

## United States Senate

WASHINGTON D. C.


May 13, 1950

Dear Mr. Eccles:

Senator Benton phoned from Connecticut yesterday afternoon and asked that I send along to you the attached marked copy of the Congressional Record for Thursday, May 11--which contains the two talks he made on the floor of the Senate that day. You will see that he did use the story about the Banking Act of 1935 (p. 6975). The Senator says he has been told he was too tough on the banks. And with respect to this second talk, he didn't say the things put in his Minority Report because unhappily he didn't have the time to prepare a final paper and had to talk extemporaneously as this was the third time he had spoken on the floor of the Senate this week.

The Senator asked me to tell you that he would be very much interested in your views.

Sincerely yours,

  
Mary K. Garner  
Secretary

The Honorable  
Marriner S. Eccles  
Board of Governors of the Federal Reserve System  
Federal Reserve Building  
Washington, D. C.

pgs. 6950-52  
pgs. 6974-77

passed by the Senate did not provide for this kind of separation of activity, but called instead for such segregation of functions as might be necessary to conform to the provisions of the Administrative Procedure Act of 1946. This act requires the separation of functions in all administrative agencies to prevent a violation of the judge-jury-prosecutor principle.

Indeed, never has the Senate passed a labor relations bill of its own which provided for any such separation of powers as is required by the Taft-Hartley Act. It may be recalled that the Taft bill, which was passed by the Senate last June, contained no such separation and its provisions dealing with this matter were very similar to those in the Senate bill of 1947. In truth, the procedures which would have been adopted by the Board under the terms of either the 1947 Senate bill or the 1949 Taft bill almost surely would be the same as those which would be adopted by the Board under the terms of Reorganization Plan No. 12.

What is at stake in this particular controversy over plan No. 12 is not the reduction or the elimination or the abolition of functions. Neither is it primarily a question of the separation of powers by statute. This plan is aimed to correct a very unfortunate condition occasioned by very poor draftsmanship in the Taft-Hartley Act, which was the product of conference action in 1947 and which, due to its ambiguity and inadequacy, has occasioned a great deal of confusion and conflict between the National Labor Relations Board and the general counsel and—most unfortunate of all—in the minds of the parties coming before the Board or the general counsel.

It happens that, in his selection of a general counsel, the President named a person who has appeared sometimes to be more friendly to management than to labor. But there is no assurance that another general counsel would not be friendly to labor and hostile to management. As a matter of fact, it seems to me that the personality of the present general counsel is among the least important of the factors in the consideration of plan No. 12.

Criticism has been directed against the present Labor Relations Board set-up because of its dual-headed nature. From the standpoint of efficient and effective administration, the justification for this criticism would appear to be obvious.

As I see it, however, the idea of dual-headed administration in this particular agency is most undesirable for reasons of far greater consequence than is the matter of administration itself. The whole concept of thus separating the prosecuting and adjudicating functions of the National Labor Relations Board—even to the limited extent to which the judge-jury-prosecutor relationship exists at the present time—is fundamentally hostile to the attainment of sound and satisfactory labor relations. By this process, labor and management are automatically set apart by law as naturally antagonistic forces in a set-up which legalizes their status of litigants in all labor relations controversies. This separation of functions by inviting formal

litigation acts to cripple the very force in labor relations which can contribute most to their improvement—the force of mediation.

This is one of my chief reasons for objecting to the present National Labor Relations establishment. It is one of my chief reasons for favoring Reorganization Plan No. 12. It is one of my chief reasons for objecting to the two-headed agency which would be created under the terms of S. 3339, which has been introduced by the distinguished senior Senator from Ohio [Mr. Taft].

If, as permanent policy, we are to accept the idea that there must be perpetual conflict between management and labor—which I deny—then neither the present set-up in the National Labor Relations Board nor the proposal offered by the Senator from Ohio is suitable. If in this country we have reverted to a condition where, insofar as the attainment of a happy relationship between labor and management is concerned, we must despair, then a system of labor courts with all the attendant prosecuting and other essential machinery and procedures should be established.

Right now, in the attitude of many opposed to plan No. 12, is evidenced at least a subconscious feeling that a basic antagonism and conflict between labor and management must be permanent. The very thought, as expressed by some, that the adoption of plan No. 12 would be a victory of labor over management is preposterous. I deplore this attitude. It augurs no good for the future of labor relations in our country.

For all of these reasons I favor Reorganization Plan No. 12 and oppose Senate Resolution 248.

Mr. MYERS. Mr. President, I yield 15 minutes to the junior Senator from New York [Mr. Lehman].

The PRESIDING OFFICER. The junior Senator from New York is recognized for 15 minutes.

Mr. LEHMAN. Mr. President, I strongly oppose the pending resolution to set aside Reorganization Plan No. 12. In my opinion plan No. 12 provides the best immediate method for putting an end to the unique administrative chaos in which the National Labor Relations Board is now operating.

The sponsors of the pending resolution would have the Senate believe that plan No. 12 is an exceptional plan, designed to set aside the expressed will of the Congress. Actually plan No. 12 is merely one of the seven proposed by the President to increase the administrative efficiency of the seven principal regulatory commissions of the Federal Government. The changes proposed for the National Labor Relations Board are admittedly more sweeping than those proposed for the other commissions, but that is only because the need is greater. A stronger remedy is required because the disease of administrative disorder is more serious in the National Labor Relations Board than in any of the other commissions and boards.

Four years' experience as lieutenant governor and 10 years as Governor of New York have taught me that efficient government management is possible only when the government structure is so ar-

ranged as to reduce to an absolute minimum the sources of internal friction and to establish clear lines of authority and responsibility within every administrative agency.

The hearings before the Committee on Expenditures are replete with evidence that the split in functions at the National Labor Relations Board has magnified many times the already great difficulties of administering the Taft-Hartley Act.

The question of sound administration has nothing to do with the substantive provisions of the present act. This same chaos would exist if the present administrative arrangement had been part of the original Wagner Act. Indeed the administrative monstrosity inherent in dividing the responsibility between the office of the general counsel and the Board, itself, is an evil separate and distinct from the question of the wisdom or lack of wisdom in all the other provisions of the Taft-Hartley Act.

It has been asserted in some quarters that President Truman's action in proposing plan 12 is motivated, not by his interest in governmental efficiency, but by a desire to satisfy the criticism that labor organizations have directed at the present incumbent in the office of general counsel. Such an argument strikes me as very naive. It seems clear to me that the President has shown a deep sense of obligation to the responsibilities of his high office by proposing plan 12 at this particular time. If he had any motive other than the improvement in general administrative efficiency—if his motives were political—the President's easiest course would have been to leave the present structure exactly as it is, so as to permit existing resentment against the Taft-Hartley law to increase between now and November.

But President Truman has not permitted such considerations to affect his judgment. Instead, by proposing structural changes which will immediately increase efficiency in the administration of a statute which he has never favored, he has met his obligations as President, letting the political chips fall where they may.

Had the President failed to propose plan 12, he would indeed have been subject to criticism for leaving the National Labor Relations Board out of a reorganization program which he has proposed for every other important regulatory commission. He would then have disregarded the basic recommendation of the Hoover Commission that the structure of all commissions be changed so that "all administrative responsibility be vested in the Chairman."

This arrangement proposed by the Hoover Commission cannot be achieved at the National Labor Relations Board, as it can at the other commissions, by simply transferring to the Board Chairman those administrative and house-keeping functions now vested in the Board as a whole. Many of the existing functions of the independent general counsel of the National Labor Relations Board must also be transferred—the substantive functions to the Board as a whole, and the purely administrative ones to the Chairman—before there can

be achieved a sound administrative structure.

Of course this involves a substantial reorganization of the National Labor Relations Board. But what is the purpose of the Reorganization Act, under which we are now considering plan 12, if it is not to reorganize?

It is true, of course, that the Hoover Commission did not specifically recommend the elimination of the office of general counsel of the National Labor Relations Board. But neither did the Hoover Commission make such specific recommendations with respect to any regulatory commission or any Government department. The affirmative proposals of the Hoover Commission—and I am proud to be a member of the advisory board of that Commission—are largely general. The important fact remains, and it cannot be successfully denied by those who seek to complicate the issue, that the reorganization measures set forth in plan 12 will bring the National Labor Relations Board in line with the other Federal commissions. Thus plan 12 is entirely consistent with the basic purposes of the Hoover Commission recommendations.

