

REMARKS BY
MEMBERS OF SELECT COMMITTEE
ON GOVERNMENT ORGANIZATION

APPOINTED PURSUANT TO HOUSE RESOLUTION 60
SEVENTY-FIFTH CONGRESS, FIRST SESSION

CONCERNING

- H. R. 7730.—PROVIDING THE PRESIDENT WITH ADMINISTRATIVE ASSISTANTS
H. R. 8276.—CREATING A GENERAL AUDITING OFFICE, ETC.
H. R. 8277.—THE CIVIL SERVICE SYSTEM
H. R. 8202.—GIVING REORGANIZING POWER TO THE PRESIDENT AND CREATING A DEPARTMENT OF WELFARE

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REMARKS BY MEMBERS OF THE SELECT COMMITTEE ON GOVERNMENT ORGANIZATION

ESTABLISHMENT OF CIVIL SERVICE ADMINISTRATION AND EXTENSION OF MERIT SYSTEM AND CLASSIFICATION ACT

EXTENSION OF REMARKS OF HON. JAMES M. MEAD OF NEW YORK,
IN THE HOUSE OF REPRESENTATIVES

Friday, August 20, 1937

Mr. MEAD. Mr. Speaker, under leave to extend my remarks I am taking the opportunity of inserting herewith a copy of the report accompanying the bill (H. R. 8277) to establish a Civil Service Administration, to extend the merit system, to extend the Classification Act of 1923, and for other purposes, which is a measure to effect the reorganization of the Civil Service Commission. The report contains a most comprehensive explanation of the bill, together with a great deal of factual information bearing upon the general subject of the civil service.

The House Committee on Government Organization, together with those who have assisted in the preparation of this particular bill, have collaborated in presenting a measure which, in my judgment, merits the earnest consideration of the Members of the Congress.

The Select Committee on Government Organization, to whom was referred the bill (H. R. 8277) to establish a Civil Service Administration, to extend the merit system, to extend the Classification Act of 1923, and for other purposes, having considered the same, report it back to the House without amendment and recommended that the bill do pass.

GENERAL STATEMENT

The purposes of this bill are (1) to reorganize and improve the administration of the civil-service laws, (2) to provide for the extension of the classified civil service and (3) to authorize the extension of the Classification Act of 1923, as amended.

Title I and II of the bill provide for the reorganization of the civil-service administration by the abolition of the existing commission of three members, and the creation in its place of a single Administrator and a Civil Service Board of seven members. An improved and strengthened central personnel administration is essential if the classified civil service is to be extended to the employees who are now outside of the service. Effective and efficient administration requires a single executive head of this important managerial function under the general direction of the Chief Executive.

The Civil Service Commission was set up over 50 years ago, and at that time only about 15,000 employees were placed within the classified civil service. The number has now reached more than 500,000 civil-service employees, and there are about 300,000 employees outside of the classified civil service. It is well known that the board form of organization is unsuited to large administrative tasks. It is almost always slow, cumbersome, and inefficient when utilized for administrative functions. Its members serve for relatively short terms. The

Civil Service Commission has been no exception to this rule. It is not suited to provide the constructive leadership, initiative, and vigorous administration needed in the central personnel agency of the Government. While many notable advances have been made in civil-service administration in the Government since the creation of the Civil Service Commission 50 years ago, it is increasingly being recognized that a more effective organization is needed. The protective features of the existing system will not be weakened by providing for more efficient and vigorous administration through a single responsible executive. The greatest stumbling block to the advancement of civil service in this country has been inefficient administration; the greatest step forward is to be achieved through the improvement of administration.

The central civil-service agency, like the Bureau of the Budget with its single head, is a managerial agency of the Chief Executive. As the Civil Service Commission is organized at present, however, it is difficult if not impossible for the President to exercise effectively the direction and leadership in bringing about more effective personnel management. The board form of organization is as equally unsuited for personnel administration as it would be for budgetary administration.

There has been a general trend in this country away from the board form of organization for civil-service administration. While all of the older laws provided for civil-service commissions, the recent State laws and municipal charters have more commonly provided for a single administrator in charge of the administration of civil service. The need for a single civil-service administrator in the Federal service has been recognized and widely advocated for a number of years. It was recommended by President Hoover in 1932, and was strongly supported by the then President of the Civil Service Commission.

In addition to the creation of a single Civil Service Administrator appointed by the President by and with the advice of the Senate, and serving for an indefinite term, the bill creates also a Civil Service Board of seven members, which will exercise important investigatory and advisory authority. This Board will serve as the "watchdog" of the merit system. To it will be drawn representatives of business, industry, labor, education, and other walks of life interested in the promotion of an efficient civil service. It will meet the need for an independent citizen agency charged with the duty of recommending broad policies of making investigations into civil-service practices and methods, and of safeguarding the integrity of the system by bringing to the attention of the President, of the Congress, and of the people conditions or abuses demanding correction. This Board, though charged with no administrative duties, will play a large part in the development and improvement of the civil service.

Title III of the bill provides for the extension of the classified civil service by vesting in the President authority to cover into the classified civil service offices and positions now outside such service, except those which are filled by appointment by the President with the confirmation of the Senate.

The Government of the United States employs over 1,000,000 men and women. The extent of the classified civil service in the executive branch of the Government at the end of 1936 is indicated in the following table:

Distribution of employees in the executive branch, according to method of appointment, Dec. 31, 1936

	Number of employees	Under classified civil service	Not under classified civil service
Regular establishments.....	717, 621	506, 512	211, 109
New and emergency agencies.....	113, 474	8, 726	94, 748
Total.....	831, 095	515, 238	305, 857
Percentage.....		60.2	39.8

Source: U. S. Civil Service Commission.

It should be noted, however, that of the employees outside of the classified civil-service system, approximately 35,000 are under a merit system set-up within the agency such as that of the Foreign Service, the Public Health Service, the Tennessee Valley Authority, and the Home Owners' Loan Corporation.

During the last 4 years there has been a great awakening of public interest in the improvement of the Government service. Not only the leaders of the country, but the people as well have come to see more clearly that good and effective

government, as well as efficient and economical government must rest in the last analysis upon a highly competent public service.

This renewed interest in efficient civil service is shown particularly in the active work of national and local civic organizations, the establishment of "career training" courses here in Washington and at the leading universities, and the publication of important and scientific studies of Government personnel problems. There has never been as much public sentiment as there is now for the improvement of the public service.

An interesting illustration of this is found in the Nation-wide poll conducted in March 1936, by the American Institute of Public Opinion, the accuracy of whose polls has been repeatedly noted. The question whether the classified civil service should be extended to all except the highest offices and positions was submitted without argument to carefully selected "ordinary" citizens in all parts of the country. The result was an 88 percent vote for civil-service extension. It is significant that virtually no other question submitted in the past 2 years to a national poll has been accorded a higher affirmative vote.

This Nation-wide demand for better government personnel has already resulted in important new legislation in some 10 States during the legislative sessions this year. Five States (Arkansas, Connecticut, Maine, Michigan, and Tennessee) adopted civil-service laws for the first time. This is the largest number of States taking action of this sort in any one year in our history, and is a further indication of the attitude of public opinion at the present time.

These new State laws follow in the main the principles embodied in H. R. 8277. In every case the emphasis is placed upon constructive personnel administration and upon the close relationship of personnel administration to general administration, and not upon the negative aspects of civil-service administration as in the past. In each of these new State laws the administrative activities are placed under a "personnel director" instead of a board. The principle of extending civil service to all except the higher posts is recognized in each of these laws.

The time has come to extend the classified civil service in the Federal Government to the great majority of positions now outside of the service. The new and emergency agencies created since 1932 were necessarily exempted from the classified civil service. It was not possible at the time of their creation to determine how long their activities would be continued, and it would have been unwise to place them within the classified civil service at the outset. The situation is now changed. Positions in activities which are to be continued should be brought within the classified civil service without further delay.

The bill provides that incumbents of offices or positions covered into the classified civil service by the President under the authority of the bill will acquire a classified civil-service status only upon recommendation by the head of the agency concerned, certification by such head that they have served with merit for a prescribed period, and upon taking a noncompetitive examination given by the Civil Service Administrator. Your committee would regard it as unwise to blanket employees into the classified civil service without some test of their fitness. On the other hand, your committee believes that it would be unfair and unwise to require employees who have loyally served the Government to take an open competitive examination. Furthermore, this would place an impossible burden upon the Civil Service Administration and also would disrupt the service by reason of the loss of many employees who, though experienced and satisfactory, would be displaced by inexperienced persons with higher ratings.

It is the opinion of your committee that the provisions of this bill will provide the machinery for a real career service in the Government. It will offer an opportunity to the rank and file of Government employees to advance through promotion to high positions of honor and distinction. This step is essential to the building up of a great civil service.

Title IV provides for the extension of the Classification Act of 1923, as amended, by authorizing the President to extend the provisions of that act to offices and positions not now subject to its provisions. This action, which has been long delayed, will provide for the uniform application of definite salary standards and the more careful budgeting of personnel services.

ANALYSIS OF THE BILL

Section 1 designates the short title of the bill.

TITLE I. THE CIVIL SERVICE ADMINISTRATION

Section 2 establishes the Civil Service Administration, at the head of which will be a Civil Service Administrator, appointed by the President, by and with the advice and consent of the Senate.

Subsection (b) of this section creates an office of Deputy Civil Service Administrator. The incumbent of this office will be appointed by the Administrator and will act as Administrator in the absence of the Administrator.

Section 3 abolishes the United States Civil Service Commission and transfers to the Civil Service Administrator all of the functions of such Commission.

Subsection (b) of this section provides that the provisions of the bill shall supplement, and not supersede, the provisions of the present civil-service laws which vest functions relating to the administration of the civil service in the President, except as such provisions may be directly in conflict therewith. A proviso is added to this subsection which declares that the President is not authorized to cover offices, positions, or the incumbents thereof into the classified civil service, or remove offices or positions from such service, except as provided in this bill.

Section 4 vests in the Civil Service Administrator certain functions in addition to those transferred to him from the Civil Service Commission. In general, the section authorizes the Administrator to prepare and effect plans for the development of a career service in the Federal Government, to cooperate with and assist the agencies of the Federal Government in the development of personnel standards, practices, and policies, and to study such standards, practices, and policies in other governmental jurisdictions and cooperate with such jurisdictions in the adoption and development of merit systems.

This section also authorizes the Administrator to consult with experts on personnel administration and reimburse such experts for their expenses in connection with such consultation, and to make certain other expenditures.

Section 5 contains general administrative provisions which authorize the Civil Service Administrator to delegate his functions to officers and employees of the Civil Service Administration, to supervise the clerical and other work of the Civil Service Board established by section 201 of the bill upon request of the Board, to furnish such Board with clerical and other services by assignment from the Civil Service Administration, and to adopt an official seal for the Civil Service Administration.

TITLE II. THE CIVIL SERVICE BOARD

Section 201 establishes in the Civil Service Administration a Civil Service Board composed of seven members.

Section 202 provides that the members of the Civil Service Board shall be appointed by the President with the confirmation of the Senate and authorizes the President to designate a chairman and a vice chairman of the Board.

Section 203 prescribes the terms of office of the members of the Civil Service Board.

Section 204 provides that the members of the Civil Service Board shall be reimbursed for their subsistence and other expenses at the rate of \$50 per day for time spent in attending and traveling to and from meetings of the Board, plus the actual cost of transportation, with a proviso added that no member shall receive more than \$1,500 per annum, exclusive of transportation.

Subsections (b) and (c) of this section prescribe the rules governing the time and conduct of meetings of the Civil Service Board.

