

BUFFER BETWEEN PRESIDENT AND CONGRESS

Little-Known Man Polices Spending

EDITOR'S NOTE: President Eisenhower's annual budget message went before Congress Monday. Here, by a Pulitzer Prize winning correspondent, is the little known story of the big man behind the nation's budget.

By DON WHITEHEAD
Of The Associated Press

WASHINGTON (AP)—In the last weeks of 1954, a huge man wearing a black patch over his right eye frequently strode into President Eisenhower's office for conferences affecting the future welfare of every man, woman and child in America.

Sometimes he conferred with the President two and even three times a day while others with more publicized names cooled their heels outside.

This same man turned up at cabinet meetings, at secret sessions of the National Security Council, and at other gatherings of the administration inner circle. He was around at official social functions, too.

HIDDEN IN ANONYMITY

But despite his 250-pound bulk, the unusual eye patch, and the importance of his place in the management of government, the big fellow succeeded in hiding himself in anonymity. Little was written about him and he remained and still is one of the least known men on the Eisenhower "team."

He is Rowland Hughes, 58-year-old director of the budget.

Hughes is a buffer between the President and Congress in money matters. He polices the spending and management practices of all the government departments, bureaus and agencies. It's his job to aid and advise the President on the best ways to achieve economy and efficiency in government. He has an ear in policy making. He's a sort of presidential trouble-shooter and business manager. If he says "no" to a congressman's pet project or to a cabinet member's program, it's only the President or Congress can overrule him.

GRUELING SCHEDULE

Hughes probably knows more about the budget than any other man, because he spends almost every waking hour with it. He's often in his office by 8 a.m. and almost always takes work home when he leaves around 7 p.m.

Before the budget was put into final form, Hughes had spent days conferring with the President and with each of the department and bureau heads. In every case but one, agreement was reached without taking the differences to Eisenhower for a final decision.

One official said: "Hughes is tough—but he knows when to make a strategic retreat."

Hughes' influence in the administration doesn't stem primarily from the fact that he's the budget director. The position itself doesn't automatically carry with it the sort of influence which Hughes has achieved.

The reason for his stature is that Eisenhower has put heavy emphasis on budget controls. Old timers in the bureau say the effort at control is greater than it was in the Roosevelt and Truman administrations. Partially, this is because in the war years most budget controls went out the window and thus the budget director was in no position to exercise much authority.

EXTREMELY ABLE

Hughes' philosophy of government and his influence with the President are bound to have a strong imprint on the new budget, and yet he has kept himself so far in the background and so removed from contacts with the press that few people in Washington know him except by name. Close associates agree he's extremely able, an enormously hard worker and not a man who encourages familiarity.

One man said: "He's hard to work for—because he works so hard himself. He's so busy I

haven't had a chance to sit down and chat with him in six months."

Another said: "Rowland isn't the kind you slap on the back. You wouldn't walk into his kitchen through the back door and ask for a cup of coffee. He just doesn't encourage that kind of friendship—and yet he's a friendly man."

And a third said: "Hughes has that banker's ability to lower the temperature in a conference room by 15 degrees any time he chooses."

EISENHOWER PHILOSOPHY

There is little doubt about one thing—Hughes' belief that the government should undertake for the citizens only those things which the people can't do for themselves, a philosophy which he identifies with the Eisenhower administration.

Recently Hughes said: "We reject the concept that to stay prosperous we must run an economic fever, spend more than we have, or gear our economy to war or preparation for it."

He has no illusions that, single-handed, he can achieve either a huge savings in government cost or a balanced budget.

He says: "The Budget Bureau can do a tremendous job in instilling and pointing out things to be done, by prodding, by keeping after things everlastingly. But the only way there can be a real control of the budget is by the department heads and the officials themselves. The President can't take on the job alone. One man simply can't do it."

TEAM BASIS

"Maybe in the days of Cal Coolidge when you could count the pencils—maybe then it was possible. But now it must be done on a team basis with the President calling the signals. Any accomplishment has to belong to the people who are carrying out the programs. That is why the character of the men throughout the entire administration is so important. You can't pin one man's name to the job."

Hughes believes private industry should be encouraged to take over a good many of the activities now in the hands of the government.

His thinking along this line was well illustrated in the controversial Dixon-Yates power contract, which he encouraged and advocated. His outspoken convictions caused some Democrats to grumble that Hughes was stepping beyond the boundaries of his office to promote private versus public power.

DIXON-YATES A START

The idea that private power interests should furnish a block of power to the atomic energy program—rather than permit the Tennessee Valley Authority to expand its government-owned steam generating facilities—was conceived in the Budget Bureau late in 1953 when Joseph Dodge was budget director and Hughes was his deputy.

Hughes conferred often with Eisenhower on the proposal, and when the fight became hot he went before the Senate-House Atomic Energy Committee to support the contract, which he termed good for the nation.

Hughes made it clear the Dixon-Yates contract was merely part of a bigger program to come. He said: "This contract is part of a still larger effort to re-define the role of federal, state and local governments and private industry in the development of the natural resources of all areas of the country."

NO NEWCOMER

Hughes' appearance on the Washington scene isn't so recent as most people have thought—nor is he a newcomer at trying to cut government spending and to shift the direction of government toward less competition with private industry.

Shortly after the end of World War II, a group of New York bankers and executives began meeting informally to discuss ways and means of curbing inflation and bringing about a

change in the relationship between government and business.

Among those who took part in these roundtable discussions were Randolph Burgess, chairman of the National City Bank's executive committee (now an under secretary of the U.S. Treasury); Enderbrough, a top executive of U.S. Steel; Leroy Lincoln, chairman of the board of the Metropolitan Life Insurance Co.; Percival Brundage, a senior partner of the accounting firm of Price-Waterhouse (now deputy budget director), and others.

