played a different role. He put the President in touch with the work being done at the National Bureau of Economic Research and with the Keynesian economics that had swept into America following World War II. It was a measure of Eisenhower's respect for Burns and also of the President's weak background in economics that he allowed Burns to select the other two members of the Council.<sup>563</sup>

Together, this team helped the President frame the specific policies set forth in his first State of the Union message to Congress (February 2, 1953). The address was important because it placed before the legislature, the nation, and all those foreign observers attuned to developments in the United States an economic program that would frame the administration's next four years. With some minor

adjustments, Eisenhower would promote the same basic programs in his second term. Four central themes emerged: first, the need to achieve economic growth through greater *efficiency* in both the public and the private sectors; second, the closely related need to promote *innovation*, the “creative initiative in our economy.” Along with the “economic health and strength” created by achieving the first two aims would come “*equality of opportunity*,” buttressed by the “safeguards against the privations that too often come with unemployment, old age, illness, and accident” – that is, the *economic security* essential to life in “a complex industrial economy.”

Very soon, Eisenhower began to give specific form to this vision for America’s economic future. The generalizations characteristic of all political campaigns gave way to very detailed policy proposals. Economic growth, Eisenhower said, could be achieved in several very precise ways: for starters, they needed to get rid of price controls, reduce the government’s debt, and balance the budget.<sup>564</sup> By stabilizing the economy, his administration would be able to promote the innovations that would flow from “the free play of our people’s genius for individual initiative.” The national effort to achieve efficiency would start with the federal government and ripple to the private sector: “we are concerned with the encouragement of competitive enterprise and individual initiative precisely because we know them to be our Nation’s abiding sources of strength.”<sup>565</sup> This

plan left Ike supporting the traditional antitrust policy and leaning hard against those pressing to cut taxes quickly and those who wanted to continue spending as usual. On these bedrock issues, he had to be tough. On taxes, for instance, there was at first hardly any room for the kind of compromises his conciliatory approach to leadership normally favored.

This program, he was certain, would not interfere with his administration's efforts to see that Americans would also have the economic security they needed and the equity they deserved. He thought that economic growth without a good measure of security could not be successful over the long-term in a democracy. He was not a leveler – a reformer determined to eliminate inequality. Like most Americans, he assumed that *equality of opportunity* would suffice to bring to the top those deserving strivers who – like his siblings – had worked their way up from the other side, the poor side, of the railroad tracks.

### **Realities of Economic Growth**

The first battleground was fiscal policy. He initially had immense power to shape the legislative decisions on taxes and spending. He knew it and he used that power with his own closest advisors and with the Republicans who controlled Congress. He managed to hold taxes at the abnormally high level set for upper-income individuals and corporations during the Korean War crisis. Feeling

pressure in his own party on the tax issue, he noted in his diary: “I believe that the American public wants security ahead of tax reduction and that while we can save prodigious sums in the Defense Department without materially hurting our security, we cannot safely, this year, knock out enough to warrant an immediate tax reduction.... [He feared] another deficit of extraordinary size... [that] would be most inflationary in its effect.”<sup>566</sup> The end of the war in Korea and the adoption of a new defense strategy enabled Ike to nail down his most important economic accomplishment: a balanced budget in 1956. He achieved that objective while dealing with numerous issues that he considered sideshows to the nation’s main economic features.

One of those dangerous sideshows was provided by the volatile Senator Joseph McCarthy. Ike had been badly burned in the campaign when he sacrificed his friendship with George Marshall in order to avoid a public spat with McCarthy. Now the President adopted a passive strategy for dealing with McCarthy’s wild, inaccurate charges that communist spies had infiltrated major American institutions and were threatening the republic. McCarthy was a dangerous demagogue whose charges played on people’s fears about the Cold War struggle with the Soviet Union. Refusing to bring more attention to McCarthy, Ike worked quietly, covertly, and effectively to undermine the Senator from Wisconsin. By taking this course, Ike left the American people without the kind of forceful public

leadership they needed on this issue. Ultimately, however, Eisenhower's strategy was successful and McCarthy was defeated in 1954, leaving the President opportunity to concentrate on what he considered to be the vital issues before the nation.<sup>567</sup>

He had much to do on these other fronts. As if to punish the President for his fiscal accomplishments, the congressional elections in 1954 had left him burdened with a Democratic majority in the House of Representatives. That called for additional compromises, but Eisenhower proved adept at working with Congress, even with liberal Democrats who had a more expansive attitude toward debt than Ike did.<sup>568</sup> The reward for those necessary compromises and for the grinding effort to reduce federal expenditures came with another balanced budget in 1957. Eisenhower would enjoy his third and last balanced budget in 1960, an accomplishment that was neither well understood nor appreciated during the presidential campaign that year when Vice President Richard Nixon ran against John Kennedy.

To Eisenhower, however, these budgets were of vital importance: they helped to create the relatively stable economic environment that he believed was the essential context for promoting secular economic growth. They also gave the administration maneuvering room when it had to weather downturns in the business cycle, as it did during a brief recession in 1953-54, again in 1957-1958 to

a deeper and longer recession, and finally to a less challenging decline in 1960-61.<sup>569</sup>

With the assistance of a Federal Reserve Board that accepted Ike's emphasis on preventing inflation, the administration survived these recession challenges with its basic strategy intact. While Eisenhower formally respected the Fed's autonomy, he worked closely with Chairman Martin to keep the government united and focused on controlling inflation first and then promoting balanced growth.<sup>570</sup> The most serious challenge to this policy was in 1957-1958, when unemployment reached 7.6% despite a 3% rate of inflation. Still, the administration held the line. In peace, as in war, Eisenhower relentlessly sought the Middle Way through compromise and cooperation within his administration, within the government, and within the entire American society.

