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United States Senate

COMMITTEE ON APPROPRIATIONS

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ROBO
TAX REDUCTION
2/24/, 1956

Dear :

I share your hope that we can cut taxes before this Congress adjourns. It does, of course, present some problems.

The last Truman budget, which was submitted to Congress in January, 1953, and which was the first budget under which President Eisenhower had to operate, called for expenditures of \$78,586,582,289.00 for the fiscal year ending June 30, 1954. That was 9.9 billion above the estimated revenues. Had it been carried out, it would have meant that the government would have had to borrow nearly 10 billion dollars to pay its bills.

So the problem was to keep up our national defense, take care, of our commitments both at home and abroad, and cut spending, so that the budget could be balanced and the stage set for a tax cut. This is not an easy task but real progress has been made.

Our national defense has been maintained and expenditures for this purpose reduced by eliminating waste and inefficiency. Our commitments have been kept. The payroll has been cut by about 300,000. Spending has been sharply cut. There has been one tax cut of nearly 7 $\frac{1}{2}$ billion dollars--the largest in our history. And above all, it is quite certain now that when June 30 rolls around, the budget will be in balance for the third time in twenty-six years. That is a pretty good record.

The new budget for the year ending June 30, 1957--if carried out--will show a surplus of about 435 million. If the revenues come up to the estimates and we can contrive some additional cuts in spending, we should be able to keep the budget in balance and provide a slightly larger payment on the public debt and also a tax cut, even though it may be of modest size.

Toward achieving this goal I shall do my very best.

Sincerely,

Everett McKinley Dirksen