The Hoover Commission task force headed by an outstanding citizen of my State, Mr. Owen D. Young, was extremely critical of the position of the independent general counsel. Following is what the task force says in its discussion of this subject:

Another problem that has caused us considerable concern is the position of the general counsel. As indicated above, he is a prosecutor, an administrator, a policy maker. The incumbent, Mr. Robert Denham, has noted that his powers "are broad and absolute and his authority final to an outstanding degree seldom accorded a single officer in a peacetime agency." (Quoting from a speech of General Counsel Denham before the American Bar Association in 1947.)

The existence of such an office, independent both of the Federal departmental structure and of the Board, marks a departure from previous administrative practice. If permitted to set a pattern for future Government organization, it may lead to a diffusion of responsibility.

Such an official is in a peculiarly exposed position. In view of the wide powers of the office, it is inevitably subject to heavy pressure from all sides, and lacks the protection of either a multihheaded agency or an executive department in resisting such pressures.

Later in its report, the task force states that—

Our conclusion is that the present position of the general counsel is an unstable one.

Indeed, Mr. President, in June of last year, as has been repeatedly pointed out, the United States Senate, under the strong urging of the able and distinguished senior Senator from Ohio [Mr. TAFT], approved a bill which would have abolished the independent office of the general counsel of the National Labor Relations Board. The senior Senator from Ohio did not, at that time, regard this particular change in the Taft-Hartley Act as an incidental or improper one. In describing the changes he proposed at that time, he said:

Perhaps the most important one is the elimination of the independent general counsel.

Mr. President, events in recent months, as recounted in detail by the five National Relations Board members in testimony before the Committee on Expenditures in the executive departments, and as summarized in the minority views of the committee, make it perfectly clear that the situation on the National Labor Relations Board has grown progressively worse. No one, including the general counsel himself, has offered any testimony to show that these difficulties have been eliminated.

Differences between the National Labor Relations Board and the general counsel concerning the exercise of Federal jurisdiction over small business, differences over the processing of cases in the courts, and over the supervision of Board personnel, have grown sharper during recent months. Surely this is not the time for the Senate to recede from a position which it took less than a year ago.

Although the President submitted plan 12 as one of a series of proposals to reorganize the executive branch of Government, the opponents of this plan have seen fit to debate this issue as if it were an isolated attack on the office of the general counsel of the NLRB. The junior Senator from New York is ready to argue the case on that basis, too. It is clear, Mr. President, that this is not a partisan issue. The stand of my colleague from New York [Mr. IVES] and of other Senators on both sides of the aisle bear witness to this fact.

On this issue, I ask the Members of the Senate why the elimination of the independent office of the general counsel, which was thought so suitable in 1949, should not be viewed with equal favor in 1950. Can it be because last year this change was recommended by the Senator from Ohio, whereas this year it is proposed by the President of the United States?

Mr. President, the real issue today is the attitude of Congress on the administrative process itself, a process which has been endorsed by the people of the United States ever since the Interstate Commerce Commission was established in 1887. One witness who opposed plan No. 12 before the Committee on Expenditures was frank enough to declare that this was the issue.

I agree with him that congressional endorsement of present administrative arrangements at the National Labor Relations Board would be an open invitation to chip away at the administrative process throughout the Federal Government. This witness, representing the National Association of Manufacturers, said with commendable candor, that—

The present separation at the National Labor Relations Board could stand as a testimonial for its extension throughout Government agencies.

Does Congress wish to give such testimonial, Mr. President?

The junior Senator from New York certainly does not. He prefers to take his stand with Monsignor John P. Boland, whom he had the honor to appoint as the first chairman of the New York State Labor Relations Board in 1937. Commenting upon similar propo-

sals for splitting the functions at the State board, Monsignor Boland said, in addressing the Holy Name Society in March 1942:

When my colleagues and I were appointed to administer the Labor Relations Act, we were appointed to do just that: to administer the Labor Relations Act. By now it should be clearly understood that we were not appointed to prosecute or to judge employers or unions. There was a time when some persons misconceived our function. Ignoring realities, they imagined that the Board combined the functions of prosecutor and judge and declared that these functions should not be combined in a single agency.

Actually, it is not possible for the Labor Relations Board to be both prosecutor and judge, for the simple reason that it is neither prosecutor nor judge. It is only one of many administrative agencies. It merely enforces a public right, because the State legislature has found that there is a paramount public interest in collective bargaining which cannot be either adequately protected by private lawsuit or wisely encouraged by criminal prosecution.

That is my attitude on this question, Mr. President. I think the present set-up at the National Labor Relations Board is impossible administratively and dangerous in principle. It is a threat to orderly government. It represents total misinterpretation of the functions of the NLRB and of its general counsel. The function of the National Labor Relations Board, under even the Taft-Hartley Act, is theoretically to stabilize relations between labor and management. The effect of this arrangement is to provide within the same act, two separate bodies with two separate and conflicting purposes. Let us reject the pending resolution and give our endorsement to plan 12.

Mr. MYERS. Mr. President, I yield 15 minutes to the junior Senator from Connecticut [Mr. BENTON].

The PRESIDING OFFICER. The junior Senator from Connecticut is recognized for 15 minutes.

Mr. BENTON. Mr. President, as all of us in this Chamber know, the report of the Hoover Commission on the Reorganization of the Executive Branch of the Government has almost universal popular support. Indeed, almost all Members of the Congress have pledged themselves to support it. Almost all of us have said that we would work for reorganization.

Former President Hoover has, I think, performed a great service by making government reorganization respectable—at least, respectable with the public, Mr. President.

The Hoover recommendations seem to me to be not only clear and unequivocal on the question of vesting administrative responsibility in the Chairman of the National Labor Relations Board, but, more important—indeed, far more important—these recommendations seem to me valid and sound.

The task force report says that the position of the general counsel has caused them "considerable concern." They quote Mr. Denham's statement that his powers are—"quoting now from the task force report—"broad and absolute and his authority final to an outstanding degree seldom accorded a single officer in a peacetime agency."

Mr. President, the very persons who have organized to bring pressure upon us to defeat this proposed reorganization plan, claim they fear a grant of power far less than this to the Chairman and the Board.

When I was appointed to the Committee on Expenditures in the Executive Departments, I looked forward to the opportunity to vote for the various reorganization plans because I felt that their adoption would clear up some of the chaos and confusion. I thought there was a determination in the Congress to eliminate at least some of the inefficiency of the executive branch of the Government.

I have now discovered, of course, that this broad support seems to be limited to the general principle only. It bogs down—as the senior Senator from Ohio [Mr. Tamm] is so well demonstrating—when our pet projects are touched.

Of the 21 plans submitted by the President to Congress, at least 12 are being opposed by special-interest groups. Those of us who serve on the committee are seeing a veritable parade of pious witnesses adopting the line of—

We are all in favor of reorganization, yes. Go on out and reorganize everybody—everybody except me.

Of course the Congress knew when it passed the Legislative Reorganization Act that many groups would descend upon it to demand changes in the reorganization proposals, in line with their own selfish interests as they saw them. During its work, the Hoover Commission itself was subject to such pressures. It is to the great credit of ex-President Hoover that his firm leadership withstood these pressures. Today it is our turn, here in the Senate, to stand up and be counted. Yesterday ex-President Hoover expressed to us his deep alarm. Today we are voting on a reorganization plan which has been considered fully by ex-President Hoover's Commission. Pages 134 to 141 of the task-force report on regulatory agencies make this very clear. I shall, of course, support Reorganization Plan No. 12, as I shall support every one of the present 21 reorganization proposals.

I digress to salute the New York Board of Trade, Mr. President, and the Junior Chamber of Commerce of Connecticut and elsewhere, as outstanding examples of business groups which have understood the issues, which have withstood the internal pressures upon them from their own members and their own staffs, perhaps, and have recommended just such a course—the support of the 21 proposals.

Mr. President, I desire to give an example, which I think is very illuminating, of a great and powerful trade organization opposing one of the reorganization proposals. I refer to the National Association of Manufacturers. I shall not discuss its attitude on Reorganization Plan No. 12, which is well known. I shall however quote from testimony, in which I participated, on Reorganization Plan No. 5, dealing with the Department of Commerce.

The 15,000 members of the National Association of Manufacturers pay a very high percentage of the high cost of Government inefficiency. I am told that President Hoover once made a general estimate of this cost as being between \$3,000,000,000 and \$4,000,000,000. It is the National Association of Manufacturers, it is its membership, which contributes a high percentage of the taxes which pay the bills. It is the heads of the 15,000 companies constituting that organization who should understand better perhaps than any other group in the country the principles involved in Government reorganization, and in the case I am about to cite, affecting the reorganization of the Department of Commerce, with its 46,000 employees and its budget of more than \$600,000,000, they should have a special interest.