The President tried to promote efficiency in both the public and the private sectors. Without changing the statutory missions of the federal agencies, he called for and received reduced budgets.<sup>571</sup> This negative approach to increasing productivity by simply cutting an agency's budget was not likely to yield good results over the long-term, but it was about all that a Chief Executive could do in the short-term. In the private sector, his major initiative was a fundamental improvement in America's transportation infrastructure. In 1956, Eisenhower signed the bill creating and funding a national highway system that the President



linked to national security. His personal experience with America's poor highways in 1919 gave him ample reason to press hard for a federal investment in transportation efficiency that was more consistent with a liberal, New Deal ideology than with a Republican perspective on political economy.<sup>572</sup>

More consistently conservative was his effort to rein in the agricultural subsidy program. From his perspective all that he was doing was bringing agricultural policy into line with the changes that had taken place in this sector of the economy during the years since the Great Depression. Agriculture from the late 1930s through WWII and into the 1950s had experienced revolutionary changes in productivity and organization. Innovations in breeding and mechanization were matched by economies of scale in corporate farming.<sup>573</sup> Still, the political pressure to preserve the subsidy system created under the New Deal was intense, and after eight years of struggle, the expenditures on control were just as high as they had been in 1953. The interest groups and their friends in Congress won this fight – the worst defeat of Ike's eight years in office.<sup>574</sup>

What was missing from Eisenhower's initial approach to the economy was an aggressive effort to promote in business the kinds of innovations that were – with substantial, long-established, local-state-federal support – transforming agriculture. With regard to business, the central assumption of the first Eisenhower administration was that after the federal economic house was in order,

private initiatives would take hold and produce the innovations that would prove the “stagnationists” wrong about America’s economic future. To some considerable extent, Eisenhower and his closest advisors were still deeply invested in and interested in the great firms that had given the United States a leading edge in the second industrial revolution. One of the leading symbols of this mindset was Secretary of Defense “Engine” Charlie Wilson of General Motors. Wilson famously elided the differences between GM and the national economy: “what was good for our country” he proclaimed, “was good for General Motors, and vice versa.”<sup>575</sup>

For the most part, Eisenhower initially agreed with this simple formulation. While the administration’s budgets included support for basic research at the National Science Foundation, agricultural research, the National Institutes of Health, and government purchases of advanced equipment (including, in particular, computers), the Eisenhower concept of political economy was at first more passive than active.<sup>576</sup> There were of course “spill-overs” from the national security program.<sup>577</sup> Government purchases had for some years been an important form of support to the computer industry.<sup>578</sup> But this was not a planned program to encourage innovation. Eisenhower’s strategy assumed that once the government had balanced the budget and had begun to create a business-friendly environment, the private sector would on its own generate the innovations that would sustain

American growth. In 1954, Ike carefully analyzed the economic problems confronting him: they ranged from the farm problem and public power to drought and disaster relief. The need to promote innovation through scientific and technological advances was not on the list.<sup>579</sup> The President meant what he said when he looked to “the free play of our people’s genius for individual initiative.”

Then, strangely, inadvertently, miraculously, it actually happened. The geniuses were many and for some years they worked far away from the media’s gaze. But the wellspring of America’s third industrial revolution had already begun to flow in 1947 when Eisenhower was Army Chief of Staff. Contrary to economic logic and common sense, the foundational innovation came from a giant, pervasively regulated, heavily bureaucratized corporation. The Bell System’s discovery, the transistor, had quickly acquired a national and international reputation. But the transistor was only popular among those firms, individuals, and government organizations that had something very specific to gain from a new type of electronic switching device. AT&T made the invention available through reasonable licensing contracts, and by the mid-1950s the dynamics of the third industrial revolution, the digital revolution, were taking hold in the United States. At Fairchild Semiconductor and a few other firms, the transistor evolved into the integrated circuit and laid the technological base for what would shortly become California’s Silicon Valley – America’s digital heartland.<sup>580</sup> This was more

“genius for individual initiative” than even Ike could have wished for in early 1953.<sup>581</sup>

The Eisenhower administration’s role in this stunning economic transition remained unchanged until the Soviet Union sent Sputnik into orbit in 1957. Congress, the media, the public, and America’s allies were all shocked by the Soviet accomplishment.<sup>582</sup> The United States had long been protected by the Atlantic and Pacific Oceans, but now those natural barriers seemed less formidable and isolation a dwindling option. Eisenhower remained calm. He was confident that the Soviet satellite was not a threat to America’s national security. But he decided that his administration had to take a more positive and visible position on scientific and technical change and had to do that quickly.<sup>583</sup>

Changes came tumbling out of the White House.<sup>584</sup> Ike spoke to the nation on “Science in National Security” and announced that he had appointed a new advisor, Dr. James R. Killian, Jr., of M.I.T., as his special assistant on science and technology. New appropriations followed. One created the Advanced Research Projects Agency (ARPA, 1958, later, the Defense Advanced Research Projects Agency, DARPA), a defense organization whose mission included the promotion of public-private innovations that would strengthen America’s leadership in high technology.<sup>585</sup> The administration was, in effect, laying the foundation for the public science/technology infrastructure that would in a few years develop the

internet and support other innovations in digital technology.<sup>586</sup> It would be some years before the innovations in electronics would begin to have a major impact on the national economy, but by 1960 it was already evident that America's private sector was not about to become stagnant.

