



Legislative Budget

An article from CQ Almanac 1948

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In contrast to 1947, when the House and Senate were unable to agree on how much to cut the President's budget, the two houses in 1948 passed the legislative budget resolution (S Con Res 42) in February. The measure expressed the judgment of Congress that Federal revenues would amount to about \$47.3 billion in fiscal 1949 and expenditures could be held to \$37.2 billion, or \$2.5 billion less than the President's budget. Of the resulting \$10.1 billion surplus, \$2.6 billion could be applied to the public debt.

The legislative budget is a feature of Federal fiscal policy inaugurated in 1947 under the Legislative Reorganization Act. Congressional taxing and spending committees — House and Senate Appropriations, House Ways and Means and Senate Finance—form a Joint Committee, consider together the President's budget and report their own estimates on income and expenditure, the amount required in new appropriation, and the portion of the surplus (if any) which should be used for debt reduction. Congress then passes on the joint committee's findings in the legislative budget resolution. It is admittedly a target and has no force of law.

Joint Committee Estimates

The committee's report declared the President's expenditure estimate was too high by at least \$2.5 billion. It was, the committee said, the highest peacetime budget ever submitted. Little or no reduction in the number of Federal employees appeared to be contemplated. And nearly \$6 billion of the budget was for activities still unauthorized by legislation. With the threat of, inflation at home and the possibility of having to increase foreign aid and national defense outlays, the committee declared, every effort should be made to cut other Federal spending.

Democrats Urge Debt Reduction

Unlike the 1947 budget resolution, on which the Senate spent two weeks of furious debate (see Vol. III, pp. [9-12](#), [223](#)) the 1948 resolution was passed by the Senate February 18 in an hour and a half.

Democrats made no effort to change the terms of the measure, but Minority Leader Alben W. Barkley (D Ky.) declared that more than \$2.6 billion should be used for debt retirement when the national income was running around \$200 billion.

When Finance Committee Chairman Eugene D. Millikin (R Colo.) said that too speedy debt reduction "might pull the plug on our economy and cause very devastating results," Barkley retorted that the tax reduction recently voted by the House would have a much more inflationary effect. Millikin voiced the Republican contention that more money in the hands of the people would support the spending economy and brake a precipitous decline. Barkley replied that Republicans using this argument met themselves coming back.

Foreign Aid and the Budget

Part of the proposed cut in Federal spending was due to the Republican strategy of earmarking \$3 billion of the 1948 surplus for financing foreign aid in 1949, thus reducing the new money which would have to be voted in 1949.

Another suggestion for foreign aid financing came from the Democratic side of the aisle, when former Finance Committee Chairman Walter F. George (D Ga.) proposed a "win the peace" bond issue of \$20 or \$25 billion. By this method, George said, all outside financing for the next four years could be lifted out of current income-expenditure budgets except for interest. Otherwise, he declared, Federal expenditures might well run to \$45 billion a year before the end of the European Recovery Program.

No amendments to the resolution were offered from either side of the aisle, and it was passed by voice vote February 18.

House Agrees

House debate on the budget resolution February 27 was the occasion for political fireworks and two roll calls. Democrats, led by former Appropriations Committee Chairman Clarence Cannon (D Mo.) accused the Republicans of preaching economy and then spending far in advance of announced goals in the current fiscal year.

Cannon said that, in the 1948 meetings of the Joint Committee on the Legislative Budget, he had moved to set the ceiling on spending at \$36.7 billion. However, the majority on the Senate side of the committee voted to change the figure to \$37.2 billion, and the House committee members had made a "humiliating surrender" of the House prerogatives in appropriation matters.

Cannon offered a recommittal motion calling for the \$36.7 billion ceiling on spending, which was defeated 73 to 276 (see p. [126](#)), with 10 Republicans and 63 Democrats voting to send the resolution back to the joint committee.

Passed on Another Roll Call

The measure then was passed on another roll call, 315–36 (see p. [126](#)). All Republicans present and 104 Democrats voted for the resolution, with 35 Democrats and Vito Marcantonio (ALP N. Y.) still holding out against it.

Revising Legislative Budget

During the debates members of both parties in both Houses and Senate called for revision of the legislative budget procedure.

Senate Appropriations Committee Chairman Styles Bridges (R N. H.) suggested postponing the legislative, budget until hearings on appropriation requests had been completed. He termed the present method “a pregame guess at the final score.” House Appropriations Committee Chairman John Taber (R N.Y.) called it “a stab in the dark.”

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Natl. Assn. of State Chambers of Commerce said: President underestimated revenues from individual income tax by \$2.6 billion — tax reduction held back Federal spending plans by \$1.8 billion — President included in list of 1949 expenditures items which Congress already has refused to approve — President has it within his power to keep budget balanced despite his charges GOP tax cuts will lead to \$1.5 billion deficit.

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Document Citation

"Legislative Budget." In *CQ Almanac 1948*, 4th ed., 119-20. Washington, DC: Congressional Quarterly, 1949.
<http://library.cqpress.com/cqalmanac/cqal48-1407880>.

Document ID: cqal48-1407880

Document URL: <http://library.cqpress.com/cqalmanac/cqal48-1407880>

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