I shall read from the testimony and comment on its as I go along. I refer now to the testimony of George E. Folk, adviser to the committee on patents and research of the National Association of Manufacturers, who was an examiner in the Patent Office for 7 years, beginning in 1898, and who was general patent attorney for the American Telephone & Telegraph Co. until retired 12 years ago. In his testimony Mr. Folk says:

During the last 12 years—

That is, "since I have retired from the American Telephone & Telegraph Co."—more as a hobby than anything else, I have been patent adviser to the National Association of Manufacturers. \* \* \* I am speaking today for that association, a voluntary organization of more than 15,000 manufacturers. \* \* \* The National Association of Manufacturers urges adoption of Senate Resolution 259, which declares that the Senate does not favor the President's reorganization plan—

For the Department of Commerce.

When I had a chance to question Mr. Folk, near the end of his testimony, I asked him several questions. I shall read these questions and his replies, as taken from the printed testimony:

Mr. BENTON. These manufacturers who are among our biggest taxpayers \* \* \* how many of them \* \* \* had the other side of the case presented to them before agreement was reached on this statement which you submitted in the name of the National Association of Manufacturers?

Mr. FOLK. I can only say that I was authorized by the National Association to take the position I have taken.

Mr. BENTON. How many of the 15,000 members that you list on the first page of your statement have approved this statement?

Mr. FOLK. \* \* \* of course, it was practically impossible, it would be impossible, to do that. I did submit these views to our committee on patents and research of the National Association of Manufacturers. A committee of more than 100 \* \* \* constitute that committee.

Mr. BENTON. You think perhaps those 100 men have been exposed to the memorandum you presented today?

Mr. FOLK. They have not seen the memorandum, but it is the position NAM would take concerning the reorganization plan.

Not even the 100 men, Mr. President, had seen the memorandum.

Mr. BENTON. If they have not seen the memorandum, would you think it is a fair

assumption to say that they have not been exposed to the kind of presentation or arguments presented by Secretary Sawyer, Mr. Fleming, and Mr. Lawton this morning which present the arguments demonstrated, according to those who have studied most thoughtfully, why this particular plan is in the interest of efficiency and economy and the best conduct of this Government?

Mr. FOLK. I did not see the arguments of the Secretary of Commerce, Mr. Sawyer, myself, until today. So I dare say the members of the association did not have any more information than I had.

Mr. President, here there is presented a picture of a great, powerful, rich, and influential trade association at work, and seemingly, as I interpret this testimony, largely in the hands of this staff representative. To begin with, how many of the 15,000 members of the NAM are interested in patents? Surely only a segment. Surely the group is larger which is interested in efficiency in Government, and particularly in efficiency in the Department of Commerce. Suppose there are 1,000 of them interested in patents. Who are the 100 men they put on their patents and research committee? I telephoned this morning and secured the names of some of them. The chairman of the committee is Albert E. Noelte, treasurer of the Priscilla Braid Co. The vice chairman is Merwin F. Ashley, manager of the patent department, United Shoe Machinery Corp. Other members of the patents and research committee are Robert Gottschalk, assistant manager, development and patent department, Standard Oil Co.; Leslie R. Groves, vice president, Remington Rand, Inc.; Richard O. Loengard, president, United Chromium, Inc.; and Randolph T. Major, vice president and scientific director, Merck & Co., Inc.

The great corporations which are interested in patents and which belong to the NAM and pay their dues, put on the patent committee of the NAM their representatives who are charged with the duty of considering patents and who are interested in patents. But did these 100 men, these 100 subordinates, meet and consider Mr. Folk's memorandum? No, they did not meet or consider it. Who did approve it? Was it a subcommittee? Was it three or four men in New York, who operate in the name of the committee? Was it two or three members of the staff of the National Association of Manufacturers? Who is it that is responsible for this attitude on the part of the NAM? I know it is not the presidents and heads of the constituent 15,000 companies. I know that those men, hundreds of whom are within my own circle of personal acquaintances, would approve the principles advocated by former President Hoover and his Commission as recommended in these reorganization proposals.

I shall speak later on today, Mr. President, about Reorganization Plan No. 1. It looks as if the first two plans to come before the Senate will be bowled over like tenpins, and some of the great business and trade associations undoubtedly will carry an important part of the responsibility. I exclude, of course, the New York Board of Trade and certain

other organizations which have courageously spoken in favor of these recommendations.

I, of course, thought this question of reorganization was not a party issue. It is not a party issue to the presidents of the 15,000 companies which I have mentioned.

The Republican Party, in its 1948 platform, pledged itself to support measures to provide for the more efficient assignment of functions within the Government. The plan we are now considering is an important step in that direction. In opposing it, the Republican leadership is running counter to their own platform, as well as running counter to efficiency in the Government. I do not, of course, claim, Mr. President, that this is a unique procedure, but I think it should at least be pointed out to the country.

The Taft-Hartley Act introduced a new concept into the sphere of Government management by creating a double-headed monstrosity for the administration of a single statute. Such a concept is contrary to every principle of sound administration, whether in Government or in private industry.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BENTON. I shall be glad to yield to the Senator from Ohio.

Mr. TAFT. With reference to double-headed monstrosities, what is the difference between putting all the administrative and executive functions in one man and putting all the judicial functions in a board of five of which he is one member? Is there not as much a diffusion of responsibility there as there is between the board and the separate general counsel?

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. MYERS. I yield the Senator from Connecticut two additional minutes.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for two additional minutes.

Mr. BENTON. One monstrosity in these marble palaces on the Potomac does not justify another monstrosity. I reject wholly and totally the implications of the question of the distinguished Senator from Ohio.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BENTON. I shall be glad to yield to the Senator from Louisiana.

Mr. LONG. I missed a portion of the Senator's speech. I wonder if, in summing up, he will point out exactly what the Hoover Commission has recommended dealing with this particular problem. The Senator has stated that the Hoover Commission recommended the type of reorganization which is contained in the plan.

Mr. MYERS. Mr. President, I yield five additional minutes to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for five additional minutes.

Mr. BENTON. The Hoover Commission's proposals have been unequivocal, as I have read and studied them. They

place as their very first recommendation among their general over-all recommendations the following:

We recommend that all administrative responsibility be vested in the Chairman of the Commission.

That is all we are talking about today. It is as simple as that, and it is as direct as that.

On page 139 of the task-force report on regulatory commissions it is contended:

The existence of such an office—

The office which is under debate today, that of the general counsel—

independent both of the Federal departmental structure and of the Board, marks a departure from previous administrative practice. If permitted to set a pattern for future Government organization, it may lead to a diffusion of responsibility.

The very thing we have to have in order to assure efficient administration is fixed responsibility. That is what we do not have here now in the case of the National Labor Relations Board. The act which established the National Labor Relations Board failed to provide the responsibility of which we are now speaking, and we are seeking to secure effective administration through this reorganization proposal.

Mr. President, I hope the Senate will have the courage, as well as the good judgment, to defeat the resolution which is now pending. I am confident that if the Chamber were full and the Members were exposed to these issues and had an opportunity to consider them and to consider the elements involved in the opposition to this reorganization plan, the Senate would reject the resolution. Its defeat will be a heartening development to friends of good government, not only at the national level, but, more important than that, at the State and community level as well. The adoption of the resolution, Mr. President, will encourage every privileged group with selfish interests to move in against the other plans which are yet to come before the Senate, and to bludgeon their own selfish views upon the United States Congress.

Mr. President, I yield the floor, though I do not see the majority leader present at the moment.

The PRESIDING OFFICER. The Chair will state that the acting majority leader has informed the Chair that 20 minutes' time is yielded to the senior Senator from Utah, who is now recognized.

Mr. THOMAS of Utah. Mr. President, I rise in opposition to Senate Resolution 248. As a preface to my remarks I desire to read two quotations. The first is taken from Chairman Herzog's report, and it answers one of the questions which has been asked:

The plan is the President's plan. It was proposed so that the National Labor Relations Board would not continue to be the only regulatory commission whose administrative structure would be different from the one recommended, without exception, by the Commission on Organization of the Executive Branch of the Government. Second, the plan was proposed by the President because it will make for sound and efficient adminis-

tration, not only of the present statute but of any regulatory statute, whether concerned with labor relations or with any other policy of Congress. We support it for the same reasons, and for these reasons alone.

Those are the words of Mr. Paul M. Herzog, Chairman of the National Labor Relations Board.

