

February 15, 1950.

Honorable John L. McClellan,
United States Senate,
Washington 25, D. C.

Dear Senator McClellan:

I am sorry that I have not had an earlier opportunity to reply to your letter of January 25, 1950, asking for any views I might have regarding the bill S. 2898, which you recently introduced in the Senate. I have given considerable thought to the provisions of your bill and have discussed it with some of the members of our staff here.

I note that the bill provides for a Joint Committee of ten members -- five from each of the Appropriations Committees of the House and Senate. This committee would be required to keep itself informed of all matters relating to the annual budget of Government agencies, to provide the Appropriations Committees of the House and Senate with information and justifications concerning budgets of the various Government agencies, to consider all available information relating to estimated revenues, essential programs and changing economic conditions, and to report to the Appropriations Committees findings relating to adjustments or revisions in appropriations as may be required to balance the budget, and to recommend changes in the law to effect greater efficiency and economy in Government. Each agency of the Government would be required to supply the Joint Committee with duplicate copies of budgetary requests submitted to the Bureau of the Budget with the detailed justifications in support thereof. Also the bill provides that employees of the Joint Committee, upon the written authority of the chairman or vice chairman, would have the right to examine all the records, except those classified for security purposes, of any agency of the Government.

As you may well understand, I am not sufficiently close to the budgetary or appropriation procedures in the Congress to discuss all the points covered in your bill, but I have long felt that some changes of a constructive character in budget procedure have been needed. The Congress of course has the primary responsibility for making funds available for the operations of the Government and in the exercise of this responsibility, the Congress should through appropriate committees have the benefit of all necessary information relative to the operations of the Government.

I think the basic idea of your bill is sound in that it contemplates a small, working -- or as you refer to it, "service" -- committee to be so staffed and to be provided with such information as will enable it to function continuously and to supply information to the Appropriations Committees which will give such committees a more comprehensive and detailed understanding of the budgetary requirements of Government agencies. With the present huge size of the Federal budget, I hardly see how the members

of the Appropriations Committees, without some arrangement such as is proposed in your bill, can adequately carry out their responsibilities and perform the functions which the public looks to them to perform in passing upon the necessity for appropriations of the tremendous volume of funds involved in the operation of our Government. The mechanism which is proposed by the bill seems to me to be one which is well adapted for this purpose.

The establishment of such a Joint Committee to consider appropriations should result in the elimination of much duplication of work and at the same time permit a more careful basic study by the Congress of appropriation requests. The existing Appropriations Committees would doubtless in many instances be able to accept the studies and conclusions of the Joint Committee without the necessity for going into the details of all such matters themselves. This would save much time and effort on the part of the members of the Appropriations Committees and there is every reason to believe that the results obtained would be as good or better than under present procedures.

I am impressed with the fact that the proposed Joint Committee will have a great volume of work, if it is to be able to perform the functions which are contemplated for it. Accordingly, it seems to me that the work of the Joint Committee can be effective only if it has an adequate and competent staff large enough to analyze and study the various detailed items of the budget, to inform the Committee thereon and to perform the numerous other functions necessary for it to do a good job.

Since you ask my frank opinion upon the proposed legislation, I would like to comment specifically upon one or two of the detailed provisions of the bill. I note that each agency of the Government would be required to supply the proposed Joint Committee with duplicate copies of budgetary requests and of the detailed justifications in support thereof which it submits to the Bureau of the Budget. It seems to me that it is very desirable to have a provision of this kind, in order that the Appropriations Committees may have the benefit of the judgment of the particular agencies as to what expenditures they feel are necessary and as to why such expenditures are needed. I think it would be well to make certain that the information furnished to the Joint Committee by the agencies is so related to the final budget as submitted to the Congress by the President that each item of the final budget can be identified with the particular agency request upon which the item was based. Only in this way will the Joint Committee have adequate information and be able readily to determine what changes were made in the particular request in the course of the Budget Bureau's consideration of the matter.

I have noted the provision of the bill which states that properly authorized employees of the Joint Committee shall have the right to examine the books, documents and records of any agency of the Government, except records classified for security purposes. This provision appears to be more comprehensive than authority which is ordinarily given to other committees of Congress, and it may well be that it is not essential to the general purposes of the bill. Since many documents and records in the executive agencies are, of course, not related to budgetary matters, it is possible

that this provision might be looked upon as permitting what are sometimes referred to as "fishing expeditions", and it might well tend to create controversy in actual operation. If any such provision is to be included in the bill, consideration might be given to limiting the authority of the employees of the committee to examining records which are directly related to the determination of budget requirements.

One final basic comment. As one who has long urged the importance of fiscal policy as a means of helping to achieve economic stability, I would hope that the Congress and the proposed Joint Committee would not be satisfied with a mere "balanced budget" at times when capacity production and employment are being maintained and there is upward pressure on prices or an over-expansion of private credit not necessarily reflected in prices. At such times there should be an appropriate cash surplus.

In conclusion may I commend you for initiating and supporting a constructive measure of this kind, which has as its purpose a method of bringing about an adequate check by the legislative branch upon expenditures proposed by the executive branch.

I appreciate this opportunity to comment on the bill and if at any time I can be of any assistance to you or to the committee, do not hesitate to call upon me.

With kindest personal regards, I am

Sincerely yours,

(Signed) M. S. Eccles

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