

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date January 30, 1950

To Mr. Cherry

Subject: Comments on S. 2898

From Mr. Noyes

While I have not had an opportunity to really study the bill, I did look through it over the weekend, and I had several thoughts which it seemed to me might be worthwhile jotting down for our future reference.

I think the basic idea of the bill—that of having a joint committee on the budget—is an excellent one. It is perfectly true that the appropriations committees of the two houses are usually under great pressure and are seldom able to analyze fully the background of the various appropriation requests.

There are several specific features of the bill which seem to me to go too far. (2)(g) provides that "employees of the joint committee—shall have the right to examine the books, documents—or other records of any agency of the U. S. Government—." While this authority is limited by a proviso with respect to information classified for security purposes, it does seem to me that it constitutes an encroachment by the legislative branch on the authority of the executive and that this examining authority should be limited to matters directly related to the determination of budget requirements. ✓

Subsection (j) provides that it shall be the duty of each agency of the Government to supply the joint committee duplicate copies of any budget request submitted to the Bureau of the Budget. While I am not an authority in any sense on budgetary procedure, it would seem to me that the administration should have some opportunity to review requests generated within the executive establishment before they are considered by any committee of Congress—either formally or informally. If we assume that a specific request by a particular department is regarded as improper or excessive by the Bureau of the Budget, it seems to me that only duplication and confusion would result from having such a request on file with a joint committee of the Congress. In other words, it would appear altogether appropriate that the executive should have an opportunity to "put its house in order" before presenting budgetary requests to the Congress. There may be compelling reasons why the joint committee should be aware of all requests made by the executive agencies but I do not know what they would be. My personal experience in working with the budgets of the Department of State would indicate that there are many changes, not only in the gross amount of the original request, but in the internal organization supporting the original request, between the time the preliminary sheets are submitted to the Bureau of the Budget and

the first formal hearings before the Bureau. If all these changes and adjustments had to be reported and explained to a joint committee of the Congress, as well as to the Bureau, it would consume a great deal of time and effort.

There is one other point which is not completely clear to me, although a study of all of the related legislation might clarify it. Both of the appropriations committees, but particularly the appropriations committee of the House, are equipped with fairly large and quite competent staffs. How the work of these staff groups would be coordinated with that of the staff of the joint committee is, ^{not} as I have indicated, altogether clear to me. I note that professional employees of the joint committee may be detailed to advise and assist the appropriations committees and subcommittees, but it seems to me that some overlapping and confusion is at least a possibility.

One other point--the bill does not mention anything about the relation between the proposed joint committee and the two committees on expenditures in the executive departments. Several of the functions of the joint committee set forth in the bill would seem to overlap those of the existing expenditures committee. Personally, I regard the expenditures committee as something of an anathema, and I think it would be a very good thing if they were replaced by a joint committee, such as the one herein proposed, but it does seem to me that there is some danger in having both.

A handwritten signature in black ink, appearing to be 'J. M. C.', written over a horizontal line.