Mr. President, I now quote the words of the task force with regard to the general counsel:

Another problem that has caused us considerable concern is the position of the general counsel. As indicated above, he is a prosecutor, an administrator, a policy maker. The incumbent, Mr. Denham, has noted that his powers "are broad and absolute and his authority final to an outstanding degree seldom accorded—"

Mr. LONG. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield for a question.

Mr. LONG. Whom is the Senator quoting?

Mr. THOMAS of Utah. I am quoting the task force report to the Hoover Commission. The quotation last made would be a quotation within a quotation. It is a quotation from Mr. Denham in speaking before the labor committee of the American Bar Association in 1947. The quotation begins with these words: "are broad and absolute, and his authority—"

Referring to the general counsel—

"final to an outstanding degree seldom accorded a single officer in a peacetime agency."

The existence of such an office, independent both of the Federal departmental structure and of the Board, marks a departure from previous administrative practice. If permitted to set a pattern for future Government organization, it may lead to a diffusion of responsibility.

Such an official is in a peculiarly exposed position. In view of the wide powers of the office, it is inevitably subject to heavy pressure from all sides, and lacks the protection of either a multiheaded agency or an executive department in resisting such pressures.

Mr. President, I should like to say here that during all the hearings upon the amendments to the Taft-Hartley Act, time and time again witnesses, including Mr. Denham himself, emphasized the point that the power reposed in him was really and truly so overpowering that at times he himself wondered about it. So, it is perfectly proper that the task force would wonder about giving him those great powers.

Experience during the first year indicates a tendency to develop close working relations with the joint congressional committee established by the act. To the extent that this has involved advice and suggestions with respect to interpretation of the act and its application to specific situations, the practice seems doubtful and likely to blur the desirable separation between the legislature and administration.

I should like to add, Mr. President, that while I was not a member of the subcommittee, which was called the watchdog committee, during the final year, if one member of an administrative authority and a committee of Congress do not agree, there cannot help being a division of opinion which, if carried to an extreme, must work disastrously in the administration of law. I



Reorganization Plan No. 1 of 1950, like a number of others submitted to the Congress by the President on March 13, involves a single issue which has brought about opposition to it.

The only real objection to the plan voiced at the hearings before the Committee on Expenditures in the Executive Departments was that the plan, by transferring the functions of the Comptroller of the Currency to the Secretary of the Treasury, would tend to disrupt the existing confidence in our national banking system.

There was no objection to any of the provisions of the plan which would conform to the general recommendations of the Hoover Commission relative to reorganizations within the Department of the Treasury, and to provide the Secretary with an administrative assistant under the classified civil service. Nor was there any opposition expressed to vesting all functions of the Department, excepting the Comptroller of the Currency, in the Secretary.

Therefore, the whole issue involved in Reorganization Plan No. 1 is that it proposes to go counter to an accepted principle established by Congress 86 years ago, in that the exercise of the quasi-judicial functions now administered by the Comptroller of the Currency on an independent statutory basis, be vested in the Secretary of the Treasury.

Mr. THYE. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield briefly.

Mr. THYE. Does the Senator believe there could possibly be any economy if the plan were adopted?

Mr. McCLELLAN. No, none at all, because the Secretary does not want the power; he wants the situation left as it is. The Office of the Comptroller of the Currency is paid for by the banks and not by the Government.

Witnesses contended that this would destroy the independence of the Office of the Comptroller of the Currency and make that Office subservient to the President.

During the hearings it was fully developed by various witnesses that the Comptroller's office has a unique status within the Department of the Treasury in that it is supported not by Federal funds, but by contributions from member banks, and no part of its expenditures are paid from public funds.

A further point was made that the inclusion of the Office of the Comptroller of the Currency within the plan is not in accord with the objectives of the Hoover Commission in its recommendations toward effecting economy and efficiency in the Government, and the elimination of duplicating functions. The Secretary of the Treasury stated specifically in a letter to the committee that he would make no change whatever in the present operations of the Office of the Comptroller of the Currency should the plan become effective, although such authority is granted to him thereunder.

I invite Senators to read the letter. It will be found on page 9 of the report.

The Secretary stated that he could not be responsible for what some of his successors might do.

A further point at issue in connection with the consideration of this reorganization plan is the fact that it does not accord with the intent of section 2 (a) of the Reorganization Act of 1949, which sets forth the specific purposes of that act and the conditions under which reorganization plans were to be submitted to the Congress by the President.

Mr. President, I ask unanimous consent that section 2 of the Reorganization Act of 1949 containing its objectives and purposes be printed in the body of the Record at this point, as a part of my remarks.

There being no objection, section 2 of the Reorganization Act of 1949 was ordered to be printed in the Record, as follows:

SEC. 2. (a) The President shall examine and from time to time reexamine the organization of all agencies of the Government and shall determine what changes therein are necessary to accomplish the following purposes:

(1) to promote the better execution of the laws, the more effective management of the executive branch of the Government and of its agencies and functions, and the expeditious administration of the public business;

(2) to reduce expenditures and promote economy, to the fullest extent consistent with the efficient operation of the Government;

(3) to increase the efficiency of the operations of the Government to the fullest extent practicable;

(4) to group, coordinate, and consolidate agencies and functions of the Government, as nearly as may be, according to major purposes;

(5) to reduce the number of agencies by consolidating those having similar functions under a single head, and to abolish such agencies or functions thereof as may not be necessary for the efficient conduct of the Government; and

(6) to eliminate overlapping and duplication of effort.

(b) The Congress declares that the public interest demands the carrying out of the purposes specified in subsection (a) and that such purposes may be accomplished in great measure by proceeding under the provisions of this act, and can be accomplished more speedily thereby than by the enactment of specific legislation.

Mr. MUNDT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KERR in the chair). Does the Senator from Arkansas yield to the Senator from South Dakota?

Mr. McCLELLAN. I yield.

Mr. MUNDT. Does the Senator from Arkansas agree with me that so far as there being any economy involved is concerned, there would be no economy to the country through the acceptance of this particular reorganization plan?

Mr. McCLELLAN. There would be no economy to the country, to the Government, or to anyone else that I know of, because the Secretary says he will not exercise the power if it be granted to him. He said that some other Secretary might exercise it, but he will not exercise it.

Mr. MUNDT. I wonder if the Senator will further agree with me that in this time of deficit-spending it would be tremendously dangerous to do anything which would tend to undermine the confidence of the country generally in our

banking system or tend to develop additional dissatisfaction on the part of the bankers themselves?

Mr. McCLELLAN. If the Senator will read the letter to which I have referred he will find that thought expressed, possibly not in words, but implied all the way through in the spirit of the letter.

No witness appearing before the committee made any statement to the effect that the inclusion of the Office of the Comptroller of the Currency within the provisions of this plan would accomplish any one of these six objectives. It can, therefore, well be assumed that the plan is not in accord with the purposes of the Reorganization Act as set forth in that act.

I can assure the Senate that the members of the Committee on Expenditures in the Executive Departments are most anxious to further in every way possible reorganization plans, or legislation, which would carry out recommendations of the Hoover Commission designed to conform to the specific recommendations contained in its reports to effect economy and efficiency in Government. While this plan does conform thereto in many respects, it was the firm conviction of the committee that it went far beyond the intent of the Commission by its inclusion of quasi-judicial functions carried on presently under the Comptroller of the Currency in accordance with the intent of the Congress.

The Hoover Commission itself recognized the fact that there were such activities within the Federal structure which would not lend themselves to simple reorganization proposals and would go beyond the premise on which its studies were made. In its concluding report, the Commission stated:

As a matter of principle, the Commission has not been concerned with matters of substantive policy.

The Commission continued, saying that—

In practice, however, it has often been extremely difficult to separate policy from administration, although a conscientious effort has been made to do so.

This is a legislative policy. It is the policy of the Nation, and it has continued satisfactorily for nearly a century. That is the same problem with which the Committee on Expenditures in the Executive Departments was confronted in the consideration of this plan, and the majority of the committee reached the conclusion that the matter should be beyond the scope of a reorganization plan. Any policy changes in the authority of the Comptroller of the Currency which are desirable should be made only after proper consideration by policy committees of the Congress and approved through direct legislative action after all the facts have been presented and considered in connection therewith.

Should this plan become effective and the resolution of disapproval rejected, the majority of the Committee feels that it might well have a serious repercussion on our banking system and inject political influences into their operation which was not intended by Congress in its establishment of the Office of the Comptroller of the Currency.

There is the fear that we are meddling or tampering with something for some purpose, but not for efficiency or economy, not to serve the present able Administrator, but to serve some other purpose. Who knows what the purpose is? The evidence does not reveal it, but it is to serve some purpose undisclosed to us, when we are asked to make a change in a legislative policy which has functioned well and efficiently for nearly a century.