What, then, was Eisenhower's record on economic growth? The aggregates are impressive without being overwhelming. The average annual growth rate of real Gross Domestic Product (GDP) over the eight years that he was President was about two and a half percent. The economy was keeping ahead of an expanding population. GDP per capita increased, as did the work force, which grew from 63 to almost 70 million workers. Women had been joining the work force in increasing numbers since World War II and that important trend continued. The number of female workers went up by 3.8 million during Ike's eight years in office. Private investment was up by 39%, and this all took place while the inflation rate was held to an average of about 1.4%. There was no appreciable change in income distribution, so the major gains in equality that Americans had realized during World War II were sustained.

We do not have figures on the rate of increase in start-up firms, but we do know that a series of successful and important new businesses got going during these years. Most impressive was Fairchild Semiconductor, in part because it was the training ground for the executives who went on to found Intel in 1968. Other

firms organized during the Eisenhower administrations included Thermo Electron (today Thermo Fisher Scientific), Semtech, and Tyco International.<sup>587</sup> By the end of the 1950s, America had a set of private and public institutions that would enable it to lead the world into the next phase of the digital revolution. Ike's confidence in the "people's genius" was amply rewarded.

Along the way to this conclusion, not all of the economic news was favorable. Capitalism is a restless system, and Eisenhower had to contend with the three recessions we mentioned before. The cyclical downturns in 1953-54, 1957-58, and 1960-61 all inspired intense fear that the economy might be sagging back into a major depression. The memory of the 1930s had not yet been erased from the minds of most Americans of working age, including President Eisenhower.<sup>588</sup> Two of the recessions were, however, relatively mild: the unemployment rates peaked at slightly over 6% in 1954 and 6.8% in 1960. More serious was the 1957-58 recession, which pushed unemployment to a peak of 7.6%. In all three cases, the combination of Federal Reserve monetary policy, automatic stabilizers, and the administration's fiscal policy worked to cut off potential downward spirals.<sup>589</sup> On average, unemployment hovered around 5% for the entire eight years of the administration. It was a thoroughly "Middle-Way" style of capitalism.

Less successful was Eisenhower's encounter with foreign trade. Here, he hoped to maintain liberal trade policies that were consistent with his concept of the

creative role competition played in fostering economic progress. Paradoxically, however, problems arose because of the success the United States was achieving in stabilizing the free-world economy and encouraging economic recovery following WWII. Japan was enjoying a surge of economic development supported by the United States. President Eisenhower continued that support through both of his administrations. For reasons linked to Cold War national security, Ike saw Japan as the United States' bulwark in the Pacific, just as Germany was an essential ally in Europe. When, however, Japanese exports to the United States shot up, he found it necessary to negotiate a series of "voluntary export restraints" with Japan. These agreements temporarily relieved the pressure on particular American firms. But they were not a solution to America's encounter with fierce global competition and were inconsistent with Eisenhower's emphasis on the long perspective in economic policy.<sup>590</sup> He left that problem in the lap of the next president.

### **Realities of Economic Security and Equity**

To Eisenhower, there was no serious conflict between policies that supported economic growth, innovation, and efficiency and those that provided Americans with greater security and an enhanced sense of equity. He was not concerned about the high taxes paid by upper-income groups even though they were a core element in the Republican Party. Controlling inflation was more

important to him than reducing the taxes paid by wealthy individuals and large corporations. “It would be most unfair,” he explained in 1953, “to grant tax relief to one group when we cannot yet afford to grant it to all.”<sup>591</sup> Insofar as the Eisenhower and Federal Reserve blend of fiscal and monetary policies held down inflation, they provided a greater measure of security to all those citizens with fixed incomes.

Many Americans were attempting to live on their monthly social security payments, and Eisenhower understood how difficult that could be. His brother Ed was far to the right of the Middle Way. Ed resented entitlements and attacked the entire social-welfare system as a government give-away that should be curtailed. Still attempting to be the dominant older brother, Ed was full of suggestions about everything from defending the Constitution to making Supreme Court appointments. Ike – certain that he and not Ed had been elected President – was at first patient with his obstreperous older brother.<sup>592</sup> But in November 1954 Ike finally exploded: “the Federal government cannot avoid or escape responsibilities,” he wrote to Ed, “which the mass of the people firmly *believe* should be undertaken by it. The political processes of our country are such that if a *rule of reason* is not applied in this effort, we will lose everything—even to a possible and drastic change in the Constitution. This is what I mean by my constant insistence upon ‘moderation’ in government. Should any politician



attempt to abolish social security, unemployment insurance, and eliminate labor laws and farm programs, you would not hear of that party again in our political history.”<sup>593</sup> As if to add a final forceful period to that verbal blast, the President supported another expansion of the Social Security System and was able to sign the measure in August 1956.<sup>594</sup>

Throughout his two administrations, Eisenhower backed a variety of new programs where he could see a real need for federal action. That continued to be more important to him than an abstract principle about getting the federal government out of activities that should be left to the states. He worked hard to reduce federal involvement where he thought it was unwarranted, but he added to the government’s responsibilities when he was certain it would serve the national interest. Fending off the right wing of the Republican Party and suppressing his own constitutional misgivings, he promoted increased federal involvement in education and the construction of a massive federal road system. He sold the road system to the public on national security grounds.<sup>595</sup> Eisenhower also made no effort to change the Congressional policy of using the surplus in social security to fund other programs.