Section 205 prescribes the functions of the Civil Service Board. In general, the Board is to "oversee" the administration of the civil-service laws, act in an advisory capacity in matters affecting personnel administration in the Federal Government and make reports and recommendations to the President and the Congress looking to the improvement of personnel administration.

This section also authorizes the Civil Service Board to propose to the President plans and procedures dealing with Federal employment problems.

This section likewise authorizes the President or the head of any executive department or independent agency, subject to regulations prescribed by the President, to appoint special boards to consider employment problems and such boards are required to report their findings thereon to the appointing officers.

Section 206 authorizes the Chairman of the Civil Service Board to adopt an official seal for such Board.

TITLE III. EXTENSION OF CIVIL-SERVICE LAWS

Section 301 grants to the President a continuing authority to cover officers or positions into, or except them from, the classified civil service whenever he finds that good administration will be facilitated thereby. Officers and positions filled by appointment by the President with the confirmation of the Senate are exempted from the President's power under this section.

Section 302 provides that the incumbent of an office or position which is covered into the classified civil service under title III of the bill will acquire a classified civil-service status only upon (1) recommendation by the head of the agency concerned within 1 year after the covering in of the office or position; (2) certification by such head that the incumbent has served with merit for a prescribed period; and (3) passing a noncompetitive examination prescribed by the Civil Service Administrator. All three of these requirements must be met.

Section 303 provides that the provisions of title III of the bill shall be applicable to existing offices and positions and the incumbents thereof, and shall also be applicable to offices, positions, and incumbents created, authorized, or appointed under this bill or any subsequent act unless the Congress specifically provides otherwise.

TITLE IV. EXTENSION OF CLASSIFICATION ACT

Section 401 authorizes the President, subject to the limitations prescribed by subsections (b), (c), and (d) of the section, whenever he deems it necessary to the more efficient operation of the Government, to extend, by Executive order, the provisions of the Classification Act of 1923, as amended, to any office or position in the agencies of the Government not now subject to that act. It is further provided that, when directed to do so by the President, the Civil Service Administrator shall make investigations and recommendations to the President on such matters prior to action by the President.

Subsection (b) of this section provides that whenever the President, upon report and recommendation by the Civil Service Administrator, finds that any offices or positions to which the Classification Act, as amended and extended, is applicable, may not reasonably be allocated to any of the existing classification services prescribed in the Classification Act, he may by Executive order prescribe such additional classification services as he deems necessary, and describe and fix the compensation of the grades of such services within the limits of the Classification Act and as nearly as may be in accord with the existing grades which involve comparable offices or positions.

Subsection (c) of this section authorizes the President to prescribe compensation in excess of the rates prescribed in the Classification Act for offices or positions under that act, as amended and extended, by establishing schedules of differentials not exceeding 25 percent of the minimum rate of compensation of the grade applicable to the offices or positions involved, whenever he finds, upon report and recommendation by the Civil Service Administrator, that the compensation schedules of the Classification Act are inadequate for such offices or positions. The authority under this section is expressly confined to offices and positions located at remote stations, or those which involve unusual physical hardship, or hazards, or have similar characteristics. Also the Civil Service Administrator is authorized to take these special characteristics into consideration in allocating a class of offices or positions to a service and grade under the Classification Act, in which event no differential may be set up.

Subsection (d) excepts from the powers granted to the President by this section certain classes of offices and positions. These exceptions consist largely of offices and positions, the compensation of which is now expressly fixed by laws other than the Classification Act.

Section 402 authorizes the President, after investigation by the Civil Service Administrator, to except certain offices and positions from the provisions of the Classification Act. This authority is limited to offices and positions having certain characteristics designated by the bill which tend to prevent a practicable application to them of the provisions of the Classification Act.

Section 403 provides that offices and positions to which the provisions of the Classification Act are extended under this title of the bill shall be allocated to a service and grade under the Classification Act in accordance with section 4 of that act and with a uniform procedure to be prescribed by the Civil Service Administrator. It is further provided that the initial compensation of the incumbents of such offices and positions shall be fixed in accordance with section 6 of the Classification Act, unless the incumbent is receiving compensation in excess of the maximum rate prescribed for the grade of his office or position, in which event no change will be made in his existing compensation as long as he occupies that office or position, but when it becomes vacant the compensation applicable thereto will be adjusted to accord with the Classification Act.

Section 404 declares that nothing in the act shall be deemed to prevent the promotion of an officer or employee.

TITLE V. MISCELLANEOUS PROVISIONS

Section 501 authorizes the President, the Civil Service Administrator, and the Civil Service Board to prescribe such rules and regulations as may be necessary to enable them to exercise their respective functions.

Section 502 provides for the transfer of the personnel and property of the Civil Service Commission to the Civil Service Administrator, and prescribes the conditions under which personnel so transferred may acquire a classified civil-service status.

Section 503 provides for the transfer to the Civil Service Administration of such portions of the unexpended balances of appropriations available for the Civil Service Commission, as the President shall deem necessary. Unexpended balances of such appropriations, not so transferred, are required to be impounded and returned to the Treasury.

Section 504 is a saving provision with respect to existing laws, rules, regulations, and similar matters pertaining to the Civil Service Commission.

Section 505 is a saving provision with respect to proceedings, investigations, and similar matters pending in the Civil Service Commission.

Section 506 is a saving provision with respect to suits or actions pending by or against officers or employees of the Civil Service Commission.

Section 507 authorizes the President and the heads of the executive departments, the Director of the Bureau of the Budget, the Civil Service Administrator, and the Civil Service Board to employ experts and consultants for the purpose of consultation, investigation, and research in connection with the exercise of the functions of their respective offices.

Section 508 contains the definitions of certain terms as used in the bill, namely, "agency", "independent agency", "temporary agency", "managerial agency", "federally owned and controlled corporation", and "functions." These definitions, particularly that of the term "agency", govern the scope of the operation of many important provisions of the bill.

Section 509 authorizes such appropriations as may be necessary to carry out the provisions of the bill.

Section 510 contains a separability clause.

Section 511 provides that the provisions of the act shall become effective 90 days after its enactment.

REORGANIZATION OF GOVERNMENT DEPARTMENTS

EXTENSION OF REMARKS OF HON. JOHN TABER OF NEW YORK IN THE HOUSE OF REPRESENTATIVES

Saturday, August 21 (legislative day of Friday, Aug. 20), 1937

Mr. TABER. Mr. Speaker, last January, under considerable pressure from both sides of the aisle and under a promise from the then chairman of the committee, Mr. Buchanan, that we would have fair and adequate hearings on the bills that would come before the committee and that an effort would be made by the committee to bring in legislation that would show some economy in governmental expenditures, I accepted an appointment upon the Joint Committee on Government Reorganization and upon the Committee on Government Reorganization of the House. I believe that had Mr. Buchanan lived that he would have kept that pledge and that there would have been a sincere attempt to bring about economy and that the bills to be reported would be reported only after fair hearings and fair opportunity to consider the legislation that was to be presented to the committee.

The only actual hearings that the committee has had have been the joint hearings which, on such an important subject as this, contain only 414 pages.

The first bill reported by the committee was the "wedge bill", creating six new administrative assistants to serve as a wedge between the President and his Cabinet and destroy any possible efficiency in the management of the departments of the Government. This was taken up with no hearings beyond a casual statement on the part of the so-called Brownlow committee. It is a totally destructive bill.

The second bill taken up was H. R. 8202, title I of which permitted the President to reorganize the different departments of the Government—with a few outstanding exceptions—and title III of which created the Department of Welfare, which can have assigned to it activities costing as high as \$4,000,000,000—one-half the cost of operating the Government in these days—and a department which in no wise would result in any way in efficiency or economy except in consolidated propaganda against the legislative branches of the Government. This bill, in my opinion, will increase the cost of government at least \$200,000,000 each year the Department exists. I was willing to accept title I of the bill giving the President authority to abolish certain agencies of the Government, but I do not believe that the President intends to exercise that authority to bring about any efficiency or any economy.

Title III of the bill was totally vicious.

The third measure taken up by the committee was the so-called civil-service bill (H. R. 8277) creating a single head of the Civil Service Commission and abolishing the old nonpartisan Commission which for 50 years has had charge of this activity. On this bill alone, has the committee called in experts and given us any opportunity to

consider the bill. Its obvious purpose is not efficiency in administration, but to place the civil service of the Government under absolute political control and exploit it for purely political purposes. I shall, if I am permitted by the House, file a minority report which will point out a few of these defects.

The crowning glory of the committee, however, comes in the reporting of H. R. 8276, a bill to abolish the Comptroller General as an independent auditing agent and to give an opportunity to the dictatorship which now prevails in Washington to go ahead without regard for the laws passed by Congress and regardless of any of the safeguards which a free people have set up to protect themselves from the illegal expenditure of funds. This bill repeals that portion of the budgetary law of 1921 which creates the Comptroller General "independent of the executive departments and under the control and direction of the Comptroller General of the United States." It is the obvious intention that the Comptroller General shall be under the direction and control of a supine Attorney General prepared to render opinions which would permit funds appropriated by the Congress for a specific purpose to be used for any purpose for which the administration might desire, and thus with this subordination of the Comptroller General destroy the specific appropriating power of Congress. Under the original budgetary law, the Comptroller General was made independent by giving him a term of 15 years and making him removable only by a joint resolution of Congress.

To destroy this independence, under H. R. 8276 the Comptroller General's term is made during the pleasure of the President.

It is true that this bill sets up an auditor general for whom some measure of independence is assured by giving him a term of 15 years and providing for his removal only by joint resolution of Congress, but, while the Auditor General would have the general power to do the auditing and would be required to report to Congress matters as to which he and the Comptroller General differed, the right to settle accounts and to review any decision of the Auditor General is absolutely vested in the Comptroller General who would, as I have said before, be absolutely subservient to the administration and would have the sole power to fix the balances of the governmental agencies.

The object of this bill, H. R. 8276, is obviously to destroy the control over administrative expenses which an independent officer of the Government must exercise if there is going to be any maintenance of liberty in America, if there is to be any respect whatever for the acts of Congress which are passed. Every Member of Congress who supports this bill is abdicating in favor of the dictatorship every vestige of power or influence that he has left after 4 years of usurpation.

The only hope for the liberties of America is in the defeat of this bill.

The bill itself has been reported by the committee without any hearings whatever at which any responsible officer of the Government or any representative of the Comptroller General's Office was present for examination by the members of the committee. I demanded this kind of a hearing. I recited the promise that was made me by the late chairman of the committee, Mr. Buchanan. On Wednesday, August 18, I moved that the committee adjourn to Friday, August 20, at 10 a. m.; that a copy of the bill be submitted to the Comptroller General, and that he be present or send a representative of the Office to discuss the bill with the committee. The New Deal majority of the committee

voted me down. Frankly, I shall deem it my duty to continue to serve on this committee until these bills are disposed of by Congress, but I do not propose to be a party in any way to legislation being brought out on the floor without proper consideration, as is being done with H. R. 8276.

I shall, from time to time, as the opportunity presents itself, try to prevent the passage, especially of this bill, H. R. 8276, designed to destroy any vestige of an independent audit of the expenditure of the funds of the Government and to absolutely destroy and do away with an independent interpretation of the laws which Congress has passed.

I pray that an aroused public sentiment will, after the recess of Congress, restore to our membership some of the courage which formerly characterized membership in the House of Representatives and the Senate of the United States.