The effect would be that the Comptroller would no longer have sufficient initiative, authority, and independence of action to continue to exercise the functions vested in him by the Congress. This fact has been freely acknowledged by the Secretary of the Treasury in his communication to the committee, and I feel that the Senate can do well to follow the advice of the Secretary of the Treasury, who has had the courage of his convictions to so express himself in spite of the fact that it was necessary to oppose the reorganization plan submitted by the President.

In reporting favorably the resolution of disapproval on Reorganization Plan No. 1, the Committee on Expenditures in the Executive Departments made it clear in its report to the Senate that the entire basis of its opposition to the plan was due to the fact that it included these quasi-judicial functions not in accord with the premise on which the Hoover Commission made its recommendations. I think I speak for a majority of the members of that committee when I say that, had this plan contained a provision therein which would have exempted the quasi-judicial functions of the Comptroller of the Currency, the plan would have been approved. There is no other objection to the plan, but there is objection to an attempt which, without cause, without rhyme, without reason, and without disclosure, would invade the province of an independent agency and place it in a subservient position under a department head.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. McCLELLAN. I assign myself one more minute.

In closing, I should like to emphasize that in acting adversely on this plan the committee wishes to make it clear that it does so because it does not conform to the tenor of the Hoover Commission's recommendations, although it technically complies therewith in some respects. I personally feel that if a new plan is submitted to reorganize the Department of the Treasury along the lines now contained in Reorganization Plan No. 1, and as specifically recommended by the Hoover Commission, with the Office of the Comptroller of the Currency exempted from its application to insure the continued independence of the Comptroller, the plan would be approved. Since no such exemption is included in Reorganization Plan No. 1 of 1950, I shall vote in favor of Senate Resolution 246 to disapprove the plan.

Mr. President, I yield 1 minute to the Senator from Indiana.

Mr. CAPEHART. Mr. President, I do not know that there is very much I can add to what has been said by the distinguished Senator from Arkansas as to why the plan should be rejected and why the Senate should vote in favor of the resolution. The Committee on Banking and Currency, of which I am a member, voted unanimously against the plan and in favor of the resolution. The Committee on Expenditures in the Executive Departments likewise voted unanimously to disapprove the plan. I believe I am correct when I say that no one appeared in behalf of the plan before the Committee on Banking and Currency. There were only two witnesses who appeared before the Committee on Expenditures in the Executive Departments. The Committee on Banking and Currency, which handles banking legislation which comes before the Senate, voted unanimously against the plan. The plan will not save taxpayers 1 penny. In fact, the Comptroller's office is paid for wholly by the national banks.

I can see nothing to be gained by making the change. I can see much that would be lost. It is somewhat difficult for me to understand why the President requested that the Comptroller of the Currency be put under the Treasury Department of the United States, because the Secretary of the Treasury, in a letter to the Committee on Expenditures in the Executive Departments, said that if the plan became law he would not exercise his rights under it because he was perfectly satisfied with the way the Comptroller General of the Currency was operating. I fail to find in my research and in talking with many people, including many bankers, any good, legitimate excuse for the plan.

Mr. BENTON. Mr. President, I yield myself such time as I may feel to be necessary for the informal remarks which I wish to make. Because I have spoken twice this week on the floor with prepared papers, first on the FEPC bill and, earlier today, on Reorganization Plan No. 12, I am not in a position to furnish the detailed, thorough, and careful analysis which I should like to present at this time. I feel that my role is an unhappy one, for three reasons. First, as the distinguished Senator from Indiana has pointed out, I seem to be alone on this issue. However, although I seem to be alone, I am certain that the distinguished Senator from Indiana is mistaken when he says that no one appeared to testify in favor of the plan. The most important group in the country today dealing with this subject is the Citizens Committee on the Report of the Hoover Commission, headed by my friend, Dr. Robert Johnson, president of Temple University, of Philadelphia. Mr. Robert L. McCormick, research director of the Citizens Committee, in his testimony before the Committee on Expenditures in the Executive Departments, said that plan No. 1, dealing with the Treasury Department, including its recommendation with regard to the Comptroller of the Currency, fully accords with the Hoover Commission recommendations. There can be no question

about that. He said further that the rejection of the plan would set a very unhappy and unfortunate precedent for the consideration of other plans still to come.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. BENTON. I am glad to yield to the Senator from Virginia.

Mr. ROBERTSON. I believe that the Hoover Commission's report recommended that the RFC, the FDIC, and the Export-Import Bank be transferred to the Department of the Treasury, but not a word was said about taking administrative functions from the Comptroller of the Currency.

Mr. BENTON. If the Senator will permit me, I hope to touch on that subject later in my remarks, when I show that the Comptroller of the Currency, in line with the evidence of the past 16 years, has been under the control of the Secretary of the Treasury. I am sure the Senator from Virginia will recall the statement in the Hoover Commission report of March 1949 dealing with the Treasury Department:

In our first report we urged that good departmental administration required that the Secretary have authority from the Congress to organize and control his organization, and that independent authority should not be granted directly to subordinates.

That applies to the Comptroller of the Currency.

Mr. ROBERTSON. Mr. President will the Senator yield?

Mr. BENTON. I yield.

Mr. ROBERTSON. The main objection raised by Mr. McCormick was that if the resolution were adopted, it would be easier for some other plan to be rejected.

Mr. BENTON. I am sorry, but I did not hear what the Senator said.

Mr. ROBERTSON. As I recall the testimony of Mr. McCormick, he said that if Congress adopted the resolution, it would be easier for Congress to disapprove some of the other plans which his committee thought were more important than this plan.

Mr. BENTON. Yes; he brought that out, and he also brought out the point of the precedent that would be established.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BENTON. Yes.

Mr. CAPEHART. Perhaps I did not say what I had intended to say. I meant to say that there was no opposition other than from those who appeared in behalf of the Hoover Commission. I had in mind bankers and governmental agencies, who did not appear. In other words, there was no banker or anyone in the banking industry in the United States who had any cause to complain about the Comptroller of the Currency. They were all very happy with the way his office has been operated and they felt it should continue as it has operated for many years.

Mr. BENTON. That is unhappily true, as reported by the Senator from Indiana, and I hope to deal with that subject in a few moments. No bankers

appeared to favor the Reorganization Plan No. 1.

Mr. President, I started to say that my role is an unhappy one, because I seem to be alone here. But since the banking fraternity is concerned—and I am sure the distinguished Presiding Officer will understand my statement—my role is unhappy because one of my companies owes the banks \$6,000,000, and I do not like to be here discussing the banking business.

The third and real reason for my unhappiness is the exhibition which was made by the American Bankers Association, a great and powerful trade association representing the American business community. I should like to read what Mr. F. Raymond Peterson, the president of that association, who officially presented the position of the association, said to the committee. I assume that his statement was probably written for him by his staff, some member of the trade association representing the bankers. It is my opinion that whoever wrote this statement should be discharged forthwith and thrown out of the trade association, because it is an unhappy fact that American businessmen today, to too great an extent, are abdicating their responsibility, and often their thinking, about big key problems, to trade-association executives, whom they would not hire in their own companies. They are allowing these trade associations to make statements on their behalf which they would never permit the treasurer of their company or the vice president of their company to make even on behalf of their own individual business.

I call the attention of the Senate to this testimony of Mr. Peterson. He stated:

The plan would have two, and only two, significant results.

He testified that—apart from giving to the Secretary of the Treasury a new administrative assistant, the only bureau affected by Reorganization Plan No. 1 is the Office of the Comptroller of the Currency.

Mr. President, of course there are 9 bureaus affected, 9 large bureaus, including some vastly larger and more important ones than the Office of the Comptroller of the Currency. The personnel in the Office of the Comptroller of the Currency is only 1.3 percent of the total personnel affected by this reorganization plan. Yet, Mr. Peterson testified as he did, and in doing so showed the hand of the bankers. They are not interested in the efficiency of the Treasury Department. All they have heard about is this one little tiny matter which affects the Comptroller in his relations with the Secretary of the Treasury, but which, relatively speaking, does not compare with the problem as a whole.

Mr. President, I spoke earlier this afternoon about the National Association of Manufacturers' testimony as it affected plan No. 5, and the Department of Commerce. I believe I can speak with some experience on the problems of business trade organizations in relation to the Government, as well as with some feeling.

I first met the distinguished senior Senator from Georgia [Mr. GEORGE], who is sitting next to me at the moment, when I was appointed by Mr. Jesse Jones, certainly a good friend of business, as Vice Chairman of the Board of Trustees of the Committee for Economic Development, which was organized during the war to assist the business community because the existing trade associations were not so organized and so geared as to do the kind of tremendous job which had to be done.