Eisenhower gave substantial consideration to providing Americans with equality of opportunity. He never mistook that for equality of outcomes. He was too experienced in the ways of the world to seek the sort of absolute equality

communist leaders frequently touted as an advantage of the socialist system. But where opportunity was concerned, he moved quickly and forcefully to establish his position. Convinced that education played a powerful role in opening the way to jobs and promotions for Americans, Ike was willing to use the federal government's resources to promote school construction in kindergarten through 12<sup>th</sup> grade education.<sup>596</sup>

Ike understood that African Americans were blocked from the education they deserved and the job opportunities they needed. In 1954, the Supreme Court overturned the state laws that had kept African American and white children in separate and distinctly unequal schools.<sup>597</sup> That, for Eisenhower, was now the law of the land. While privately he would have preferred a more moderate step forward, he did not question his responsibility for enforcing the law. He tried to establish racial equality where he had the authority to act. In matters of civil rights, Ike was something of a convert. During his long career in the military from 1915 through D-Day, he had never officially or informally complained about policies on racial segregation in the Army. In the latter stages of the war in Europe, however, he had insisted that African-American soldiers should be allowed to volunteer for combat duty.<sup>598</sup> In this limited case, he had been successful in changing the policy.

In 1953, however, he moved quickly and forcefully to open opportunities for African Americans: he eliminated segregation in Washington, DC, and pushed forward with the desegregation of the military – a policy that President Truman had begun in 1948.<sup>599</sup> Seeking a more decisive change, he worked closely with Democratic leader Lyndon Johnson to push through Congress the first civil rights act of the 20<sup>th</sup> century. Fierce Dixiecrat opposition prevented the passage of a truly formidable measure. So the Civil Rights Act of 1957 fell short of what was needed to protect African American voting rights and opportunities for education and employment. But it broke ground for the later, more powerful measures and was a step toward federal support for the development of a society that eventually might not discriminate against people of color.<sup>600</sup>

In 1957, when Governor Orval Faubus of Arkansas challenged federal authority by employing the state's National Guard to block court-ordered integration of the high school in Little Rock, Eisenhower moved decisively to defend federal authority. He tried first to avoid a confrontation that he knew Faubus could not win. But when discussion failed, the President ordered a stop to the obstruction of justice, federalized the state's National Guard, and sent troops from the 101<sup>st</sup> Airborne Division to enforce with success the court order. For Eisenhower, this struggle had at least three major dimensions: he was concerned about the damage it did to America's reputation abroad; he was incensed by the

direct, senseless challenge to a federal court; and he was now and would remain deeply concerned about equality of opportunity through education.<sup>601</sup>

### **Eisenhower's Style of Prosperity**

When Eisenhower turned over the White House to President John Fitzgerald Kennedy in January 1961, he gave the new Democratic Administration an American economy that was in better shape than the one Ike had received from Truman in 1953. The economy was well attuned to the Middle Way philosophy of government. The budget had been balanced in 1960, and the recession of 1960-1961 was relatively mild. With recovery, the economy would be positioned for another surge of growth and more advances in the new digital technology. That would not satisfy President Kennedy, Vice-President Johnson or their economic advisors, who would seek to close the gap that they saw between the economy's potential and its performance.

Eisenhower and his team, however, would leave office satisfied that they had achieved most of their long-term goals in the realm of political economy. In his last economic report to the Congress on January 20, 1960, President Eisenhower described an economy that had achieved record-breaking levels of production, income, and employment. By avoiding "speculative excesses and

actions,” he thought the United States would be able to maintain a low rate of inflation and still have “the basis for a high, continuing rate of growth.”<sup>602</sup>

Above all, Ike and his team had given the nation an economy that was suited to a Cold War that was likely to last longer than any of them would be alive. He had recognized from the beginning of his first administration that America’s economic strength would be crucial to an ultimate victory in the struggle against communism. Over his eight years in office, he had never lost sight of that goal. In 1956, Soviet Premier Nikita Khrushchev had threatened to bury the United States and its allies as the communist economies surged ahead. By 1961, Eisenhower had shown the Soviets just how difficult that would be.

---

**CHAPTER TEN: PURSUING PROSPERITY, 1953-1961**

<sup>547</sup> Robert E. Baldwin, “The Changing Nature of U.S. Trade Policy since World War II,” in Robert E. Baldwin and Anne O. Krueger, eds., *The Structure and Evolution of Recent U.S. Trade Policy* (Chicago: University of Chicago Press, 1984), 5-32, available at [www.nber.org/chapters/c5828.pdf](http://www.nber.org/chapters/c5828.pdf). Douglas A. Irwin, “The GATT in Historical Perspective,” *American Economic Review*, 85 (May 1995), 323-28. Devesh Kapur et al., *The World Bank: Its First Half Century, Volume I, History* (Washington, DC: Brookings Institution Press, 1997), 1-14, 57-138; also see Catherine Gwin, *U.S. Relations with the World Bank, 1945-1992* (Washington, DC: Brookings Institution Press, 1994), 195-207.

<sup>548</sup> Many analysts focus primarily on productivity as the source of American economic growth in the twentieth century. See, for instance, Marc Levinson, *An Extraordinary Time: The End of the Postwar Boom and the Return of the Ordinary Economy* (New York: Basic Books, 2016). Unfortunately, this leaves out the innovative goods and services that frequently drive the growth process, especially in the digital era.