REORGANIZATION OF GOVERNMENT DEPARTMENTS

EXTENSION OF REMARKS OF HON. JOHN J. COCHRAN, OF
MISSOURI, IN THE HOUSE OF REPRESENTATIVES

Monday, August 16, 1937

Mr. COCHRAN. Mr. Speaker, on page 12413 of the Congressional Record of August 21 appears a statement of my colleague from New York, Hon. John Taber, which contains matter which I, as chairman of the Select Committee of the House on Government Organization, propose to answer fully and frankly in order that those interested in the problem of reorganization may have the whole picture before them to study before the Congress resumes consideration of the legislation now pending.

He asserts that a promise was made to him by Mr. Buchanan, who, until his untimely death soon after the committee was created, was its chairman. This asserted promise was to the effect that "we would have fair and adequate hearings on the bills that would come before the committee, and that an effort would be made by the committee to bring in legislation that would show some economy in governmental expenditures."

I have been a member of the committee since its inception and was well acquainted with Mr. Buchanan's plans for the committee. I have no doubt that he would have, if he had lived, insisted upon fairness in all respects, and that the committee take no action until it was thoroughly conversant with the subjects legislated upon and the nature and effect of the proposed legislation. For this reason I have no difficulty in accepting Mr. Taber's statement that a promise was made that this would be done. The difference between Mr. Taber and me lies in the fact that he intimates that the committee later practiced unfairness and failed to give proper consideration.

One of the first acts of Chairman Buchanan was to secure the services of Mr. Clark C. Wren, an excellent lawyer of long experience and study of governmental affairs, in every way competent to serve as consultant and adviser of the committee. One of Mr. Buchanan's last acts before he went to the hospital, where he was to die, was to direct Mr. Wren to make an analysis of a draft of a bill which had been prepared by the President's Committee on Administrative Management as an agenda for discussion at the coming meetings of the Joint Committee on Government Organization. Mr. Wren submitted an excellent report, a copy of which went to every member of the joint committee, including Mr. Taber, and many of us found its criticisms and suggestions most helpful for use in the 13 hearings of the joint committee which ensued. A copy of the transcript of these hearings has for many days been obtainable in printed form. The joint committee called before it not only the members of the President's committee but representatives of the Brookings Institution, which institution had previously been employed by the Select Com-

mittees on Reorganization of the Senate and House appointed by the Seventy-fourth Congress to study and report upon the whole question of reorganization.

Mr. Taber took an active and serviceable part in the examination of the members of the President's committee and of the Brookings Institution, and I venture to assert that all of the ramifications of the proposals of the President's committee were fully explored and adequately analyzed before the joint committee.

None of the joint committee hearings were open to the public. From the beginning Mr. Buchanan opposed open hearings, and, after he was taken from us, being appointed by Speaker Bankhead to succeed Mr. Buchanan as chairman, I followed his lead and on every occasion when the question arose in the joint committee I spoke for the House committee in opposition. In this I was supported throughout by a majority of the members of the House committee. I can recall no demand from any member for open hearings on the part of the House committee or any subcommittee thereof.

I do not understand Mr. Taber's complaint to refer to open hearings. He appears to be dissatisfied because he thinks the House committee reported three of its bills without calling in what he denominates "experts", and because, although he admits experts were heard on one bill, he thinks the committee reported it without sufficient consideration. Let me review as briefly as possible exactly what the committee did.

Shortly after the joint committee had completed its hearings the House committee met and resolved to divide the organization problem into four parts. It authorized its chairman to appoint four subcommittees and to assign to each, for consideration, one of these parts. The following subcommittees were organized:

To consider whether or not the President should be given power to transfer, consolidate, coordinate, and so forth, functions and agencies and to abolish those found to be unnecessary, and whether or not new executive departments should be created: Representative Lindsay C. Warren, chairman; Representative John J. Cochran; Representative Fred M. Vinson; Representative Frank C. Kniffin; Representative Harry P. Beam; and Representative John Taber.

To consider matters affecting the Civil Service: Representative James M. Mead, chairman; Representative John J. Cochran; Representative J. Will Robinson; Representative Harry P. Beam; and Representative John Taber.

To consider matters affecting the General Accounting Office: Representative Fred M. Vinson, chairman; Representative John J. Cochran; Representative Lindsay C. Warren; Representative J. Will Robinson; Representative James M. Mead; Representative Frank C. Kniffin; and Representative Charles L. Gifford.

To consider giving the President additional assistance: Representative J. Will Robinson, chairman; Representative Frank C. Kniffin; Representative Harry P. Beam; Representative John J. Cochran; and Representative Charles L. Gifford.

It will be noted that each member of the whole committee served on at least two of the subcommittees; as chairman of the full committee, I served on all of the subcommittees.

The members of these committees have, because of their experience in Congress and investigations heretofore, such a familiarity with the

organization of the executive branch of the Government that many of them might well be termed experts. Particularly is this true with reference to Mr. Taber. If there is one man who is a member of the Minority who understands the workings of the Government agencies, Mr. Taber is that man, and I cannot conceive that any hearings that might be held would add to the knowledge he already possesses as to the activities of the various agencies. For years he has been a member of the Appropriations Committee, during which time he has studied the whole executive branch of the Government.

Throughout the year there has been available, not only to Mr. Taber but to all of the members of the committee, many books in the Congressional Library containing transcripts of hearings held by various congressional committees upon the subject of reorganization. It would merely be a duplication to attempt additional hearings where the subject matter has already been fully explored.

Mr. Wren is familiar with the great mass of literature to which I allude and was always available to any member of the committee to give him any information that was at hand or to search out additional information on any point. That he was abundantly capable I have no hesitancy in asserting, and I am sure that even Mr. Taber will agree with this. Our committee has an office in the House Office Building. A telephone message was all that was necessary to secure any information desired.

Mr. Taber calls H. R. 7730 "the wedge bill", and he speaks of it as if it gave the President something entirely new. It does nothing of the sort. For years our Presidents have had the right to employ and define the duties of additional assistants within the moneys appropriated. This bill makes no appropriation. Before a single man can be employed under the bill, the President must go to Mr. Taber's Committee on Appropriations to procure the money. Without the bill, however, he could not pay them more than the salaries provided for in the Classification Act. Under the bill, if money is appropriated they can be paid "not more than \$10,000 per annum." So that in considering the proposal embodied in the bill all that the committee had to determine was whether or not they believed Congress should permit the President to, from time to time, ask for a sufficient appropriation to permit him to employ "not to exceed six administrative assistants" to be paid at the rate determined by him, but not above \$10,000 per annum.

Mr. Taber says this bill "was taken up with no hearings beyond a casual statement on the part of the so-called Brownlow committee", and he thinks that we should have had hearings. The question arises, Whom would we have called in? The President had already informed Congress in his message approving his committee's report that he desired these six assistants. There was nobody anywhere on earth any more competent to advise the committee on this question than its own members.

I am a little surprised that Mr. Taber voices opposition to this bill. He is too sensible a man not to realize that when heavy duties, such as those which ordinarily rest upon the shoulders of the President of this great country are increased to the extent that has occurred in the past few years, he needs these additional people, and Mr. Taber is too good a businessman not to realize that when an important executive in any business reports that he needs assistance in order to perform his

duties, common sense dictates that, in the interest of the economy of good management, the assistance be given him.

No precipitious action was taken on this bill. Mr. Robinson, the chairman of the subcommittee where it originated, assembled for the benefit of his subcommittee, all pertinent information. He had Mr. Wren prepare three different drafts of the proposed legislation and make an analysis thereof. All of this material was placed before the subcommittee and every member thereof took a lively interest in the discussions that ensued of the various points that were raised, including that one from which Mr. Taber derives his term "wedge bill." The subcommittee, by a majority vote, reported the bill favorably to the full committee in the form finally presented to and passed by the House. Discussion proceeded in the full committee, and the result thereof was the favorable report on the bill. What could have been more fair than these proceedings?

H. R. 8202, which gives the President power to reorganize the various agencies and establishes the Department of Welfare does not meet Mr. Taber's condemnation in its entirety. He says that he was willing to give the President the authority contained in its title I. He was hardly in a position to say anything else because he voted to give Mr. Hoover more power to reorganize, transfer, abolish, and so forth, than H. R. 8202 gives President Roosevelt. However, I thank him for this exception to his otherwise all-inclusive condemnation of the committee's work.

His vicious attack on title III, which establishes the department of welfare, amounts to a contention that the whole is greater than the sum of its parts. He asserts that if title III is enacted, the department of welfare can have assigned to it activities which, to use his own figures, now cost \$4,000,000,000 per annum, and that the new department, so long as it exists, will, in his opinion, increase the cost of government at least \$200,000,000. I am sure Mr. Taber can never justify his figures, although it is upon them that he bases his assertion that "title III of the bill was totally vicious."

If any charge of precipitious action can apply to the proceedings of the committee, it would be with reference to this bill, because the subcommittee under Mr. Warren, who had charge of the matter, met on the same day and at practically the same time as the whole committee. This was occasioned by the fact that members of the subcommittee of which Mr. Mead was chairman had assembled at the same place where Mr. Warren assembled his committee. Full opportunity for discussion was, however, given and indulged in. There was no reason to call anybody before the committee to consider title I of the bill, because the proposal was to give the President less power than had already been given him in 1933 to reorganize the agencies. The draft of the bill expressly excepted from that power all regulatory agencies and others which it seemed proper to except. Mr. Taber did not suggest further exceptions nor disagree with those made. There was practically no opposition to title I of the bill. Title II of the bill merely amends a section of the Budget and Accounting Act so as to make certain that independent regulatory commissions or boards come within the terms of that act, and there was no opposition to this title. Mr. Taber voiced his opposition to title III, and the points he now raises were fully discussed, but neither he nor anyone else proposed that experts or any other persons be called before the

committee with reference to any particular part of the bill. Indeed, it is difficult to understand how experts could have been found to tell the committee anything more than it already knew, because every member of the committee was of the opinion that the executive branch needs reorganization and that some place must be found in which to put the independent agencies that are purely executive in character. The sole question was whether or not we should have a Department of Welfare, and this was one for Congress to determine under its responsibilities to the voters.

Every member of the committee was well aware that a great many of the existing agencies were opposed to any legislation which would permit a disturbance of their present status. I fear no successful contradiction of my statement that if Mr. Taber or anyone else will examine the sources of the criticisms that have arisen with reference to H. R. 8202 and other bills prepared by this committee, he will find that they originate with officials of the various governmental agencies who, regardless of the cost to the taxpayers, desire that their set-ups be left alone. For instance, I have photostatic copies of letters which were sent out by the various forestry associations a few days after the President's message on reorganization was published. Meetings were held in Washington to oppose any action on the part of the Committees on Government Organization which would permit a change of the present set-up with reference to forestry although, as I pointed out in my remarks when the bill was under consideration, 14 separate Government agencies are now handling forest lands. Since the passage of this bill by the House and since the Senate bill on reorganization was reported out, additional letters have been distributed which indicate that further meetings will be held to create pressure upon Senators to prevent the enactment of legislation which would in any way permit the disturbance of the present administration affecting forest lands.

We specifically excepted the Interstate Commerce Commission from the powers given the President to transfer functions, and so forth. Not satisfied with this, letters are being received from the practitioners before the Interstate Commerce Commission clearly indicating that they are the result of propaganda originating among governmental officials, insisting that the Interstate Commerce Commission be exempted entirely, and the Commission be permitted to select its own personnel. They want no one, not even the Civil Service, to have a voice.

Mr. Taber should investigate the sources of this kind of propaganda. If he does so, I predict that he will no longer be deceived by it.

H. R. 8277, the purpose of which is to extend the merit system and the Classification Act, meets a very mild opposition at Mr. Taber's hands. With respect to this bill he admits that the subcommittee and the full committee called in what he termed "experts", and afforded an opportunity for consideration of the bill. In my opinion it is an excellent bill which will receive the approval of Congress. In the interest of brevity, I refrain from saying more.