I have observed these trade associations, have belonged to some of them, and know their weaknesses. I should like to examine for a moment what some of the facts are as I have known them and as I guess them to be, applied to the recent action by the American Bankers' Association.

Of course, one manifest fact is that the banks are indeed very powerful politically, or they would not be having a political influence on some of the Members of this body. That is a most unhappy fact, in my opinion, and in view of their record and in view of their ignorance, I call to the attention of the Senate the fact that the banks opposed the establishment of the Federal Reserve Board. They all opposed the establishment of that Board. I call attention to the fact, further, that they opposed the establishment of the SEC. They fought, with the best men they could hire, to prevent Congress establishing the SEC in the public interest.

I call attention to the fact that the banks virtually unanimously opposed the establishment of the FDIC. I received the full story not long ago of the way in which the banks opposed the passage of the Federal Banking Act of 1935. A very highly placed official who worked all through that operation told me the story. That was the most important legislative act of that year, and the banks were virtually unanimously against it, as they are now unanimously opposing Reorganization Plan No. 1. How do they stand on the Federal Banking Act of 1935 today? They are virtually unanimously for it.

What would be the condition in this country if we had not created the Federal Reserve Board, passed the Federal Banking Act of 1935, established the SEC, and set up the FDIC, but had knuckled down to the bankers, the way it is proposed that we knuckle down to them today in regard to this great reorganization proposal?

Mr. President, I might tell the case story which has come to me about the Federal Banking Act of 1935. The Business Advisory Council labored against the passage of that act. I know a high percentage of the men who were on that council at that time, and who are on it today. The report of the Business Advisory Council was written by an economist who worked for the man who is chairman of a subcommittee of the council. Whether the chairman of the subcommittee read the report of his economist condemning the Federal Banking Act of 1935, I do not know. He is a very prominent banker, and I shall not at

least bring out his name on the floor of the Senate. But it is agreed by those who studied the matter later that the subcommittee did not read the report, and, similarly, the Business Advisory Council adopted the report and did not read it.

Mr. President, this report went to the Secretary of Commerce, who in turn transmitted it to the President of the United States. Here was a report allegedly speaking for the Business Advisory Council, which was unread, and which had been written by a staff man away down the line, working for the chairman of a subcommittee.

Mr. President, I should like to refer to what the Hoover Commission recommendations might have meant if they had been followed through all the way.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. BENTON. I yield to the Senator from West Virginia.

Mr. KILGORE. In line with the subject just spoken of by the Senator from Connecticut, I do not know whether he remembers that after the passage of the law and the creation of the Federal Housing Authority, the banks refused to deal with the Federal Housing Authority until a lot of missionary work was done with them. They did not want the guaranteed loans, because the interest was higher than on the normally processed bank loans, and it was only when the big life-insurance companies and fire-insurance companies started financing the FHA loans that the banks willingly fell into line, and now they are all seeking those loans.

Mr. BENTON. The banks never want any change, they never propose any change, and they never stand for any change. All men in the business community who have operated with banks know that to be an established fact in the temperament of the banking fraternity. I am glad to be reminded of that. I am even hopeful that I may make a convert before I conclude, and I thank the Senator from West Virginia for bearing with me, and I trust that he will stay with me.

The Hoover Commission in its report on the Treasury Department went far beyond what the President has done in these recommendations. The point is not that the recommendations outdid the Hoover Commission report. On the contrary, many things recommended by the Hoover Commission have been held back, and were not included in the plan which came up to the Committee on Expenditures in the Executive Departments.

The extracts from the minority views of Commissioners Aiken, Pollack, and Rowe bring that out very clearly, and they make very clear that the Commission's viewpoint went far beyond the scope of the issue with respect to the Comptroller of the Currency, which is in dispute today in connection with plan No. 1.

Mr. President, I ask unanimous consent to insert in the RECORD a page which further elaborates on that point.

The PRESIDING OFFICER (Mr. CHAPMAN in the chair). Is there objection?



There being no objection, the matter was ordered to be printed in the RECORD, as follows:

**SWEEP OF HOOVER COMMISSION RECOMMENDATION MUCH BROADER THAN COMPTROLLER QUESTION**

Hoover Commission Report No. 11 on the Treasury Department makes recommendations going far beyond those proposed in Reorganization Plan No. 1. Thus, the majority of the Hoover Commission states that "The Reconstruction Finance Corporation, Export-Import Bank, and the Federal Deposit Insurance Corporation are independent agencies reporting directly to the President. The President cannot give the time necessary for their supervision. Practically they are accountable to nobody."

Hence the Commission recommends that their supervision "be vested in the Secretary of the Treasury."

The following extracts from the minority views of Commissioners Aiken, Pollack, and Rowe will serve to make doubly clear that the Commission's viewpoint went far beyond the scope of the issues with relation to the Comptroller of the Currency under dispute today in connection with plan No. 1.

"We do not quarrel with the Commission's proposal to place the Export-Import Bank, the Reconstruction Finance Corporation, and the Federal Deposit Insurance Corporation within the departmental structure of the executive branch. But we are not so sure that the Treasury is the right Department for the first two agencies. \* \* \*

"The Federal Deposit Insurance Corporation. If this agency is to be put in the Treasury, one of the main reasons is because its bank examining functions should be more closely integrated with those under the Comptroller of the Currency. The same reasoning is valid as to the bank-examining functions of the Federal Reserve System which require integration just as much and just as little as those of the Federal Deposit Insurance Corporation." (P. 31 of Hoover Commission Report 11 on Treasury Department.)

Mr. BENTON. Mr. President, I should like to bring to the attention of the Senate some of the statements and data which I prepared for my minority views. The Senator from Indiana is mistaken if he thinks the Committee on Expenditures in the Executive Departments was unanimous on this subject. There was a minority of three who voted to uphold the reorganization proposals of the Treasury.

Mr. President, I want to remind the Senate of a fact which very few know, namely, that the Comptroller of the Currency is not independent. His so-called independence is a myth, as the comments in the minority views to which I shall refer bring out. What we have now is a state of confusion, for the responsibility is not clearly defined so all can see it. Only those who are in the know, are aware of what the true situation is. But the Secretary of the Treasury already appoints the Deputy Comptroller of the Currency. He now prescribes regulations governing the Office of the Comptroller, the conduct of its officers and clerks, and the distribution and performance of its business. The legal work relating to the Office of the Comptroller of the Currency is under the general counsel of the Treasury Department. The appointment of the personnel of the Office of the Comptroller of the Currency, together with the fix-

ing of compensation, transfer, promotion, demotion, suspension, or dismissal, is vested in the Secretary of the Treasury. The Comptroller cannot even appoint bank examiners without securing approval from the Secretary of the Treasury.

It is difficult for me to reconcile the foregoing with the apparent feeling of some of those who testify that the Comptroller of the Currency is an independent officer and that the reorganization plan would destroy his independence. As the foregoing shows, the Comptroller of the Currency is by no means independent. The statute even provides that the Comptroller "shall perform his duties under the general direction of the Secretary of the Treasury."

That is the law now. When Senators vote down this key and important reorganization proposal I hope they will keep in mind that the present law puts the Comptroller "under the general direction of the Secretary of the Treasury."

This statutory mandate to the Comptroller has not been a mere formality. Before I prepared the minority views I talked with men who have been in Washington, for many years working on these problems and who are very high placed in key Government roles. I did not plunge into the subject blindly or willfully. One highly placed official told me that from his 16 years of observation he believes the Comptroller could not have functioned with less independence than would have been the case if the reorganization plan had been in effect.

For example, he said that the first Deputy Comptroller of the Currency for a long period was the personal representative of the Secretary of the Treasury; that a Secretary of the Treasury dictated the participation of the Comptroller of the Currency in an agreement among the three Federal supervisory agencies on examination policy; that the policies of the Comptroller with respect to the approval of branches for one of the largest banking organizations in the country have been determined from time to time by the various Secretaries of the Treasury, and that the Comptroller of the Currency has not been in position to make recommendations to the Congress with respect to legislation except after consultation and in accordance with the views of the Secretary of the Treasury. Thus the situation with respect to the Comptroller would not be different under this plan from what it has been in the past, except that there would be brought about greater efficiency in the administrative operation.

Mr. President, I deny the theory of the Senator from Indiana that economy is not involved in an organization merely because it receives revenue and supports itself. Let us consider any monopoly situation, such as that of a local telephone company, a power company, or a gas company. Does it follow merely because such a company makes a profit or supports itself that there is no room for efficiency and no chance for economy? Not in the least. It is actually in monopolies with assured profits that the

greatest opportunity for efficiency is most often afforded.