<sup>549</sup> Alvin H. Hansen, the distinguished Harvard economist, had been insisting since the late 1930s that the United States had entered a phase of “secular stagnation.” See, for instance, his presidential address to the American Economic Association, “Economic Progress and Declining Population Growth,” *American Economic Review* 29 (March 1939), 1-15. See also the following by Hansen: *Full Recovery or Stagnation?* (New York: W.W. Norton & Company, 1938); *America’s Role in the World Economy* (New York: W.W. Norton & Company, 1945); and *Economic Policy and Full Employment* (New York: McGraw-Hill Book Company, 1947).

<sup>550</sup> All of the information on the budget in this chapter is from Susan B. Carter, et al., *Historical Statistics of the United States: Earliest Times to the Present*, 5 (New York: Cambridge University Press, 2006), see especially p. 102 on the deficits.

<sup>551</sup> Michael J. Hogan, *The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947-1952* (New York: Cambridge University Press, 1987). See also Barry Eichengreen, *The European Economy Since 1945: Coordinated Capitalism and Beyond* (Princeton: Princeton University Press, 2007), especially pp. 52-130.

<sup>552</sup> The conflicts had been fully elucidated in the debate over the Employment Act of 1946.

<sup>553</sup> Phillip G. Henderson, *Managing the Presidency: The Eisenhower Legacy—from Kennedy to Reagan* (Boulder: Westview Press, 1988) is an excellent study of Eisenhower’s style of management. See also Bradley H. Patterson, Jr., “Dwight Eisenhower’s Innovations in the Structure and Operations of the Modern White House,” *Presidential Studies Quarterly*, 24, 2 (Spring 1994), 277-98.

<sup>554</sup> John Kenneth Galbraith, *The Affluent Society* (Boston: Houghton Mifflin Company, 1958), 7-20. Galbraith labeled this collection of ideas “the conventional wisdom.”

<sup>555</sup> Installment buying was picking up in the 1950s, but many Americans, like Eisenhower, were wary of debt. See Alan Ehrenhalt, *The Lost City: Discovering the Forgotten Virtues of Community in the Chicago of the 1950s* (New York: Basic Books, 1995), especially 59-85, and 104-10. Americans were, however, buying cars on the installment plan, as described in Sally H. Clarke, *Trust and Power: Consumers, the Modern Corporation, and the Making of the United States Automobile Market* (New York: Cambridge University Press, 2007), especially Part 3 on the mature market, 1945-1965.

<sup>556</sup> Smith, *Eisenhower*, 470. Ellis D. Slater et al., *The Ike I Knew* (Baltimore: Privately printed by the Ellis D. Slater Trust, 1980), 3. While thanking Ike for supplying him with an abundant breakfast at an occasion in Denver, Slater commented on “the boys in Washington.” He said, “Even with respect to taxes, the public condemns the [Truman] administration for not being more realistic.” August 25, 1950.

<sup>557</sup> DDE to George Arthur Sloan (hereafter Sloan), March 6, 1950. The Eisenhowers had spent an evening with Mr. and Mrs. Sloan in February, 1950. *Papers 11*, 1003-04. Mrs. Sloan was the former Florence Lincoln Rockefeller.

<sup>558</sup> DDE to Sloan, January 3, 1952, *Papers 12*, 836-38.

<sup>559</sup> *Ibid.* Italics mine.

<sup>560</sup> See DDE to Sloan, January 29, February 8, and March 18, 1952, *Papers 13*, 928-32, 948-49, 1047.

<sup>561</sup> DDE to Sloan, Feb 8, and 21, 1952, *Papers 13*, 948-49, 1007-09.

<sup>562</sup> See, for instance, DDE to Sloan, March 20, 1952, *Papers 13*, 1097-1104. Even here, however, Ike would not argue about “specific sums for any specific purpose.” He had fought that battle too often as Chief of Staff. See also DDE to Sloan, March 25, 1952, *Papers 13*, 1118-19.

<sup>563</sup> William M. McClenahan, Jr. and William H. Becker, *Eisenhower and the Cold War Economy* (Baltimore: Johns Hopkins University Press, 2011), 25-29, do an excellent job of introducing Ike’s new team of advisors. The other two members of the Council were Neil Jacoby, Dean of UCLA’s business school, and Walter W. Stewart, an economist affiliated with the Institute for Advanced Study at Princeton University and a frequent advisor to various government organizations. His expertise in banking was especially notable.

<sup>564</sup> On price controls see Hugh Rockoff, *Drastic Measures: A History of Wage and Price Controls in the United States* (New York: Cambridge University Press, 1984).

<sup>565</sup> Dwight David Eisenhower, Annual Message to the Congress on the State of the Union, February 2, 1953. Available at [http://www.eisenhower.archives.gov/all\\_about\\_Ike/speeches/1953\\_state\\_of\\_the\\_union.pdf](http://www.eisenhower.archives.gov/all_about_Ike/speeches/1953_state_of_the_union.pdf). For Eisenhower’s opposition to public power see Wyatt Wells, “Public Power in the Eisenhower Administration,” *The Journal of Policy History*, 20, 2 (2008), 227-62.