To H. R. 8276 is accorded "the crowning glory of the committee" by Mr. Taber. It is a bill dealing with the General Accounting Office. It is true that neither the committee of the House nor its subcommittee on this question had before them any persons that presently have to do with accounting and settlement of claims. It is also true that Mr. Taber proposed postponement of the consideration of this

bill and that representatives of the General Accounting Office be brought before the committee, and this proposal was voted down. No good reason appeared to the majority members of the committee for hearing representatives of the General Accounting Office. The bill proposed to discontinue the office of the Assistant Comptroller General, who is now Acting Comptroller General, and the committee could well assume that he would not approve of the proposal. It was not proposed to materially change any of the duties now performed by the personnel of the General Accounting Office. They were to be transferred in part to the General Auditing Office that the bill provided for and the balance were to be left in the General Accounting Office.

Mr. Taber had abundant opportunity to express, and did express to the committee, his views with reference to this bill. The bill had, however, been prepared after long study on the part of the chairman of the subcommittee having the matter in charge, who consulted at length with other members of his committee and received the advice and assistance of the consultant and adviser. It does not represent the views of the President's Committee on Administrative Management, because they believed, with the approval of the President, that the General Accounting Office should be entirely abolished and all of its duties and functions placed under the Secretary of the Treasury. Nor does the bill represent the views of the Brookings Institution, who contend that the powers of the Comptroller General and the General Accounting Office should be increased. The bill is somewhat of a compromise between these two extremes. It is true, as Mr. Taber suggests, that the Comptroller General, the head of the General Accounting Office, is made entirely subordinate to the President and subject to his removal in exactly the same manner that any other executive officer appointed by the President is removed.

This section of the bill reverts to the idea that prevailed prior to the passage of the Budget and Accounting Act in 1921. In those days the Comptroller and six auditors had almost exactly the powers that were, by the Budget and Accounting Act, vested in the Comptroller General. The President could remove any or all of them, but he could not dictate their decisions. No more can the President dictate the decisions of the Comptroller General and the General Accounting Office as provided for in the bill which Mr. Taber criticizes. I repel Mr. Taber's suggestion that the bill will destroy the proper control of administrative expenses. That control, including the power to preaudit and to settle claims and accounts, is left in the Comptroller General. The bill provides, however, that the auditor general created by it shall be entirely independent of the President and any other governmental official. As an agent of Congress the auditor general will scrutinize everything that is done in the Government with reference to finances and will be charged with the duty of promptly reporting to Congress anything he finds to be wrong. His reports will be in the hands of the committees of Congress when they come to consider appropriations and other bills affecting the executive departments and agencies. This should be of great assistance to Congress.

At the present time these committees are largely in the dark concerning the particulars of what is going on in the executive branch. They are practically forced to accept the recommendations of the officials who administer the various departments and agencies and of the Bureau of the Budget. By the enactment of this act it will be

assured that sufficient information will be coming to or procurable by congressional committees to enable them to greatly reduce the expense of Government, and particularly enable the Appropriations Committees to intelligently scrutinize and reduce the estimates that are submitted to the Congress from year to year.

Mr. Taber expresses concern as to the provisions of this bill that will give the Attorney General power to render opinions. He thinks that the intention of these provisions is "that the Comptroller General shall be under the direction and control of a supine Attorney General prepared to render opinions which would permit funds appropriated by the Congress for a specific purpose to be used for any purpose for which the administration might desire", and so forth. The provisions in the bill with reference to the Attorney General are found in section 4 (d). It does not give the Attorney General any such power as Mr. Taber contends. The provision will only permit the Attorney General to "render opinions as to the jurisdiction and authority of the General Accounting Office in connection with the settlement and adjustment of any account or claim." Since the present law, supplemented by H. R. 8276, clearly defines the jurisdiction and authority of the General Accounting Office, there will be few, if any, occasions for the exercise of the power given to the Attorney General. Such occasions can only arise in border-line cases. If, however, such a contingency as Mr. Taber appears to fear should come to pass, the bill provides so that the Auditor General will promptly report the matter to Congress for remedial or corrective action. I hope that Mr. Taber will by that time have seen the error of his ways and participate in the remedial action which the proponents of this bill expect Congress to take when anything of the sort that Mr. Taber now fears occurs.

Mr. Taber's attitude is at variance with that of some of the outstanding antiadministration newspapers in the United States, including the Washington Post and the Washington Herald, who have carried leading editorials which commend the committee for its efforts.

Mr. Taber's attack, although not intended to be so—of that I am sure—is subject to a construction which would make it a condemnation of the members of the House Select Committee on Government Reorganization. My colleagues on this committee have established a reputation not only for intelligence, industry, and a conscientious attention to duty, but also for the courage to do what they believe to be right in spite of either public clamor or political pressure. His expressed hope that "an aroused public sentiment will, after the recess of Congress, restore to our membership some of the courage which formerly characterized membership in the House of Representatives and the Senate of the United States" does not apply to any one of them to the slightest extent.

They had the courage to say "no" to the recommendations approved by the Chief Executive in the following respects: They denied him power to disturb the regulatory agencies and other activities of the Government, which they thought should not be disturbed. They provided for an extension of the civil service, but in radically different terms than those recommended by the President's committee and approved by him. They refused to abolish the office of Comptroller General and the General Accounting Office and to adopt many proposals recommended by the President's committee with respect to the accounting system of the Government. On the other hand, they

refused to yield to propaganda opposing measures which they believed should be enacted. On the whole each and every member has, in my opinion, and I believe this will be the opinion of the public generally, given unsparingly of his talents, efforts, and his time to the tasks before the committee, and they richly merit approbation rather than the condemnation that comes from one of their members.

As chairman of the committee, I am going to call the roll and gladly include as deserving of what I have just said the two members of the committee who come from the minority party. It needs but to mention the names of the men on this committee to refute the charge of lack of courage that has been made. This roll of my associates, which I insist is a roll of honor, reads: Lindsay C. Warren, of North Carolina; Fred M. Vinson, of Kentucky; J. Will Robinson, of Utah; James M. Mead, of New York; Frank C. Kniffin, of Ohio; Harry P. Beam, of Illinois; John Taber, of New York; and Charles L. Gifford, of Massachusetts.

Although not a Member of Congress, I think it is due to him to add to this roll of honor the name of the consultant and adviser, Mr. Clark C. Wren, of Texas, whose services have been invaluable.

Efforts to reorganize the Government began at a very early date, as I shall show presently in a historical review, and have continued almost constantly to the present time. History does not record an instance where a committee of Congress dealing with government organization has accomplished any more, in the length of time consumed by the work of the committee concerning whom I speak as its chairman, than has this committee. It has thoroughly investigated all phases of the question and has definitely determined what it believes to be the best method to be pursued. This was only done after analyzing earlier methods and taking lessons from the past. It has reduced its considerations to four bills all favorably reported, two of which have been adopted by the House, and two, I predict, will be adopted as soon as the opportunity for their consideration occurs. I would be the last to claim that these bills are perfect, but I do assert that they approach as nearly to perfection as can be accomplished in legislative matters.

HISTORICAL OUTLINE

Almost coincident with the establishment of the Federal Government there began official inquiries into the conduct of business in the executive department. The desire to bring about economy in the expenditure of money was, almost uniformly, the moving impulse; but there is manifested in many of these efforts a purpose to rearrange in order to bring about economy of effort and improve administrative efficiency. Following the adoption of the Federal Constitution it appears to have been the idea of Alexander Hamilton, who perhaps had the greatest influence in the matter, that activities having the same general purpose should be grouped together. The first executive agency, created under the Hamiltonian plan in 1789, was the Department of Foreign Affairs, afterwards called the Department of State. In the same year the War and Treasury Departments were created, so that the President's Cabinet originally consisted of the Secretaries of State, War, and the Treasury. The Attorney General was the legal adviser to the President and the department heads. In 1798 the Navy Department was created.

The Fifth Congress, of the year last mentioned, investigated by committee action the possible changes in the methods of distributing public moneys appropriated for each department of the Government (American State Papers, Finance: vol. I, p. 590). This committee criticized the fact that expenditures for supplies for the War and Navy Departments were under the management of the Treasury, and characterized this arrangement as creating "a divided and, consequently, an imperfect responsibility and an incomplete interfering agency." It was also noted that the performance of these duties prevented the Secretary of the Treasury "from applying himself, with proper effect, to the peculiar objects of his own" Department.

In 1822 a select committee of the Seventeenth Congress reported as to "whether any part of the public expenditure can be retrenched without detriment to the public service" (Ib., vol. III, p. 800). It expressed apprehension lest the public revenues be insufficient to meet annual costs then estimated to be slightly under \$15,000,000, and to, at the same time, create and keep up a sinking fund to pay off the public debt, which was then estimated at about ninety-three and a half million dollars. This committee concluded that, without retrenchment, this could not be done unless resort was had to a system of internal, direct, and indirect taxation, which was not recommended. It was suggested, as a proposal for retrenchment, that the justness of claims against the United States be decided "in a judicial way"; that all forts and other military defenses be built by soldiers rather than by contractors; and that "negligence on the part of officers engaged in the settlement and collection of public moneys" be prevented.

Six years later, in 1828, another select committee of the House made a comprehensive investigation under a resolution seeking to learn "What retrenchment can be made with safety to the public interest", and so forth. This report instances a difficulty which will perhaps be encountered whenever retrenchment is attempted. The committee noted that "Each of the Secretaries of the executive departments conceives that neither the number nor the salaries received by the officers and clerks in their respective offices can be diminished with safety to the public interest", with which opinion the committee felt "great difficulty in concurring" and opined that "without the cordial aid of the Executive no effective scheme of retrenchment can be instituted", and it found that "it was impossible", because of the attitude of the heads of the departments, "for the committee to ascertain by their own examination the amount of labor done by each clerk in the several offices", and that this prevented the committee "proposing any specific reduction in the number of clerks in the several offices, because they were apprehensive, without the concurrence of opinion and cooperation of each Department, they might cut off some useful branch of the public service in aiming at the excision of some unnecessary one." The report of the committee indicated also its belief that suggestions of retrenchment are generally regarded by those whom they were to affect as parsimony and "All parsimony is of a quality approaching to unkindness, as every reform must operate as a sort of punishment."

A select committee of the House that had been appointed in June 1841, worked on its problems 11 months (Rept. 741, 27th Cong., 2d sess. U. S. Repts., vol. 4, ser. No. 410). Its mission, briefly stated, was to examine the executive departments to determine whether a reduction in the personnel of the civil list was possible either by re-arrangement of duties or otherwise. After much correspondence and

extended hearings, it made a few definite recommendations which are not important enough to recount, but the following from the committee's report is worth quoting:

The committee soon found that, without a total abandonment of their other representative duties, it would be impossible during the present session to examine all the departments in a satisfactory manner. * * * The public interest demands a rigid and more general investigation. * * * Economy does not consist in withholding supplies which the public safety demands, but in limiting the appropriation of public money to proper objects, and in insuring that it is disbursed with fidelity.

It is interesting to note that at the time this committee reported it estimated the whole force connected with the several departments at the seat of Government at from 550 to 600 persons. These were within the four departments then existent, namely, State, Treasury, War, Navy, and the Postal Establishment, which latter, however, did not become an executive department until 1872.

While the last-mentioned committee was functioning, a Committee on Public Expenditures of the same session of the House (U. S. House Repts., vol. 2, ser. no. 408) submitted a report pointing out a number of what they deemed to be excessive and improvident expenditures, but remarked "it would be utterly impossible for a committee of this House within the short time daily allowed to them to make a detailed examination."