Mr. President, my authority makes the point—and to me it goes to the heart of the question—that this reorganization plan will have the merit of bringing out into the open the lodgment of responsibility in the Secretary of the Treasury for the determination of policies, where as heretofore there has been obscurity as to whether the responsibility was exercised by the Comptroller. Of course, I feel that in connection with all the plans we are going to discuss it is far better to make the authority explicit in every case than it is to have it covered up.

I agree that the present confusion created by bankers concerning the status of the Comptroller of the Currency might delay action on the part of the President, if he wished to dismiss the Comptroller. Some persons do not understand that the President has the authority to dismiss the Comptroller. Surely that would seem to lodge the final responsibility with respect to the Comptroller in the President, and if he wished to discharge this subordinate person confusion might make replacement somewhat more difficult. But it was fully conceded in the testimony of all the bankers who appeared, that there is no enlargement whatsoever of the power of the President over the Comptroller of the Currency by anything suggested or planned by the reorganization here proposed.

Mr. President, I am told that the pressure of the bankers has successfully operated on Congress with respect to this particular issue, and of course what I am saying is, I fear, too late and too little. Therefore, perhaps, the point of my remarks relates not so much to Reorganization Plan No. 1, which may be over the dam, or which to use another illustration, may be likened to the sacrificial lamb which marches up to the slaughter. My remarks therefore are keyed to the various other plans as they come from the committee. We have had two plans before the Senate today and they have gone down like ten pins. Other plans are coming before the Senate, and we are faced by selfish, narrow groups who are determined to defeat many of the plans. Shortly we are going to hear from the patent attorneys.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BENTON. I am glad to yield.

Mr. DONNELL. The Senator stated that we have had two plans under consideration today, and they have both gone down like ten pins. I was under the impression that we voted only on one plan. Am I correct?

Mr. BENTON. Of course, the Senator is correct. My rhetoric seems to have carried me away. I have been consulting with those who try to advise me, and they have told me of future events respecting which I should like to hope they are mistaken, and that the implication of the question of the Senator from Missouri are those to which I should be listening.

Mr. DONNELL. Mr. President, will the Senator yield for a moment?

Mr. BENTON. I yield.

Mr. DONNELL. I was not in any sense criticizing the Senator, but I was somewhat concerned. I had been in the Senate nearly all day, but I wondered whether some other piece of business had been transacted along this line of which I knew nothing.

Mr. BENTON. No.

Mr. DONNELL. I think the Senator from Connecticut now is speaking somewhat with the spirit of prophecy rather than making a recital of history.

Mr. BENTON. Fortunately that is correct, and I am honored that the Senator from Missouri is here to listen to me.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BENTON. I yield.

Mr. LONG. Would it not be correct to withdraw the expression that the plans have been bowled over like tenpins, and instead say that they are about to be bowled over like tenpins?

Mr. BENTON. Surely many individuals with much money in their pockets are standing around with great big balls in their hands ready to roll them against these plans. There is no doubt about that. My remarks are not being addressed to the bankers, because the plan under consideration is over the dam. My talk is not being addressed to the press, because I have found there is no sex appeal, no glamour in governmental reorganization. My remarks surely are not being addressed to some Senator or even to ex-President Hoover. But I hope they may have some effect subsequently so far as the American business community is concerned, because we have a case study here for the young student of political science, or a case study for the League of Women Voters, who are in favor of this plan, or a case study for the junior chambers of commerce, who are in favor of this plan. If they want to understand their Government better and if they want to understand better how their Government operates, I want them to take this as a case study in respect to our failure to deliver.

Mr. President, this national campaign of pressure has been instituted by the banks to alarm the bankers throughout the country, the small bankers who write letters saying, "I have received a letter from the American Bankers' Association and a letter from my State Bankers' Association and a letter from the National Bank Division of the American Bankers' Association and a letter from the Kansas Bank Association." We find all that set forth in one letter, showing how much pressure was put upon a small banker—in the case I have in mind—a banker at Paola, Kans.

Mr. President, in my opinion that national pressure campaign accounts for the 8-to-3 vote in the Committee on Expenditures in the Executive Departments. That campaign obscures the true facts.

On the other hand, the bankers have never been exposed to the other side of this problem. They have heard nothing about the importance of reorganizing the Treasury Department or reorganizing the Federal Government in many other re-

spects, nor are they aware of the significance of what they are doing in following the dictates of this pressure campaign, to the cost of which I presume many of them may be contributing from the other pocket, in support of the Citizens' Committee, in support of the Hoover Commission's proposals.

I think it is imperative for the country, particularly for the business groups, to understand better a problem of this kind, if they want to be more effective and more constructive in their work with the Federal Government and, notably, with the Members of Congress.

The opposition on the part of the banks stems, I think, therefore, from a lack of study and thought about the overall problem, and of course it stems partially from deep and very real mistrust of our democratic processes of government.

The banks are the trustees of the people's money. The welfare of the banks is essential to all of us. The responsibilities of bankers train them to take a dim view of the future and I may add, Mr. President, of mankind in general. A good banker must train himself to try to foresee the unfavorable, dark contingencies of the future, the dark problems which may lie ahead.

However, I certainly think it is not the business of the Congress to key its policies primarily to the fears in regard to future blackouts.

The PRESIDING OFFICER. The Senator from Connecticut has remaining only 2 minutes of his time.

Mr. BENTON. Mr. President, that will be sufficient. I thank the Chair for reminding me.

I think such blackout fears as those to which I have referred, Mr. President, if applied to the other bureaus and agencies of the Government and their operation, would enormously intensify the present great confusion, waste, and inefficiency. I made that point in the remarks I made earlier today in regard to Reorganization Plan No. 12. They would make the Government even more unmanageable than it is today, and far more inefficient and far more confused and far more confusing. They must be resisted.

Therefore, Mr. President, in conclusion let me say that I hope the Senate, if it finds itself committed on this particular plan and problem, will look ahead to the other 19 proposals which are coming through from the Committee on Expenditures in the Executive Departments, and perhaps will hesitate longer and think harder before commitments are made to the individual pressure groups that are moving in upon us.

I hope the American business community will begin to try to get into the trade organizations which represent them, men who think more as statesmen, the kind of men who will give to the business community the foresight and judgment it needs if it is to overcome the tendency referred to in a statement by Karl Marx which the business community might well ponder:

The businessman will commit suicide for a short-term profit.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Arkansas has 13 minutes of his time remaining.

Mr. McCLELLAN. Mr. President, I yield the remainder of my time, or as much thereof as he may desire, to the Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. ROBERTSON. Mr. President, all I wish to do, in response to the argument of the distinguished Senator from Connecticut, is to say that when he charges that we are rolling over or rejecting all these plans to have better administration, it should be remembered that Mr. Hoover himself was not in favor of Reorganization Plan No. 12, which the Senate has disapproved today—and I voted to disapprove it—and it should also be remembered that Mr. Hoover is not in favor of Reorganization Plan No. 1, upon which we are about to vote. It should further be remembered that Reorganization Plan No. 1 is not approved by the Cabinet officer to whom this power would be granted. He wrote to the committee saying that he did not approve it and did not want the power, and that if it were given to him, he would not exercise it.

Mr. President, in view of the fact that the sentiment against this plan, which comes to us in an entirely different form from that which the Hoover Commission recommended, is so overwhelming in the country and so overwhelming on the floor of the Senate, I shall not delay the vote by discussing the matter further; but I ask unanimous consent to have inserted at this point in the Record a brief statement in support of the resolution of disapproval.

There being no objection, the statement was ordered to be printed in the Record, as follows:

#### STATEMENT BY SENATOR ROBERTSON

Mr. President, I have received hundreds of letters in recent months from constituents and other citizens urging me to support the recommendations of the Hoover Commission and I have told these correspondents that I would support those recommendations which would promote economy and efficiency in our Government.

In advocating today adoption of my resolution to disapprove the President's Reorganization Plan No. 1, I want to emphasize that I am not speaking as an opponent of the Hoover Commission's proposals nor am I departing from the position I have regularly taken favoring Federal economies.

Although this plan is based on an interpretation of the Hoover Commission's general recommendations concerning management in the executive branch, the Citizens' Committee for the Hoover report itself admits that it differs widely from the more specific recommendations which the Commission made for reorganization of the Treasury Department.

