

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date July 31, 1946

To Chairman Eccles

Subject: Passage of the Legislative

From Kenneth B. Williams *KBW*

Reorganization Act

As passed by Congress, the fiscal sections of the Legislative Reorganization Act were changed to meet in substance your criticism of them as outlined in your letter to Representative Patman.

Section 207 of the Senate Bill has been eliminated entirely. This Section required the President to curtail expenditures if by December of each year the prospective deficit for the fiscal year exceeds the amount specified in the concurrent resolution.

Representative Patman also attempted unsuccessfully to have Section 130 of the Senate Bill eliminated. However, the timing schedule for the submission of the various reports has been changed so as to fit the requirements of this Section into the functioning of the Full Employment Act. The new sequence of reports is as follows: (1) At the beginning of each regular session the President is required to submit the Economic Report called for under the Full Employment Act. (2) By February 1 the Joint Committee of Congress established under the Full Employment Act to analyze the Economic Report is required to submit its findings. (3) By February 15 the joint report of the four expenditure and appropriation committees (House Ways and Means and Appropriations; Senate Finance and Appropriations) is to be submitted.

This sequence permits the legislative budget and the concurrent resolution specifying the amount of permissible debt increase or decrease to be adopted after the President's economic program is known and the Joint Committee under the Full Employment Act has submitted its recommendations. In addition, the provision in the Senate Bill forbidding the passage of any appropriation bill before the adoption of the concurrent resolution on the debt has been eliminated.

In other respects, the Legislative Reorganization Act, as passed, contains many of the improvements in Congressional machinery suggested in the Senate version of the Bill. Most important of these is the reduction in the number of Congressional committees. Instead of a total of 81 as at present, the Act calls for only 34 committees--15 in the Senate and 19 in the House.