<sup>566</sup> DDE, Diary, June 1, 1953, *Papers 14*, 265-67. Between 1952 and 1953, the budget deficit that worried Eisenhower had increased by over 433%. For a monetary perspective on “The Crisis in Early 1953,” see Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton: Princeton University Press, 1963), 612-20. For a more recent and substantially more favorable perspective see Christina D. Romer and David H. Romer, “What Ends Recessions?” in Stanley Fischer and Julio J. Rotemberg, eds., *NBER Macroeconomics Annual 1994, Volume 9*, available at <http://www.nber.org/books/fisc94-1>; and the same authors’ “The Evolution of Economic Understanding and Postwar Stabilization Policy, NBER Working Paper No. 9274, available at <http://www.nber.org/papers/w9274>. The authors comment on: an “interesting evolution from a crude but fundamentally sensible model of how the economy worked in the 1950s, to more formal but faulty models in the 1960s and 1970s, and finally to a model that was both sensible and sophisticated in the 1980s and 1990s.”

<sup>567</sup> David A. Nichols, *Ike and McCarthy: Dwight Eisenhower’s Secret Campaign against Joseph McCarthy* (New York: Simon & Schuster, 2017) tells the full story. With the death in 1953 of Senator Taft and McCarthy’s defeat in 1954, Ike’s hold on the Republican Party was strengthened. It was, however, never complete.

<sup>568</sup> On Ike and Congress see especially Smith, *Eisenhower*, 581-601; and Jim Newton, *Eisenhower: The White House Years* (New York: Doubleday, 2011), especially 120-25, 141-55, 179, 239-40, 258-59, 305-06. See also Ken Collier, “Eisenhower and Congress: The Autopilot Presidency,” *Presidential Studies Quarterly*, 24, 2 (Spring 1994), 309-25; and Henry Z. Scheele, “President Dwight D. Eisenhower and U.S. House Leader Charles A. Halleck: An Examination of an Executive-Legislative Relationship,” *Presidential Studies Quarterly*, 23, 2 (Spring 1993), 289-99.

<sup>569</sup> The latter recession was more severe, with unemployment reaching a peak of 7.6%, but both the administration and the Fed refused to change course in any major way.

<sup>570</sup> On Eisenhower and his relationships with Fed Chairman William McChesney Martin see McClenahan, Jr., and Becker, *Eisenhower and the Cold War Economy*, 45-48, 57, 61-62, 64, 86, 95-96.

<sup>571</sup> Robert Maranto, “The Administrative Strategies of Republican Presidents from Eisenhower to Reagan,” *Presidential Studies Quarterly*, 23, 4 (Fall 1993), 683-85, 694. See also Roger Biles, “Public Housing Policy in the Eisenhower Administration,” *Mid-America*, 81, 1 (Winter 1999), 5-25.

<sup>572</sup> On the new highway system see DDE to Gabriel Hauge, February 4, 1953, *Papers 14*, 23-25; “Our cities still conform too rigidly to the patterns, customs, and practices of fifty years ago. Each year we add hundreds of thousands of new automobiles... but our road systems do not keep pace with the need.” The President asked Hauge to follow up with a study. For Eisenhower’s subsequent discussion of the issue see *Papers 15*, 1067; *Papers 16*, 1556-57, 1733-34. Congress passed The Federal-Aid Highway Act of 1956, and Eisenhower signed the bill on June 29, 1956. See also Mark H. Rose’s definitive account in *Interstate: Express Highway Politics, 1941-56* (Lawrence: The Regent’s Press of Kansas, 1979). Ike’s 1919 experience was with a cross-country military convoy that crept across the nation to California and gave him a good sense of just how bad America’s roads were. For an interesting popular account with great pictures of the interstate road system see Dan McNichol, *The Roads that Built America: The Incredible Story of the U.S. Interstate System* (New York: Barnes & Noble Books 2003). On Eisenhower’s more hesitant support for another infrastructure project, the St. Lawrence Seaway, see DDE Memorandum to Legislative Leaders, *Papers 14*, 132-33. In 1954, the President nevertheless signed the bill authorizing U.S. participation with Canada in construction of the seaway.

<sup>573</sup> Sally H. Clarke, *Regulation and the Revolution in United States Farm Productivity* (New York: Cambridge University Press, 1994).

<sup>574</sup> On the battles over agricultural programs and an outcome that was depressing to Eisenhower and his long embattled Secretary of Agriculture Ezra Taft Benson see Alan L. Olmstead and Paul W. Rhode, “The Transformation of Northern Agriculture, 1910-1990,” in Stanley L. Engerman and Robert E. Gallman, eds., *The Cambridge Economic History of the United States Volume 3: The Twentieth Century* (New York: Cambridge University Press, 2000), 693-742; and McClenahan and Becker, 113-51. For Eisenhower’s perspective on this lost cause see DDE to Ezra Taft Benson, November 14, 1959, *Papers 20*, 1739-40; DDE to Ezra Taft Benson, August 22, 1960, *Papers 21*, 2056-58; and DDE to Mary Conger, April 5, 1960, *Papers 20*, 1895-98: Eisenhower lamented the inability in the case of wheat farmers “to reach any agreement as to what is the appropriate function of government...”

<sup>575</sup> Most of Eisenhower’s biographers include this famous quotation: see, for instance, Smith, *Eisenhower in War and Peace*, 554n.

<sup>576</sup> J. Merton England, *A Patron for Pure Science: The National Science Foundation’s Formative Years, 1945-57* (Washington: National Science Foundation, 1982), 211-217. See Eisenhower’s “Executive Order (10521) Concerning Government Scientific Research,” Appendix 1, 353-55.

