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WEEK IN REVIEW

# The Nation: Guns and Butter; Government Can Run More Than a War

By JULIAN E. ZELIZER DEC. 30, 2001

IN 1968, during the Vietnam War, President Lyndon B. Johnson decided that America had to spend its money on the military rather than his domestic agenda, the Great Society. "That bitch of a war," Johnson lamented toward the end of his life, "killed the lady I really loved -- the Great Society."

As America prepares to enter the next stage of the war and President Bush plans to make homeland security the centerpiece of his fiscal 2003 budget when Congress reconvenes in January, many citizens are convinced that politicians will again make a similar trade-off. Commentators have predicted that there will not be any new government programs that serve a need other than war. Reflecting this fear, Professor Laura D. Tyson, former chief economic adviser to President Clinton, wrote, "Guns versus butter is elementary economics: a society that chooses to spend more of its resources on defense and security will have less available for things like education, health, retirement security, productive investment and consumption."

But American history reveals that Johnson's decision is not the only path the nation has taken. In fact throughout the 20th century, domestic programs have been created during the nation's most heated wars. Guns and butter often go hand-in-hand. Military crises have exposed areas where the federal government was needed and have generated broad public support in a country suspicious of government.

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entered World War I in 1917, the federal government introduced a distinct type of regulatory board to help manage the economy. Rather than asserting direct control over business institutions and consumers, American politicians chose to have government officials cooperate with private industry representatives to solve wartime problems. World War I regulatory boards relied on incentives, voluntary codes and information.

One example was the Food Administration, headed by Herbert Hoover, which worked with industry representatives to ration food and to monitor prices. To limit consumption, for instance, Hoover instituted "meatless Tuesdays" and "porkless Thursdays and Saturdays." Under the direction of Bernard Baruch, the Wall Street financier, the War Industries Board worked with business leaders to coordinate military production and purchases.

While most of these operations were dismantled after the war, this cooperative approach to regulation survived. Indeed, the National Recovery Administration, the first major program created to end the Great Depression, was modeled after the World War I experiments. Most recently, government-business partnerships have been used to develop the Pentagon's consortium of semiconductor manufacturing.

Other wars led to the creation of permanent domestic programs. One of the most important policies to come out of World War II was the mass income tax. Until World War II, no more than 6 percent of the population had ever been subject to federal income taxation. But the crisis of World War II altered the political landscape. Confronted with a dire need for revenue, the federal government vastly expanded the number of wage earners required to pay.

To generate public support, the Treasury Department conducted a massive public relations campaign through radio, newspapers and film. In one cartoon commissioned by Treasury, Donald Duck and his friends told viewers it was their "duty and privilege" to pay the income tax when soldiers were sacrificing their lives abroad. As the legal scholar Carolyn C. Jones has discovered, radio programs such as Perry Mason and Abbott and Costello broadcast messages promoting the income tax,

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The change brought by World War II was monumental. Between 1939 and 1944, the number of Americans paying federal income taxes rose from about 4 million to 44 million, while collections increased from \$1 billion to \$19 billion. Income taxes became a central source of revenue for many popular, and unpopular, domestic programs.

When the nation entered a cold war against Communism in the 1940's and 1950's, the expansion of domestic programs continued. With the Republican Dwight D. Eisenhower in the White House, Congress passed the historic Interstate Highway Act of 1956, modernizing the nation's road system. This generous public works program, which allocated almost \$30 billion over a 10-year period, produced a national highway system that linked much of the nation and facilitated long-distance travel. An entire industry of restaurants and motels would be built around these roads.

The highway program, promoted as a means to allow citizens and the military to leave major cities should there be a nuclear attack, became a centerpiece of national transportation policy. Government funds continued to maintain these roads. Citizens came to view this program as a responsibility of the federal government.

In a similar fashion, one year after the Soviet Union launched Sputnik in 1957, an embarrassed American government poured money into higher education and academic research through the National Defense Education Act. The funds became integral to the financial infrastructure of private and public universities. Moreover, the National Aeronautics and Space Agency, started in 1958, turned into one of the most popular government programs and remained a massive research project that has shaped knowledge of outer space.

CERTAINLY, there are imposing barriers to starting domestic programs in 2002 that did not exist in previous decades. First, the federal government now has large pre-existing spending commitments like Social Security and Medicare. The nation is also coming out of two decades of political conservatism. Indeed, the Bush administration is contemplating proposing cuts in energy, environmental and public

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But American history shows that guns over butter is not the only choice that the federal government makes when at war. Indeed, recent polls have shown an increase in public trust of government, reversing a 30-year slide. Just in the past two months, the federal government has taken a stronger role in the nation's transportation infrastructure. With the airport security bill, the president signed a massive public works program that put airline security personnel under the federal umbrella and even included a tax increase -- called a "passenger fee."

Though partisanship stifled the economic stimulus package, Congress, before breaking for the holidays, finished work on its appropriations bills that included substantial spending increases for education and biomedical research. Nor is it clear that President Bush will obtain cuts in existing programs.

Given the multiple fronts on which the war is being waged, the widespread internal threats and political interests of both parties, it would not be surprising to see new federal programs created that deal with medical research, health care, food safety, computer technology, law enforcement, unemployment insurance, transportation, energy production and education.

While the programs would be launched under the banner of the military effort, they could create a permanent government presence in areas unimaginable on Sept. 10, 2001.

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