In essence this plan merely would destroy the present independent status of the Comptroller of the Currency and would give the Secretary of the Treasury an administrative assistant secretary. I have no objection to giving the Secretary another assistant if he needs one, but adding additional employees certainly is not a direct way of economizing in our spending. I am strongly opposed to the part of the proposal relating to the Comptroller. What we do there cannot promote governmental economy because the

coats of the Comptroller's Office are paid by direct assessments against the national banks which it examines. No efficiency is involved unless it be claimed that a program of deficit financing can be promoted more efficiently if the President, through his Secretary of the Treasury can indirectly control the credit policies of the national banks. That is not the kind of efficiency in which I believe.

I said at the outset of these remarks that I had received hundreds of letters endorsing the Hoover Commission recommendations. In contrast, all of the letters except one which I have received concerning Reorganization Plan No. 1 have been opposed to it. And the one banker who favored it admitted frankly that he was influenced in his position by an unpleasant personal experience with the Comptroller's Office.

On the other hand, I found that our national banks were against the proposed change; that the Comptroller did not favor it and that the Secretary of the Treasury, who would be given additional power, did not want it.

In a letter submitted for the record of the hearings on the pending resolution, Secretary of the Treasury John W. Snyder made the statement that he was in accord with the provisions of Reorganization Plan No. 1 "except to the extent that it would transfer the functions of the Bureau of the Comptroller of the Currency to the Secretary of the Treasury."

In this letter Mr. Snyder said: "If Reorganization Plan No. 1 of 1950 became effective, I would use my full powers thereunder to preserve the continuity of this bureau in all possible respects in order to maintain a situation which, in my opinion, is most beneficial both to the national banking system and to the general economy. However, it must be borne in mind that my policy in this respect would not necessarily be maintained by future secretaries of the Treasury."

In other words, if this plan is accepted now, the Secretary of the Treasury promises to let things go on practically as they are so that the effect would be a nullity, but the latter part of his statement suggests that he shares the fear many of us have that some future secretary might use his power over the Comptroller to whip National Banks into line in support of the Executive's fiscal policies.

Secretary Snyder himself went so far as to say: "It is my firm conviction that a vigorous national banking system is essential to the economy of this country. It not only acts as a pacemaker, as I intimated above, for the State banking systems, but also serves to provide competition for those systems, and hence increases their strength as it increases its own. It is also my belief that the national banking system would not long remain intact, strong, and vigorous without leadership by the Office of the Comptroller of the Currency, which has no other function than its supervision and administration. The preservation of that system is more important than creating a new channel of authority where no need therefor appears."

Mr. Snyder's letter then referred to the summarization of the principles of administration contained in the Hoover report and continued: "It is difficult to see how the operations of the Office of the Comptroller of the Currency could be performed with greater effectiveness or responsibility. As for economizing, that Bureau is one of the few administrative agencies of Government that uses no tax funds; it is supported entirely by assessments upon the banks it supervises."

The letter concluded with a renewed expression of Mr. Snyder's doubt as to the advisability of the proposed transfer.

I would also remind you that at the hearings on the pending resolution, the distinguished Chairman of the Banking and Currency Committee, the senior Senator from South Carolina, appeared at the direction of his committee to oppose the plan. He pointed out that this committee, on which I also have the honor to serve, was concerned because of the proposal to abolish, in effect, the agency which has supervised national banks ever since the national banking system was established.

Others who appeared at the hearings in opposition to the reorganization plan and favoring the pending resolution included representatives of the National Association of Supervisors of State Banks, the American Bankers Association, several State bankers associations and the Reserve City Bankers Association.

The only testimony favorable to the plan was that given by representatives of the Budget Bureau and a spokesman for the Citizens Committee for the Hoover Report who admitted that part of his concern over what happened to this plan was not so much because of its content as because it was the first of the reorganization plans and he feared the precedent that would be set by its rejection.

Confirming my own experience, the staff director of the Committee on Expenditures in the Executive Departments, which handled the pending resolution, reported in a statement incorporated in the hearings that it had received 376 communications from 37 States dealing with plan No. 1 and that all but one of those was in opposition to the plan.

Mr. President, I shall not take up the time of the Senate with further discussion of this plan, because I feel the objections to it are too obvious and the arguments for it too weak to require extended treatment. I ask, however, that there may be inserted at this point in the Record, as a part of my remarks the short statement I submitted at the committee hearing outlining 10 reasons why this reorganization plan should not be approved.

The statement follows:

#### REASONS FOR OPPOSING REORGANIZATION PLAN NO. 1 OF 1950

1. For 86 years the Office of the Comptroller has enjoyed, and still does, a semi-independent status.

Other branches, bureaus, or divisions of the Treasury Department do not possess this standing. The plan, therefore, primarily would affect the Comptroller.

The Comptroller is appointed by the President with the consent and advice of the Senate. He administers the functions of the office under the general direction of the Secretary of the Treasury. He is accountable to Congress through annual reports and through reports on salaries of all bank examiners. He makes recommendations to Congress concerning legislation affecting national banks. He enjoys a position of prestige on the same plane as the heads of other supervisory authorities, such as the FDIC and the Board of Governors of the Federal Reserve System.

The plan would result in the Secretary of the Treasury absorbing all functions of the office and severing the Comptroller's present direct relationship with Congress.

2. The Comptroller's office does not constitute, in any way, a burden upon our Federal budget.

One of the principal objectives of the Reorganization Act of 1949 is to reduce expenditures and promote economy to the fullest extent consistent with the efficient operation of the Government. With this sound principle we are all in accord.

At this time, the Comptroller's Office is entirely self-sustaining, dependent in no way upon appropriations made by Congress or funds supplied by the Treasury Department.

The expenses of the office are defrayed exclusively by the assessments on national banks for examinations made by it. Therefore, no reduction of Government expenditures would result from the proposed reorganization plan.

3. Under the plan the Secretary of the Treasury could effect transfers of the funds of the Comptroller's Office as well as records, property, and personnel.

The sum paid to the Comptroller by national banks therefore would be subject to this provision. The Secretary of the Treasury would have control of these funds and any unused portion thereof could be appropriated and used by him to carry out other functions of the Department.

4. It would be a step toward the breaking down of our existing dual banking relationship.

This plan might be only the forerunner of still an additional reorganization plan which would transfer either to the Board of Governors or the FDIC the examining, statistical, and other functions of the Comptroller, excepting perhaps the chartering of national banks.

5. It would place the Comptroller in an inferior position with relation to the heads of other supervisory bodies, such as the FDIC and the Board of Governors of the Federal Reserve System.

6. The Secretary of the Treasury could reassign duties which might seriously interfere with the efficient operation of the Comptroller's functions.

The Secretary of the Treasury, under the plan, would have complete direction and control over the duties now performed by the Comptroller's Office. The Secretary could authorize any other officer, agency, or employee of the Department to handle any of the functions now performed by the Comptroller's Office. This could lead to serious difficulties in the enforcement of the National Bank Act, as the proper administration of national banking laws requires quick decisions by experienced supervisory authorities, whose decisions are final.

The national banks, at this time, have confidence and are satisfied with the splendid past performance of the Comptroller's Office, and certainly do not desire any change which might in any way jeopardize the same.

7. The plan possibly would involve the replacement of the Comptroller by the Secretary of the Treasury on the Board of Directors of the FDIC, unless the Secretary delegates that function specifically to the Comptroller or to some other official.

8. An Administrative Secretary would be appointed who would perform such duties as prescribed by the Secretary, particularly in supervising and directing the policies and the programs of the Department.

This would inject outside interference in the determination and administration of policies and regulations now carried out by the Comptroller and his assistants.

9. The Office of the Comptroller enjoys the confidence of the national banks of the country.

There are approximately 5,000 national banks in this country, representing over 56 percent of all the commercial banking resources of the United States. These banks look to the Comptroller of the Currency as their sponsor in Washington, a Federal official free to speak and act on their behalf and without censor or influence from a superior. While the banks of the country have the highest respect and confidence in our present Secretary of the Treasury, the Honorable John W. Snyder, there is apprehension that some future holder of this office might use his powers and authority in a way not conducive to sound banking or for the general public welfare. It is a matter of law, rather than a matter of personalities. Over the long years of its existence, the Office of the Comptroller has built up a splendid

May 16, 1950.

Miss Mary K. Garner,  
Secretary to Honorable William Benton,  
United States Senate,  
Washington, D. C.

Dear Miss Garner:

I want to thank you for your letter of May 13, and the Congressional Record of May 11 which you enclosed therein.

I have read the statements made by the Senator and it is my judgment that he did just as good a job as could be done considering the great odds against him. I want to commend him on his courage and very able efforts.

Sincerely yours,

M. S. Eccles.

VB:dls