<sup>577</sup> On “spill-overs” see Richard N. Langlois and W. Edward Steinmueller, “The Evolution of Competitive Advantage in the Worldwide Semiconductor Industry, 1947-1996,” in David C. Mowery and Richard R. Nelson, *Sources of Industrial Leadership: Studies of Seven Industries* (Cambridge: Cambridge University Press, 1999), 19-78; see also pp. 181, 275, and 206 in the same volume.

<sup>578</sup> Timothy F. Bresnahan and Franco Malerba, “Industrial Dynamics and the Evolution of Firms’ and Nations’ Competitive Capabilities in the World Computer Industry,” in *ibid.*, 79-132, places the government purchases in their proper context. The government’s role was important to a number of firms, including IBM, whose leaders, Thomas Watson, was an enthusiastic Eisenhower supporter.

<sup>579</sup> DDE to William Edward Robinson, August 4, 1954, *Papers 15*, 1228-31. This letter gives an excellent guide to the systematic way Eisenhower approached the problems of presidential leadership: “I agree, of course, that I must learn enough about the underlying problems of each kind so that I can apply reasonable logic in reaching the decisions that I am compelled inescapably to make. But some of them require knowledge that goes far beyond basic principles. The only recourse is to determine those to which I should give really studious attention and treat these more exhaustively than those I may more safely trust to instinct and to advisers. I suppose that the three most obvious classifications of the problem I am forced to consider are: (a) foreign affairs (b) the domestic economy, and (c) domestic politics.” He took special note of “*the farm problem*, itself consisting of 20 or 30 identifiable individual problems...”



<sup>580</sup> Langlois and Steinmueller (see note 23) provide an excellent description of the exciting early years and the origins of Silicon Valley. See also Hyungsub Choi's detailed study of "Manufacturing in Transit: Technical Practice, Organizational Change, and the Rise of the Semiconductor Industry in the United States and Japan, 1948-1960" (Doctoral Dissertation, Johns Hopkins University, 2007); and Walter Isaacson, *The Innovators: How a Group of Hackers, Geniuses, and Geeks Created the Digital Revolution* (New York: Simon & Schuster, 2014).

<sup>581</sup> Christophe Lécuyer, *Making Silicon Valley: Innovation and the Growth of High Tech, 1930-1970* (Cambridge: The MIT Press, 2006), 117-67, traces in meticulous detail the private sector innovations and the role that Stanford University and the U.S. Department of Defense played in these complex developments. As Lécuyer makes clear, the prime actors in this entrepreneurial drama were in the firms, not in the public sector or in Stanford. See also Franco Malerba's international perspective in *The Semiconductor Business: The Economics of Rapid Growth and Decline* (London: Frances Pinter, 1985); and talented journalist T.R. Reid's *The Chip: How Two Americans Invented the Microchip and Launched a Revolution* (New York: Simon and Schuster, 1984).

<sup>582</sup> For a good popular account of the impact of Sputnik see Paul Dickson, *Sputnik: The Shock of the Century* (New York: Walker & Company, 2001). See also Richard V. Damms, "James Killian, the Technological Capabilities Panel, and the Emergence of President Eisenhower's 'Scientific-Technological Elite,'" *Diplomatic History*, 24, 1 (Winter 2000), 57-78.

<sup>583</sup> On Sputnik see Roger D. Launius, "Eisenhower and Space: Politics and Ideology in the Construction the U.S. Civil Space Program," in Dennis E. Showalter, ed., *Forging the Shield: Eisenhower and National Security for the 21<sup>st</sup> Century* (Chicago: Imprint Publications, 2005), 151-82. See also James R. Killian, Jr., *Sputnik, Scientists and Eisenhower: A Memoir of the First Special Assistant to the President for Science and Technology* (Cambridge: MIT Press, 1977). As mentioned above, Paul Dickson gives a good account of the public and media response in *Sputnik*.

<sup>584</sup> See, for instance, DDE to Neil Hosler McElroy, October 17 and 18, 1957, *Papers 18*, 496-97, 501-02. See also DDE to Charles Edward Potter, October 21, 1957, *Papers 18*, 503-05, on U.S. scientific resources. DDE to James Van Gundia Neel, November 1, 1957, *Papers 18*, 534-35.

<sup>585</sup> In this same context, Eisenhower would request and Congress would provide support for a new National Aeronautics and Space Agency, would double the budget for the National Science Foundation, and would pass the National Defense Education Act of 1958 to fund training in science and technology. As a measure of Ike's sense of the importance of ARPA (later renamed DARPA), the President used General Andrew J. Goodpaster as his point man in the development of the new agency. On the National Defense Education Act see Barbara Barksdale Clowse, *Brainpower for the Cold War: The Sputnik Crisis and National Defense Education Act of 1958* (Westport: Greenwood Press, 1981).

<sup>586</sup> It is important to note that while the government provided financial support for innovation and to some extent engaged in basic research, the entrepreneurship – that is the creative combination of capital, resources, labor, and novel ideas – took place overwhelmingly in the private sector. For a different view of that complex process see Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs. Private Sector Myths* (London: Anthem Press, 2013).

<sup>587</sup> The new companies were engaged in a wide range of economic activities. They included: Hyatt Hotels; Food Lion; Budget Rent a Car; Amway; and the Playboy Club.

<sup>588</sup> See, for instance, DDE to Russell Cornell Leffingwell, February 16, 1954, *Papers 15*, 903-04. DDE to Alice Liesveld, March 11, 1954, *Papers 15*, 947-48: "I believe that the future of our country is still limitless, that America remains the 'land of opportunity' for all who are ready to apply themselves to constructive goals" [italics mine]. DDE to Edward Everett Hazlett, Jr., June 4, 1955, *Papers 16*, 1729-31. DDE to Lewis Williams Douglas, September 30, 1956, *Papers 17*, 2297-98: "We must find a way to foster a healthily growing, high-employment, peacetime economy while containing inflation. It is a new and challenging task."