FINANCIAL DISCUSSION

This group—largely sparked by Burgess, Voorhees and Lincoln—invited Republican Reps. John Taber of New York and Richard B. Wigglesworth of Massachusetts, both ranking members of the House Appropriations Committee, to meet with them and discuss the financial situation.

One member of the group said in an interview: "We arranged for a task force of 40 men—experts in taxes, accounting, economics and business—to come to Washington to work with Taber and Wigglesworth. There was no expense to the government. The expenses of these men were paid by their firms. And Hughes was one of the group."

"The Democrats controlled Congress and the White House at the time, and our people had trouble getting access to the information they wanted. But when the Republicans won control of Congress in 1948, then Taber was able to open the whole thing to them. And they did a good job."

TAX EXPERT

Previously, Hughes had earned a reputation in the banking world as a tax expert at the National City Bank, which he had joined when he was graduated from Brown University in 1917. He worked his way up the ladder to become the bank's comptroller, a job in which he rode herd on some six billion dollars worth of properties and investments around the world.

Hughes knew the big names in

the banking world, and what was more important, they knew Hughes.

One of his associates in those days says: "Hughes was quiet and unassuming but a strong personality. Someone would be presiding at a meeting—but actually it was Hughes who was presiding in the background. He had set up the meeting and arranged the program."

Eisenhower's election set the stage for Hughes to enter the government officially. When Joseph Dodge, Detroit banker and former president of the American Bankers Assn., was named budget director, Randolph Burgess urged Dodge to name Hughes as his assistant.

Burgess says: "I recommended Hughes as one of the best qualified men in the field. I didn't have to persuade him much on the quality of the man."

SUCCEEDED DODGE

Hughes took over as director of the budget after Dodge resigned in April, 1954. He immediately assumed the same close liaison with the White House which Dodge had set up.

Hughes has discovered since that the management of six billion dollars worth of properties is "just peanuts" compared with keeping tab on the government's spending program.

As for career government workers, he says there are too many drones—but that the majority comprise "a very fine corps who are thoroughly experienced and devoted" and "We couldn't hope to do the job without them."

Hughes has built up a reputation as a man who "can't be seen" by the press except twice a year, once when he holds his January seminar on the new budget and once later in the year when he and the Secretary of the Treasury brief the press on the mid-year budget review.

ENJOYING JOB

One official in the bureau said: "Everybody else got into trouble by talking too much and Hughes got into trouble by talking too

little. I think it's better to talk too little."

Once he is reached, Hughes is neither as austere nor as uncommunicative as he might seem, and he gives the impression he is enjoying one of the toughest jobs in the government.

Hughes was born at Oakhurst, N. J., March 28, 1896. His father, Richard, was a contractor and the family moved about the country a good deal when he was a boy. He grew into a strapping over six feet tall and weighing only 155 pounds, not a physique to encourage an athletic career, although he developed into a fair tennis player.

Hughes was studying to become a lawyer when the National City Bank began recruiting college youths for its foreign service. He was intrigued by the idea, and was among 40 students accepted from more than 600 who applied for training.

The bank sent him to London and then to the Orient, where he lived for 10 years in China, Japan and India. While in Shanghai he met and fell in love with Dorothy Cowen, daughter of the publisher of the famous old Shanghai paper, Millard Weekly.

WORKED HIS WAY UP

Hughes left Tokyo in 1927 for Europe and then came back to New York to work his way up in the banking fraternity. He began wearing the patch in recent years to cover an eye injury.

The Hughes have three daughters and a son and five grandchildren. They attend official affairs but duck Washington social life and neither smokes nor drinks. Whenever possible, he and Mrs. Hughes go to their little farm in Vermont to relax.

But even at home, the Hughes have a budget.

Mrs. Hughes recently confided to a reporter that when she was first married she had a tough time of it keeping her budget balanced.

"But now I wouldn't keep house without one," she said.



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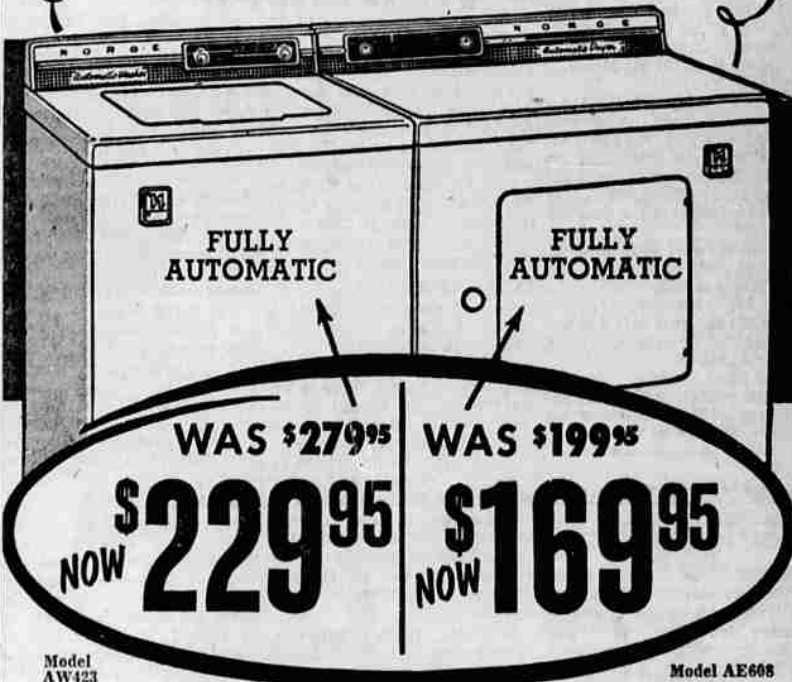
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