The Interior Department was established in 1849 to have jurisdiction over all strictly domestic affairs which were within the scope of Federal activity. To it were transferred from the four existing departments activities affecting patents, public buildings, pensions, activities relating to public lands, and those relating to Indians.

The Department of Justice was created in 1870, and the Attorney General was made its head.

In 1875 a select committee of the Senate, appointed to examine the several branches of the civil service, which called itself the "Committee on Reorganization of Departments", reported, slightly more than a year after its organization, by merely submitting a mass of correspondence between it and the heads of departments. (44th Cong., 1st sess., S. Rept. 289, serial no. 1667, U. S. Senate Repts., vol. 1.)

On March 15, 1882, the Senate Committee on Appropriations reported on a resolution which passed October 26, 1881, directing it to "investigate the accounts of the expenditures of the several appropriations", and so forth. (47th Cong., 1st sess., S. Rept. 265, serial no. 2005.) Having examined the Treasury Department, the committee said:

When this was completed it was found impossible for the committee to enter upon an investigation of the accounts of the other executive departments without entirely abandoning all other duties.

After a year of work, it having been appointed in March 1887, the Cockrell committee, headed by Senator Cockrell, who happened to be a Senator from my own State, a select committee of the Senate presented in March 1888 (50th Cong., 1st sess., S. Rept. 507, serial no. 2521) a report making a number of constructive suggestions as a result of its inquiry into the methods of business and work in the executive departments and into the causes of delays said to exist in some of these departments. This committee found occasion to say:

Your committee only regret that time and physical endurance did not permit them to make their work as thorough and complete as they desired, and caused

them to omit many investigations and inquiries in regard to the condition and methods of business in various bureaus of the departments which they desired to make.

The Department of Agriculture had been set up in 1862 as an independent establishment with a Commissioner of Agriculture at its head. It was given the status of an executive department in 1889.

During the 1880's several independent establishments, such as the Civil Service Commission and the Interstate Commerce Commission, were created.

To carry on the work begun by the Cockrell committee, the Fifty-third Congress, in March 1893, appointed a joint commission, and in September 1893 received its first report. Subsequently, in December 1893 and February 1894, additional reports were filed by this Commission, which was composed of three Members of the Senate, and three of the House (27 Stat. L. 681). It was required to report during the Fifty-third Congress the result of its examination into the executive departments, and so forth (U. S. House Repts., vol. 2, 53d Cong., serial no. 3158). It is to be identified in common parlance as the Dockery Commission. Among the experts whose services it engaged were Messrs. Haskins and Sells, who have attained, if they did not have it then, a national reputation in their field of work. Congressman Dockery likewise was from my State, Missouri, and later became Missouri's Governor.

This Commission's reports list 8 executive departments and 12 "other governmental establishments" which were the subject of its investigations. Among these was the Department of Labor, which has since become an executive department. This Department originally was constituted in 1903 as the Department of Commerce and Labor, and nine bureaus attached to the State, Treasury, and Interior Departments were transferred to its jurisdiction.

This Commission approached its problems by attempting to search out incident by incident the existent evils. First it prepared a comprehensive table showing the executive departments and the several bureaus and offices thereof and other Government establishments at the National Capital with a reference to the laws creating them and prescribing their authority and functions. These tables showed the compensation paid to the personnel who were not within the classified service, but whose compensation exceeded \$1,800 per annum. While these tables were being prepared the Commission and its experts were collecting from the heads of the executive departments and other governmental establishments data as to the number and title of offices and bureaus and divisions thereof, the number of persons authorized to be employed therein, their sex and their ages, the number of years each had enjoyed such employment, and similar information.

A study of the reports of the Dockery Commission indicates that in their prosecution of each step of their task they discovered deficiencies either in organization or otherwise, but they refrained from attempting any wholesale reorganization of the executive branch of the Government. On the contrary the attempt appears to have been to investigate thoroughly the important deficiencies and submit a proposed remedy for each, separately, to the heads of the departments, bureaus, or activities concerned, and secure, where possible, their concurrence before submitting the matter to Congress. In this way the Commission discovered and corrected a large number of items and were able to report that they had put into effect corrective measures

which saved \$607,591 per annum, and, in addition, had proposed either to Congress or to the heads of departments reforms which would save very nearly \$500,000.

It was in 1903 that the Department of Commerce was created.

In 1905 President Theodore Roosevelt, without congressional direction and with meager financial aid from Congress, appointed a committee headed by C. H. Keep, then Assistant Secretary of the Treasury, "to investigate the business methods and practices of the executive departments and to report plans for their improvement." It suggested many reforms which were capable of accomplishment by Executive order, and some of these were so accomplished. It made recommendations which required congressional action, and these were submitted to Congress with the President's approval, but were, in large measure, ignored by Congress.

In 1910 President Taft appointed what was known as the President's Commission on Economy and Efficiency, and at his request Congress appropriated, in all, \$130,000 for the support of the effort (Sundry Civil Appropriation Act, approved June 25, 1910, *ibid.*, approved Mar. 4, 1911, and appropriation act approved Aug. 24, 1912). By Presidential order there was added to this Commission a board of referees, composed of Government officials, and a board of consulting experts, composed of accountants. The Commission functioned through the fiscal years July 1, 1910, to June 30, 1913. Its program comprehended studies involving the problem of the National Budget, problems of organization, problems of personnel, problems of financial procedure, and problems of business practice and procedure. Almost without exception its many recommendations were transmitted to Congress with Presidential approval, but they were acted upon only in comparatively small number and Congress declined to continue this Commission longer. Perhaps the most important result of the activity of this Commission was the establishment of efficiency ratings under the United States Bureau of Efficiency, which was, at first, part of the Civil Service Commission and, later, September 28, 1916, became a separate bureau and which was subsequently, in 1932, abolished by act of Congress.

At President Wilson's request, Congress, in 1918, passed the Overman Act, giving the President authority "to coordinate and consolidate executive bureaus, agencies, and offices * * * in the interest of economy and the more efficient operation of the Government." The President's authority was restricted to "matters relating to the conduct of the present war", and was limited so as to expire 6 months after the end of the war. The act further provided that upon its termination all agencies or activities affected by the President's orders should revert to their former status. The changes ordered by President Wilson under this authority are not of importance now, most of them involving changes in the War Department.

The Sixty-sixth Congress, by Public Resolution No. 54, of December 17, 1920, authorized the creation of a Joint Committee on Reorganization, composed of three Members of the Senate and three of the House. By Public Resolution No. 1, Sixty-seventh Congress, approved May 5, 1921, President Harding was authorized to "appoint a representative of the Executive to cooperate with the joint committee." He appointed Walter F. Brown. In many respects the duties assigned to this committee were similar to those assigned to the present Committees on Government Organization, but this com-

mittee was enjoined to go further and propose regroupings "so that each executive department shall embrace only services having close working relations with each other and ministering directly to the primary purpose for which the same are maintained." This committee was dominated by Mr. Brown and it submitted to President Harding, in 1922, a general reorganization plan, which, after modification in the President's Cabinet, was returned to Congress in 1923 for hearings by the Joint Committee on Reorganization, which were held in 1924. The plan was vigorously opposed by Cabinet members and other officials, although it has been endorsed by the President. Its most striking features were a consolidation of the War and Navy Departments and the creation of a new department to be called the Department of Education and Welfare. It was proposed to transfer the Public Health Service, the Bureau of Education, the Bureau of Pensions, the Veterans' Bureau, and the Federal Board for Vocational Education, and other agencies to the proposed department of education and welfare. It was also proposed that the Bureau of Mines and the Patent Office, then in the Interior Department, and the Lake Survey Office and the Waterways Service, then in the War Department, should go to the Department of Commerce. It was proposed to separate the Interior Department into two subdivisions—one to have jurisdiction of the administration of the public domain and the other to administer public works. The Bureau of Roads was to be taken from the Department of Agriculture and the Supervising Architect's Office from the Treasury Department and be placed in the Interior Department. A centralized purchasing agency, the bureau of purchase and supplies, was to be created to exist on an independent basis and act for the several executive departments. All nonmilitary activities were to be taken from the War Department and form a part of the Public Works Division of the Interior Department. The Coast Guard was to leave the Treasury Department and go to the Navy Department, and all welfare activities were to be collected in the proposed Department of Education and Welfare.

President Coolidge urged Congress to enact the reorganization bill, which was based upon the Brown committee report, but when this effort failed, President Coolidge utilized the authority of the act of 1903 creating the Department of Commerce and Labor to make two of the changes contemplated in the Brown committee plan. He, in 1925, transferred the Patent Office and the Bureau of Mines from the Interior Department to the Department of Commerce.

Almost immediately after his inauguration President Hoover appointed departmental and interdepartmental committees to study reorganization projects as a result of which Congress, in 1930, approved the consolidation of the Pension Bureau, the Veterans' Bureau, and the National Soldiers' Home into a Veterans' Administration. I was a member of the committee that considered this legislation and supported it. It was under President Hoover that the Prohibition Enforcement Unit was transferred from the Treasury Department to the Department of Justice.

In 1932 a special economy committee was appointed by the House to consider the whole subject of administrative reorganization, and within 2 months it submitted a report suggesting a few changes and recommending that the President be given wide powers "in order to deal with the problem expeditiously." I was also a member of this special committee that sat night and day for 2 months.

The Economy Act approved June 30, 1932, authorized the President to reorganize governmental agencies not created by statute, but subjected this power to a veto by either House of Congress within 60 days after the Executive order effecting the change had been filed by the President. This act provided for consolidation of several merchant-marine bureaus in the Department of Commerce, for reorganization of the United States Shipping Board, and the abolition of the Personnel Classification Board. Under the authority given him by this Economy Act, President Hoover, early in December 1932, submitted to Congress a series of Executive orders which he stated would group the existing 58 agencies in "logical and orderly relation to each other as determined by their major functions and purposes."

These orders provided for the creation of a Division of Public Works and a Division of Education, Health, and Recreation to be within the Interior Department. They transferred the Bureau of Reclamation and the Geological Survey to the new Division of Public Works, which was also to take jurisdiction over the Supervising Architect's Office then in the Treasury Department, the nonmilitary construction activities of the War Department, the Bureau of Public Roads then in the Department of Agriculture, and the Government Fuel Yards and the Bureau of Mines that were then in the Department of Commerce. Also the orders provided that the General Supply Committee, then in the Treasury Department, and the duties and powers of the Commission of Fine Arts and of the National Park and Planning Commission and of various other similar agencies were to go to the Division of Public Works. The Division of Education, Health, and Recreation was to take from the Interior Department the Office of Education, the Bureau of Indian Affairs, and the National Park Service and from the Treasury Department the Public Health Service and from the Department of Commerce the Division of Vital Statistics. The Department of Agriculture was to establish a Division of Land Utilization to take over the General Land Office from the Department of the Interior and several bureaus and activities from the Department of Agriculture. In the Department of Commerce a Merchant Marine Division was to be organized to take over the Inland Waterways Corporation from the War Department, the Hydrographic Office and the Naval Observatory from the Navy Department, as well as other bureaus and activities. Several other transfers and some abolitions were made by the proposed orders, but enough have been mentioned here to show the general nature of President Hoover's proposals which were disapproved on January 19, 1933.