<sup>589</sup> There is a substantial body of literature on the performance of the economy and on the economic policies deployed in the postwar era. In addition to McClenahan and Becker, see the studies by Christina D. Romer and David H. Romer cited in endnote 16 above; see also Dwight D. Eisenhower's annual Economic Reports to the Congress, 1953-1960.

<sup>590</sup> See Burton I. Kaufman, *Trade and Aid: Eisenhower's Foreign Economic Policy* (Baltimore: Johns Hopkins University Press, 1982); more recently, McClenahan and Becker give a thorough and perceptive analysis of the administration's problems, with analysis of the tension between its security concerns and its attempt to promote free trade.

<sup>591</sup> DDE to Joseph William Martin, Jr., June 29, 1953, *Papers 14*, 335-336. The matter at hand was the extension of the excess-profits tax. Eisenhower was determined to fight it out on this front: "We must move toward a balanced budget in a deliberate and orderly manner." The Administration would first achieve that goal in 1956.

<sup>592</sup> By January 1954, Ike's patience with his brother Ed was almost exhausted: "... it is rather disturbing," he wrote, "to find one brother that seems always ready to believe that I am a poor, helpless, ignorant, uninformed individual, thrust to dizzy heights of governmental responsibility and authority, who has been captured by a band of conniving 'internationalists.'" DDE to Edgar Newton Eisenhower, January 27, 1954, *Papers 15*, 857-59.

<sup>593</sup> DDE to Edgar Newton Eisenhower, November 8, 1954, *Papers 15*, 1386-89. Ike added: "So how can you say I am getting 'bad' advice; why don't you just assume I am stupid, trying to wreck the nation, and leave our Constitution in tatters?"

<sup>594</sup> DDE, Statement by the President upon signing the Social Security Amendments of 1956. In this regard, Eisenhower's policies were attuned to changes taking place in corporate America. See Christy Ford Chapin, "Corporate Social Responsibility and Political Development in the Health Insurance and Home Loan Industries," forthcoming in the *Business History Review*, 2016. See also David Stebenne, "Social Welfare in the United States, 1945-1960," in Robert Mason and Iwan Morgan, eds., *The Liberal Consensus Reconsidered: American Politics and Society in the Postwar Era* (Gainesville: University Press of Florida, 2017), 108-26; and the same author's *Modern Republican: Arthur Larson and the Eisenhower Years* (Bloomington: Indiana University Press, 2006), especially 129-75.

<sup>595</sup> Hugh Wilson, "President Eisenhower and the Development of Active Labor Market Policy in the United States: A Revisionist View," *Presidential Studies Quarterly*, 39, 3 (September 2009), 519-48.

<sup>596</sup> Don T. Martin, "Eisenhower and the Politics of Federal Aid to Education: The Watershed Years, 1953-1961," *Midwest History of Education Journal*, 25, 1 (1998), 7-12.

<sup>597</sup> The Brown decision (347 U.S. 483) overturned *Plessy v. Ferguson* (1896), which had allowed the states to establish separate (as they certainly were) but equal (as they clearly were not) schools.

<sup>598</sup> Like Britain and Germany, the United States was running out of combat replacements. So Ike's action was prompted by a military problem, not a concern for racial justice.

<sup>599</sup> Michael S. Mayer, "The Eisenhower Administration and the Desegregation of Washington, D.C.," *Journal of Policy History*, 3 (1991), 24-41.

<sup>600</sup> See David A. Nichols, *A Matter of Justice: Eisenhower and the Beginning of the Civil Rights Revolution* (New York: Simon & Schuster, 2007). For a different, substantially less positive interpretation of Eisenhower's position on African Americans' struggle for civil rights see Newton, *Eisenhower*, 242-53. See also Smith, *Eisenhower*, 706-30; and Jeffrey R. Young, "Eisenhower's Federal Judges and Civil Rights Policy: A Republican 'Southern Strategy' for the 1950s," *The Georgia Historical Quarterly*, 77, 3 (Fall 1994), 536-65.

<sup>601</sup> Nichols, *A Matter of Justice*, 169-281. Cary Fraser, "Crossing the Color Line in Little Rock: The Eisenhower Administration and the Dilemma of Race for U.S. Foreign Policy," *Diplomatic History*, 24, 2 (Spring 2000), 233-64.

<sup>602</sup> DDE. Annual Message Presenting the Economic Report to the Congress, January 20, 1960. See also, Ann Mari May, "President Eisenhower, Economic Policy, and the 1960 Presidential Election,"

---

*Journal of Economic History* 50 (June 1990), 417-27. The author concludes on p. 427 that: “The Eisenhower presidency provides a compelling counterexample to the political business cycle hypothesis that presidents will manipulate the economy to enhance their re-election prospects. While Eisenhower engaged in highly contractionary policies upon entering office, he did not engage in significantly expansionary policies before the 1956 and 1960 presidential elections.” For another perspective on Ike’s Middle Way, see Robert Mason, “‘Down the Middle of the Road,’: Dwight D. Eisenhower, the Republican Party, and the Politics of Consensus and Conflict, 1949-1961,” in Mason and Morgan, eds., *The Liberal Consensus Reconsidered*, 186-203.