The germ of the idea incorporated in the Economy Act of 1932 is to be found in the provision (39 Stat. L. 1122) which authorizes the President to abolish duplications which he finds to exist after they are reported to him by the Bureau of Efficiency, but no such broad delegation of power had ever been given to the President in order to reorganize the executive branch. In 1933 a rider to the Treasury-Post Office appropriation bill amended the Economy Act last mentioned so as to give the Chief Executive a very wide power to reorganize Federal agencies, and President Roosevelt appointed a committee consisting of Secretary of Commerce Roper, Lewis W. Douglas, and Swager Shirley to advise him in the utilization of this power. An order issued on March 27, 1933, abolished the Federal Farm Loan Bureau in the Treasury Department and the Crop Production and Seed Loan Offices in the Department of Agriculture. The functions

of these agencies were transferred to a new Farm Credit Administration. By a prior order of May 25 the Board of Indian Commissioners was abolished.

President Roosevelt, by order, transferred the functions of the United States Shipping Board to the Department of Commerce and the functions of the Federal Board of Vocational Education to the Interior Department. He abolished the Federal Employee Stabilization Board, the National Screw Thread Commission, the Federal Granary Service, and several other agencies, most of whose functions went to the Interior Department, in which was created an office of National Parks, Buildings, and Reservations to take over the functions of the abolished Office of National Capital Buildings and Public Parks and several other similar agencies. The Bureaus of Immigration and Naturalization were consolidated into an Immigration and Naturalization Service within the Department of Labor, and the Bureaus of Internal Revenue and of Industrial Alcohol were consolidated into a Division of Internal Revenue in the Treasury Department. The procurement of supplies for all Government agencies was consolidated in a Procurement Division in the Treasury Department. In his message of June 10, 1933, President Roosevelt informed Congress that—

Many other changes are in contemplation, and I have selected only those which I believe should be put into effect as quickly as possible. These additional changes I do not feel it right to submit until the next regular session of Congress.

During the period 1932 to date a number of other important changes have been made in the vast group of administrative and quasi-administrative agencies. This was accomplished in most part by Executive order, in some part by acts of Congress, and in a few instances by decisions of the courts. Thirty-five abolitions occurred. Sixteen mergers took place, which resulted in abolition of functions, and some seventy-two important changes, in addition to many minor ones, were made to attain convenience and better efficiency, but which did not result in abolition. A considerable number of new agencies were created.

The number now existent of governmental activities is and will continue to be controversial, the count always depending on how far down the organizational chart one goes in identifying the establishment to be counted. The President's Committee on Administrative Management lists 133 existent as of January 1, 1937. This list is to be found beginning at page 190 of the print entitled "Hearings Before the Joint Committee on Government Organization", and so forth. This count does not include many set-ups which appear in the United States Government Manual but includes a number which do not so appear. Neither breaks down organizations like Federal Housing Administration or Social Security Board or Reconstruction Finance Corporation into the many regional, district, or State subdivisions, which are fully manned and operate, to a great extent, as separate units. All that can be said on this score is that the departments and other major agencies when so broken down will show a list numerically very large, which can be greatly reduced by the exercise of the powers which it is proposed to give the President under H. R. 8202.

The President's efforts to reorganize under the act of 1933 were interrupted by the great activities incident to the economic depression and the authority given him under the amendments above mentioned to the Economy Act expired by the terms of the act within 2 years.

On January 9, 1936, Senator Byrd introduced a resolution providing for the formation of a select committee of the Senate, composed of five members, to be authorized to make a full and complete study of all of the activities of the executive department "with a view to determining whether the activities of any such agency conflict with or overlap the activities of any other such agency and whether in the interest of simplicity, efficiency, and economy, any of such agencies should be coordinated with other agencies or abolished", and so forth, and the Senate established such a committee, which is still functioning under the chairmanship of Senator Byrd.

On March 20, 1936, President Roosevelt addressed letters to the Vice President and to the Speaker of the House, stating, among other things:

Last October I began holding some conversations with interested and informed persons concerning what appeared to me as a necessity for making a careful study of the organization of the executive branch of the Government.

He noted that the Senate had already "established a special committee to consider certain aspects of this same problem", and he requested that both Houses of Congress create special committees to—

Cooperate with me and with a committee which I shall name in making this study in order that duplication of effort in the task of research may be avoided and to the end that it may be as fruitful as possible.

The House acted promptly in response to this request, and on April 29, 1936, passed a resolution authorizing the creation of a special committee of five. The Speaker appointed the following committee: Representative J. P. Buchanan, chairman, and Representatives John J. Cochran, Prentice M. Brown, Frederick Lehlbach, and James W. Wadsworth as its other members. The first meeting of this committee was held on May 18, 1936, as a result of which it was arranged that the committee would, in collaboration with the similar committee appointed in the Senate, employ the Brookings Institution to prepare and submit to both the select committee of the Senate and the select committee of the House "reports with recommendations (together with the reasons for such recommendations) in the interest of simplification, efficiency, and economy in the organization of the executive branch of the Government, including definite findings as to whether the activities of any executive agency conflict with or overlap the activities of any other executive agency and whether any of such agencies should be coordinated with other agencies or abolished or the personnel thereof reduced."

At the time this arrangement was made it was contemplated that Brookings Institution would submit progress reports on the first day of every month, commencing not later than September 1, 1936, and a final report not later than January 1, 1937.

The select committee of the House thus appointed expired by operation of law on December 31, 1936. During most of its existence its members were compelled, because of the elections in 1936, to remain away from Washington. For this reason and the further reason that the committee was awaiting reports from Brookings Institution, it was not practicable for the committee to attempt any work earlier than September 1, 1936. It so transpired, however, that by the last-mentioned date it was evident that Brookings Institution would not be able to progress far enough in its investigations to make anything like a workable report prior to the time when the

select committee of the House would expire. At this juncture Chairman Buchanan, acting with the consent of the members of his committee arranged to have Mr. Clark C. Wren proceed from his home in Texas to Washington to make studies independently of those being made by the Brookings Institution but, as nearly as possible, in collaboration with that institution and with the committee which the President had appointed to make studies and report to him.

Mr. Wren presented an excellent report, with several supplements, from one of which I have borrowed freely in drafting this historical outline. He discussed the problem of organization in all its ramifications and intimated that the best course might be to invest in the Chief Executive the necessary power to accomplish the needed reforms. He suggested that no attempt at wholesale reorganization be made by Congress and cautioned that hasty action to remedy apparent ills might turn out to be only palliatives for symptoms of a deep-seated disease and leave the patient worse off than before. His recommendation was that, if Congress should attempt the task, permanent committees of both Houses be created, properly equipped for careful investigation and empowered to report privileged bills designed to effect, instance by instance, the reforms found to be needed. The committee followed his recommendations in its report and submitted the legislation necessary to accomplish them.

Before the committee's report reached consideration in the House, however, there came to it the President's message of January 12, 1937, transmitting his committee's report. Thus was the immediate congressional problem changed from one involving the method of reorganization by Congress to one involving the question as to whether or not the President should be given all or any part of the powers his committee recommended. Consideration of the changed problem did not call for permanent committees. Recognizing this, Congress created the Committees on Government Organization that now exist. Since my election to the Sixty-ninth Congress I have been a member of standing and select committees of the House dealing with reorganization measures. I submit the record will show that no committee ever accomplished more within such a short period of time as has the present House Select Committee on Reorganization. Two of our bills have passed the House without an amendment being added; two others have been reported and are ready for consideration in January. If the four bills are enacted into law, I predict the President will reorganize the executive branch of the Government. This will not only increase efficiency and simplify procedure, but likewise bring about economies that will save the taxpayers untold millions of dollars.

GENERAL ACCOUNTING OFFICE

EXTENSION OF REMARKS OF HON. FRED M. VINSON, OF KENTUCKY, IN THE HOUSE OF REPRESENTATIVES

Monday, August 16, 1937

MR. FRED M. VINSON. Mr. Speaker, the Select Committee on Government Organization favorably reported H. R. 8276, which amends the Budget and Accounting Act of 1921 and establishes the office of Auditor General of the United States.

This is one of the measures which resulted from the message of the President of the United States and considerable hearings which were held before the Joint Congressional Committee on the Reorganization of Government Departments, which hearings, of course, are available.

The bill in question is the result of a very serious study of the objectives sought in strengthening the present law relative to the original intention of Congress in the enactment of the Budget and Accounting Act of 1921.

We do not feel that the General Accounting Office should be abolished or that it should be placed in the Treasury or in the Bureau of the Budget as has been suggested. Furthermore, we feel that Congress is entitled to have an independent audit of the receipts and expenditures of the executive branch of the Government by an agent responsible to it and it alone. We bring into being the Auditor General, a legislative agent, for this purpose.

We herewith set forth a general statement and a more specific analysis of H. R. 8276. We would appreciate any criticism or suggestions relative to this proposed legislation. We feel that it will carry out the purpose of the original act; that it will eliminate duplication of effort under the present system; that it will annually save much money and secure for Congress for the first time the real picture of the work of the executive branch of the Government.

The purpose of H. R. 8276 is to strengthen the Budget and Accounting Act, 1921, by amending it so as to carry out what your committee believes to have been the original intention of the Congress in enacting that act, namely, to provide the Congress with an independent audit of the receipts and expenditures of the Government by an agent directly responsible to the Congress. As will be recalled, that act vested in a single agency, to wit, the General Accounting Office, the functions of settling and adjusting accounts and claims and rendering advance decisions involving the expenditure of public funds, as well as the function of criticizing such settlements and adjustments, and reporting its criticisms to the Congress. The purpose of this bill is to segregate the functions of settlement and adjustment under one officer, and the functions of reviewing and criticizing such settlements and adjustments and reporting thereon to the Congress in another officer, and thus provide the Congress with an independent audit.

Some have suggested that this objective should be accomplished by abolishing the General Accounting Office and transferring to the Treasury Department or the Bureau of the Budget the functions now exercised by the General Accounting Office of settling and adjusting accounts and claims and rendering advance decisions involving the expenditure of public funds, and by establishing an independent auditing office to make and furnish the Congress with an independent audit of the settlements and adjustments made by the Treasury Department or the Bureau of the Budget.

After careful consideration, your committee has reached the conclusion that it would be unwise to vest such functions in the Treasury Department, which is a large spending agency, or in the Bureau of the Budget, which would then have the approval of estimates of appropriations and the control of expenditures. Your committee is of the opinion that such functions should continue to be exercised by a nonspending independent agency, such as the General Accounting Office, and that the desired objective can be accomplished without disturbing the functions of the General Accounting Office.

Accordingly, the plan of this bill is to leave in the General Accounting Office the functions now exercised by it with respect to the settlement and adjustment of accounts and claims and the rendition of advance decisions involving the expenditure of public funds. However, the Comptroller General hereafter will serve without term and be subject to removal by the President.

To furnish the Congress with an independent audit of receipts and expenditures by an officer other than the one who settles and adjusts accounts and claims and renders advance decisions involving expenditures, the bill provides that there shall be in the General Accounting Office an Auditor General of the United States who shall be an agent of the Congress and shall exercise the functions of his office without direction from any other officer. The Auditor General will be appointed by the President, with the confirmation of the Senate, but can be removed only by a joint resolution of the Congress, or by impeachment. He will hold office for a period of 15 years.

The failure to provide the Congress with information concerning the fiscal transactions of the Government through an independent audit of receipts and expenditures was the principal criticism of the former system which led the Congress to reorganize the auditing and accounting functions of the United States in the Budget and Accounting Act, 1921. Much good has been accomplished by that act. However, the committees of Congress considering that act believed that they were setting up a system under which the auditing officer, the Comptroller General, being independent of the executive branch of the Government, would report to them any irregular, illegal, or improper expenditure of, or failure to account for, public funds. It is well known that this has not resulted. The reason has been that under the Budget and Accounting Act the Comptroller General, the auditing officer, was vested also with executive control functions, namely, the settlement and adjustment of accounts and claims and the rendition of advance decisions involving the expenditure of public funds. Under this arrangement the Comptroller General was placed in the anomalous position of being required to settle and adjust accounts and claims and then to report to the Congress his criticism of his own settlements and adjustments.

Obviously, the officer authorized to exercise the functions of settling and adjusting accounts and claims and rendering advance decisions involving the expenditure of public funds should not be permitted to audit his own settlements and adjustments. Under such an arrangement it is impossible for the Congress to obtain an independent audit of the settlement and adjustment of accounts and claims. The present situation is corrected by H. R. 8276.

Your committee respectfully submits that the plan embodied in this bill will not only provide the Congress for the first time with an independent audit of the receipts and expenditures of the Government and at the same time preserve the powers of the General Accounting Office, with respect to the settlement and adjustment of accounts and claims and the rendition of advance decisions, but will also eliminate duplicity, simplify the auditing and accounting machinery of the Government, and expedite the settlement and adjustment of accounts and claims. The Comptroller General will continue to operate in the future exactly as he has in the past, that is, he will continue to render advance decisions and settle and adjust all accounts and claims. Similarly the departments and establishments and all accountable officers of the Government will continue to furnish him in the future with their accounts exactly as they have in the past.

Under the suggested plan the new Office of the Auditor General will be decentralized and the Auditor General will conduct an audit of all expenditures of the United States immediately following payment and before settlement and adjustment by the General Accounting Office, when, under existing law, payments are made prior to settlement and adjustment. Representatives of the Auditor General will be stationed next door to each of the disbursing offices in the field, and the disbursing officers will be required under the bill to transmit daily to such representatives copies of all checks, pay rolls, vouchers, and other supporting documents. The Auditor General, through his representatives, will be required to audit such expenditures promptly and notify the disbursing officers and the departments or establishments concerned, and the Comptroller General of any exceptions taken by him to expenditures made by the disbursing officers.

Under existing law, which is not disturbed by this bill, the disbursing officer will thereafter in due course—that is, quarterly—transmit his accounts to the proper department or establishment in Washington, which will then administratively examine such accounts and transmit them to the General Accounting Office for settlement and adjustment. The findings of the Auditor General with respect to expenditures involved in such accounts will be binding upon the General Accounting Office in the settlement and adjustment of such accounts unless such findings are inconsistent with an advance decision rendered by the Comptroller General involving expenditures, or the disbursing officer or the head of the department or establishment concerned requests the General Accounting Office to review such findings, or the Comptroller General deems it to be in the public interest to review such findings. These provisions making the findings of the Auditor General conclusive upon the General Accounting Office in certain cases will eliminate the necessity of an audit by the General Accounting Office in such cases.

The bill then requires the Comptroller General to furnish to the Auditor General copies of all certificates of settlement issued by him,

and makes it the duty of the Auditor General to report to the Congress any disagreement by the Auditor General with such settlement and adjustment by the General Accounting Office.

Upon the receipt of such reports the Speaker of the House and the President of the Senate are required to refer the reports to the appropriate committees of Congress having jurisdiction over the subject matter of such reports. Such committees are authorized to hold public hearings in connection with such reports and to request the Auditor General, or such of his assistants as he may designate, to sit with the committees in an advisory capacity. The committees may also request the attendance of the officers of the Government who authorize or make expenditures for the purpose of interrogating them regarding any irregularity reported by the Auditor General. Likewise, the committees are authorized to subpoena outside witnesses, together with pertinent documents and records.

The collecting officers of the Government will not be required to submit their accounts to the representatives of the General Auditing Office in the District of Columbia or elsewhere. In fact, the collecting officers will submit no accounts whatsoever to the auditing officers, but will continue in the future, under existing law, as they have in the past, to submit their accounts monthly to the proper department or establishment in Washington for administrative examination and transmission to the General Accounting Office for settlement and adjustment. The Auditor General will make his audit of such accounts when he reviews the settlements and adjustments of such accounts made by the General Accounting Office. Similarly, when payments are made after settlement and adjustment, the audit of such payments will be made after settlement and adjustment.

The bill requires the Auditor General to make annually to the Congress not later than March 1 of each year an audit report covering the receipts and expenditures of the previous fiscal year. This will be the kind of report which a large private corporation secures annually from an auditor. It will show the balance sheet of the Government, and will contain a review of any illegal or improper expenditures or financial practices. No such report has ever been made to the Congress, though the debates on the Budget and Accounting Act 16 years ago indicate clearly that it was the purpose of the Congress to secure such reports. This bill will carry out the clear intent of the Congress when the Budget and Accounting Act was passed.

The bill also requires the Auditor General to investigate all matters relating to the receipt and expenditure of public funds and the acquisition, transfer, and use of property of the United States, and to report any unlawful or improvident dealing with such funds or property to the Congress. The Auditor General is also required in such reports to make recommendations looking to greater efficiency or economy in administration. The results of such investigations and the proposed recommendations will be of inestimable value to the Congress in making appropriations.

History indicates that under the former system, prior to 1921, if any department or establishment challenged the jurisdiction of the Comptroller of the Treasury to decide a particular matter, the Comptroller sought the advice of the Attorney General as to whether he or the department or establishment concerned had jurisdiction to decide the matter. The Budget and Accounting Act, 1921, made no provision for determining the jurisdiction of the Comptroller General

in auditing and accounting matters. As a result, since the establishment of that office, there has been a constant conflict between the departments or establishments and the Comptroller General as to his jurisdiction. This conflict of jurisdiction has principally revolved around the question whether the Comptroller General is authorized in the settlement and adjustment of accounts and claims to determine the availability of appropriations and to revise the action of other officers of the Government under statutes vesting in and imposing upon them power to make findings of fact or decisions in matters arising in their departments or establishments.

In order to avoid such conflicts in the future, your committee has included in this bill a provision which expressly provides that the Comptroller General shall determine the availability of appropriations but shall not have the authority to revise the action of other officers of the Government under statutes vesting in them the power to make findings of fact or decisions in matters arising in their departments or establishments.

Your committee has also included a provision which authorizes the Attorney General, upon the request of the Comptroller General or the department or establishment concerned, to determine the jurisdiction of the Comptroller General or such department or establishment to decide a particular matter. His opinion on such question of jurisdiction is made final and conclusive upon the Comptroller General and all departments and establishments. Your committee desires to emphasize, however, that the Attorney General's authority will be limited to the question of jurisdiction. He will not be authorized to inquire into the facts or consider the merits in any particular case. Having determined that the Congress has authorized the Comptroller General or the department or establishment concerned to decide the particular matter, his authority ceases and the Comptroller General or such department or establishment will consider and decide the merits of the case independently of the Attorney General.

The bill vests in the Secretary of the Treasury authority to supervise and prescribe accounting forms and procedures and the administrative examination of fiscal officers' accounts, as well as the titles and symbols by which appropriations shall be designated. It is essential that the Secretary of the Treasury, as the chief fiscal officer of the Government charged with the responsibility of providing funds at all times to meet the operating expenses of the Government, shall have adequate means of obtaining information from the several departments and establishments with respect to receipts and expenditures. This information can be made available to him only if he is vested with authority to require that effective and uniform accounting systems be maintained in the departments and establishments of the Government. The bill leaves in the Comptroller General, on the other hand, the authority to prescribe the form and manner in which accounts shall be submitted to the General Accounting Office for settlement and adjustment.

The bill eliminates the office of Assistant Comptroller General and does not provide for an Assistant Auditor General. The Comptroller General and the Auditor General, however, are each authorized to designate one of their assistants to act in their absence.

Your committee is of the opinion that the plan embodied in this bill accomplishes the objectives set forth in the President's message of

January 12, 1937, relating to the reorganization of the auditing and accounting functions of the Government, while retaining and strengthening all of the protective features of the present system.

ANALYSIS OF THE BILL

Section 1 amends section 301 of the Budget and Accounting Act, 1921, by striking out the provision that the General Accounting Office shall be independent of the executive departments. This provision has been construed to make that office independent of the executive branch of the Government, and consequently its elimination is necessary in order to make that office an executive establishment. This section also strikes out the provision of section 301 to the effect that the General Accounting Office shall be "under the control and direction of the Comptroller General", and provides in lieu thereof that the Comptroller General shall be the head of that office. This change is necessary to make it clear that the office of the Auditor General will not be under the control and direction of the Comptroller General.

Section 2 amends section 302 of the Budget and Accounting Act, 1921, so as to eliminate the provisions of the latter section which create and prescribe the functions of the office of Assistant Comptroller General. In lieu thereof the amendment authorizes the Comptroller General to designate one of his assistants to act as Comptroller General in his absence.

Section 3 repeals section 303 of the Budget and Accounting Act, 1921, which provides that the Comptroller General and Assistant Comptroller General shall hold office for 15 years, and may be removed from office only by joint resolution of the Congress for certain specified causes, or by impeachment. The repeal of this section makes the Comptroller General subject to removal from office by the President.

Section 4 adds two new subsections to section 304 of the Budget and Accounting Act, 1921.

Subsection (c) clarifies the jurisdiction of the General Accounting Office by providing that the functions of settling and adjusting public accounts and claims, vested in that office, shall include the power to determine the availability of appropriations, and that such functions shall not include the power to revise the action of other officers under statutes vesting in the latter power to make findings of fact or decisions in matters arising in their departments or establishments.

Subsection (d) vests in the Attorney General the function of rendering opinions as to the jurisdiction of the General Accounting Office in the settlement and adjustment of accounts and claims, when requested to do so by the Comptroller General or the head of the department or establishment concerned, not later than 60 days after receipt of notice of the settlement and adjustment of any such account or claim. Such opinions are made conclusive upon the General Accounting Office and all departments and establishments.

As previously pointed out, the purpose of these amendments is to prevent and provide machinery for the settlement of disputes concerning the jurisdiction of the General Accounting Office.

Section 5 authorizes the Secretary of the Treasury to supervise, and prescribe accounting forms and procedures, and the administrative examination of fiscal officers' accounts. The section also authorizes the Comptroller General to prescribe the form and manner in

which accounts shall be submitted to the General Accounting Office for settlement and adjustment.

Section 6 adds a new title, title IV, to the Budget and Accounting Act, 1921. The provisions of this title are as follows:

Section 401 of the new title provides that there shall be in the General Accounting Office an Auditor General of the United States, who shall be an agent of the Congress and exercise his functions without direction from any other officer. The Auditor General is made the head of the Audit Division of the General Accounting Office, and the name of the Audit Division is changed to the Office of the Auditor General.

The section also provides that the Auditor General shall designate one of his assistants to act as Auditor General in his absence.

Section 402 of the new title provides that the Auditor General shall hold office for 15 years, and may be removed only by joint resolution of Congress for certain specified causes, or by impeachment. It is also provided that an Auditor General shall be retired from office when he attains the age of 70 years.

Section 403 of the new title requires the accountable officers of the Government to transmit daily their accounts of disbursements to the Auditor General and requires the Auditor General to make an audit promptly of all expenditures prior to settlement and adjustment by the General Accounting Office. The findings made by the Auditor General in such audit are required to be transmitted to the officers concerned and the Comptroller General, and the section makes such findings final and conclusive upon the General Accounting Office in the settlement and adjustment of the accounts containing such expenditures, unless first, such findings are not in accord with an advance decision of the Comptroller General involving the expenditure of public funds, and second, a review of such findings is made under subsection (d) of this section.

Subsection (d) authorizes the General Accounting Office in the settlement and adjustment of accounts to review the findings made by the Auditor General with respect to any expenditures involved in such accounts, when a request for a review is made by the disbursing officer, or the department or establishment concerned, within 60 days after receipt of the findings of the Auditor General, or when the Comptroller General deems it to be in the public interest that such a review be made.

Section 404 of the new title requires the Comptroller General to furnish to the Auditor General copies of all certificates of settlement issued by the General Accounting Office, and all advance decisions rendered by the Comptroller General, and directs the Auditor General to examine such certificates of settlement and advance decisions, and report to the Congress all accounts and claims which he deems have been improperly settled and adjusted by the General Accounting Office and all advance decisions of the Comptroller General which he deems are not in accordance with law. However, this section makes it unnecessary for the Auditor General to furnish such reports where he has previously submitted a report involving a similar question. This bill eliminates the submission of many unnecessary reports to the Congress.

Section 405 of the new title requires the Auditor General to make various investigations and reports.

Thus, subsection (a) of this section requires him to investigate matters relating to the receipt and expenditure of public funds and the acquisition, transfer, and use of property of the United States, and to report promptly to the Congress all cases in which he finds there has been any unauthorized or improvident dealings with such funds or property. The Auditor General is also required in such reports to make recommendations designed to increase efficiency and economy in the administration of the Government.

Subsection (b) requires the Auditor General to render to Congress an annual report concerning his audit of the receipts and expenditures. This report will contain a statement as to the financial condition of the Government and will review unauthorized and improvident expenditures.

Subsection (c) requires the Auditor General to make such investigations as may be requested by either House of Congress or by any committee of either House having jurisdiction over expenditures, appropriations, or revenues.

Section 406 of the new title provides that the reports of the Auditor General shall be referred to the appropriate committees of the Senate and the House. This section vests in such committees authority to hold public hearings in connection with their consideration of the reports of the Auditor General and to request the Auditor General to sit with such committee in an advisory capacity. Such committees are also authorized to request officers of the Government who authorize or make expenditures, to attend such hearings, and to testify relative to any irregularities set out in the Auditor General's reports. The committees are given the power to subpoena other witnesses and require the production of documents and records.

Section 407 of the new title authorizes the Auditor General to examine any documents or records of the departments and establishments of the Government to the extent that such examination is necessary in the exercise of the Auditor General's functions. This authority, however, does not apply in the case of expenditures made under existing laws which prohibit or limit review of such expenditures by the accounting offices of the Government.

Section 408 of the new title contains general administrative provisions which authorize the Auditor General to appoint, in accordance with the civil-service laws, officers and employees, to delegate any of his functions to officers and employees of the office of the Auditor General, to adopt an official seal for the office of the Auditor General, and to prescribe such regulations as may be necessary to enable him to exercise his functions.

Section 409 of the new title provides that the Auditor General and the office of the Auditor General shall exercise only those functions vested in the Auditor General by the new title. This section also provides that the Auditor General is not authorized to revise the settlements and adjustments of the General Accounting Office or the advance decisions rendered by the Comptroller General, or, except as provided in section 403 (c), to direct the manner in which the General Accounting Office or the Comptroller General shall exercise any of their functions.

Section 410 of the new title provides for the transfer to the office of the Auditor General of such personnel of the General Accounting Office employed in connection with the functions now exercised by it

through the Audit Division, as the President may deem necessary to carry out the functions of the Auditor General. This section also transfers to the office of the Auditor General such of the appropriations available to the General Accounting Office for the exercise of the functions performed through the Audit Division as the President may deem necessary. These transfers are made for the reason that much of the work heretofore performed by the Audit Division will be performed by the office of the Auditor General.

The section further provides that the personnel transferred under this section will acquire a civil-service status only upon recommendation by the Auditor General to the Civil Service Commission, certification by him to such Commission that such personnel have served with merit for at least 6 months prior to the transfer of such personnel, and upon passing noncompetitive examinations prescribed by the Civil Service Commission.

Section 7 authorizes such appropriations as may be necessary to carry out the provisions of the bill.

Section 8 provides that the provisions of the bill shall become effective 60 days after its enactment.

**BANK EXAMINATIONS—LET THE RECORD SPEAK FOR
ITSELF WHETHER THE STATEMENT “THERE IS DUPLI-
CATION” IS CORRECT**

EXTENSION OF REMARKS OF HON. JOHN J. COCHRAN, OF MISSOURI,
IN THE HOUSE OF REPRESENTATIVES

Monday, August 16, 1937

Mr. COCHRAN. Mr. Speaker, when the bill extending the power to the President to reorganize Government agencies was under consideration, I made a statement on the floor with reference to examination of banks. On August 14, I received a letter from the Honorable J. F. T. O'Connor, Comptroller of the Currency, in which he takes issue with my statement, characterizing it as a misstatement.

It has always been my policy to be most careful in presenting an argument to Members of the House not to mislead them by making a statement that is not based upon facts. I would rather not obtain the objective sought than to mislead Members of the House. While my statement was probably made in the heat of an argument, nevertheless, I felt then, and I feel now, that I was in possession of facts obtained from reports that have been issued, testimony before congressional committees, including the hearings before the Joint Committee on Reorganization, that warranted me in saying what I did. I think it only fair to Mr. O'Connor in replying to his statement that I place his letter in the Record. It follows:

THE COMPTROLLER OF THE CURRENCY,
Washington, August 14, 1937.

HON. JOHN J. COCHRAN,
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN: Knowing how careful you are with all of your statements and your effort to always be accurate, may I call your attention to a misstatement made in your speech on the floor of the House of Representatives on August 13, page 11355. I quote from the RECORD:

“Mr. COCHRAN. I may say to my colleague from Ohio that at the present time you have four different organizations of the Government examining your National banks: First, the Federal Deposit Insurance Corporation; second, the Federal Reserve System; third, the Comptroller of the Currency; and fourth, the Reconstruction Finance Corporation, whenever it has any dealings with the banks, and, as we all know, the Reconstruction Finance Corporation owns a great deal of the stock of some of the banks in this country today.”

You will be interested to know that no one enters a national bank for the purpose of examining except a representative from the office of the Comptroller of the Currency. In instances where the Reconstruction Finance Corporation purchases stock in a national bank, they become, in a sense, partners in the enterprise; and when a contract is made, the bank may or may not permit agencies of the R. F. C. to examine certain stocks. This, of course, would be true under any circumstance and is not considered a duplication. The law also states that with the consent of the Comptroller of the Currency, the Federal Deposit Insurance Corporation may make an investigation of a national bank. This is for the purpose of making a loan, perfecting a merger, and always there has never been any objection from the bank interested in the transaction.

The Federal Reserve System makes no examination of national banks. It never has. There is, therefore, no duplication and only one agency of the Federal Government has the power under the statute to examine a national bank, that being the office of the Comptroller of the Currency. The only duplication that exists at the present time, is the duplication of examinations in State banks which are members of the Federal Deposit Insurance Corporation. The State authorities examine State banks and in addition to this, the Federal Deposit Insurance Corporation examines State banks.

Cordially yours,

J. F. T. O'CONNOR,
Comptroller.

Since the receipt of this letter I have re-examined the matter with the result that I am convinced that my statements which are quoted by Mr. O'Connor were essentially correct.

I have taken the trouble to consult with officials in each of these activities with the result that I am assured by them that the Federal Reserve System, the Federal Deposit Insurance Corporation and the Reconstruction Finance Corporation each maintains an examining staff of considerable size and examines banks and that this examination while not exactly along the same line is in addition to that made by the representatives of the Comptroller of the Currency.

In the limited time available during debates in the House of Representatives it is not possible to go into detail as thoroughly as might sometimes be desirable. Ordinarily what I found time to say on the occasion alluded to would be sufficient to carry the thought I intended but, in view of Mr. O'Connor's attitude, and for emphasis of my statements, I make the following addition.

The examination which Mr. O'Connor admits is prosecuted by the examiners under him extends to all national banks. The examination made by the other agencies mentioned in my statement are supplementary to and in addition to those made under his direction. These agencies also examine State banks which Mr. O'Connor's office does not.

The Board of Governors of the Federal Reserve System is charged, under the law, with various duties among which are: The determination and review of rates of interest charged by the Federal Reserve banks; the supervision of security-lending operations of member banks; the fixing of maximum rates that they may pay on time and safety deposits; the fixing and enforcement of margin requirements on loans by member banks for the purchase of securities; the prevention of violation of the antitrust laws relating to banks, banking, associations, and trust companies which includes the prevention of interlocking directorates and officers.

The Board procures examinations to be made of particular banks, including national banks, whenever the information procurable from other sources, such as the Comptroller of the Currency does not satisfy the Board.

Every Federal Reserve bank may, with the approval of the Federal Reserve agent or Board of Governors, be subject to special examination (U. S. C., 1934 ed., title 12, sec. 483).

So much for the issue between Mr. O'Connor and myself as to examinations within the Federal Reserve System. He says none are made. I assert that they are made and frequently. I believe that any interested person may easily decide who is correct by making inquiry of the banks themselves. I repeat the examinations might not be exactly the same, but they are examinations.

In his letter Mr. O'Connor admits that the Federal Deposit Insurance Corporation "with the consent of the Comptroller of the Currency * * * may make an investigation of a national bank." This is a confession without an avoidance and is contrary to his broad statement "only one agency of the Federal Government has the power under the statute to examine a national bank, that being the office of the Comptroller of the Currency."

I submit this portion of the issue on the record that Mr. O'Connor makes, and invite attention to the following citation (U. S. C., 1934 ed., title 12, sec. 264 (k) (2)) which specifically provides for examinations by the Federal Deposit Insurance Corporation with the consent of the Comptroller.

The admissions in his letter which I have quoted are likewise sufficient to show that my statement with reference to examinations made by the Reconstruction Finance Corporation is correct. That these examinations include a large number of national banks is attested by two circumstances. First, one of the largest items in the portfolio of the Reconstruction Finance Corporation is preferred stock in national banks which, as Mr. O'Connor suggests, makes the Reconstruction Finance Corporation "in a sense, partners in the enterprise" permitted by contract to make the examinations to which I have alluded. Second, the Reconstruction Finance Corporation maintains a staff of considerable size to make these examinations. Probably it has not been as active in this respect in recent months as it was when it was buying the preferred stock. One thing is certain this Corporation can examine banks in which it is interested without permission from the Comptroller of the Currency.

If I deemed it expedient to do so, I could detail here several statutory duties which are laid upon the Federal Deposit Insurance Corporation and the Reconstruction Finance Corporation out of which grow the examinations that they make. It does not appear to be necessary to do so in view of the fact that Mr. O'Connor's letter admits that these two activities do conduct examinations of national banks. When these corporations are charged by law to perform certain functions it can easily be seen that they must make examinations. Probably some will call it investigations.

So confident am I that my statement which Mr. O'Connor criticizes was true in all essentials that I am forced to wonder why he not only sent his letter to me but transmitted copies to many other Members of Congress. If Mr. O'Connor had not touched on this subject in a hearing before the Committee on Banking and Currency of the Senate when the Banking Act of 1935 was under consideration and expressed himself then in regard to consolidating the various examining divisions, although I admit he insisted then there was no duplication, I would feel his reason was a desire to confuse the issue as to whether or not the President should be given the power to reorganize the executive branch of the Government by transferring functions. I hope that there was some other reason which I have not discovered, because I stand, and at the time I made my statements, I was standing with the President in believing that he should have this power. Whether or not he proposes to do so I do not know, but if there is duplication of effort then in the interest of economy why should not the President provide examination of banks of all classes be conducted by one agency and let other agencies, if interested, be furnished with a report of the examination?

