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ADMINISTRATION IN THE FEDERAL GOVERNMENT,
RECENT DEVELOPMENTS AND PROBLEMS

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Publication No. L52-12

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

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ADMINISTRATION IN THE FEDERAL GOVERNMENT, RECENT DEVELOPMENTS AND PROBLEMS

10 September 1951

DR. HUNTER: This morning Dr. Graves is going to talk to us about recent developments and problems in Federal administration. Fifty years ago there were only 250,000 employees in the executive branch, compared with over 2 million at the present time. At the turn of the century, 1900, I think we can say that the Federal Government played a very minor role, one might properly say an almost negligible role, in the lives of the great majority of the American people.

Since 1914 there has been an extraordinary expansion in the number and variety of Federal activities and Federal agencies. At a steadily increasing number of points, the Federal Government has come to bear directly on the daily lives of all of us and the problems of government have expanded, I think it is fair to say, even more rapidly than our capacity for dealing with these problems during the past half century. These problems have placed a burden upon our democratic ideas which the framers of the Constitution could hardly have anticipated. From his strategic position in the Legislative Reference Service of the Library of Congress, Dr. Graves is able to follow and observe these developments and these problems in a very excellent manner. We are delighted to have Dr. Graves back in the college this morning to discuss these problems with us.

DR. GRAVES: Dr. Hunter, gentlemen: I am very happy to return to the college for a second time. I have been asked to talk with you this morning on "Administration in the Federal Government, Recent Developments and Problems." I should like to discuss briefly the growth of the Federal structure and the history of executive reorganization in the Federal Government, before we get to the Commission on the Organization of the Executive Branch of the Government (popularly known as the Hoover Commission) and the changes that have been brought about as a result of the work of that body.

Growth of the Federal Administrative Structure

The organization of the Federal Government started, as Professor Hunter has suggested, very simply. We had four departments when the Government was set up in 1789--State, Treasury, War, and Justice. In a period of about 125 years the number had increased only to 10, the Navy having been added in 1789, the Post Office in 1829, Interior in 1849, Agriculture in 1889. Later in the early part of the twentieth century, the Department of Commerce and Labor was set up in 1903. Ten years later, in 1913, this department was split into two separate

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departments. There were many suggestions for increasing the number of Cabinet positions, but, actually, that has not occurred. At the present time the number is nine, as a result of the consolidation of the War and Navy Departments in 1949 into the Department of Defense.

The first of the independent agencies was established in 1887, approximately 100 years after the Government itself was set up. The Interstate Commerce Commission provided the pattern for a new type of governmental agency or organization that was to develop at an accelerated pace in the years to come.

The growth of the independent establishments began with the Wilson regime in 1913 and continued during that regime, but was partially interrupted, for a few years, until the Roosevelt regime began. There are a great many of these regulatory commissions; the names of the more important ones may be mentioned.

Beginning with the Interstate Commerce Commission in 1887, there was the Federal Reserve Board in 1913, the Federal Trade Commission in 1914, the Tariff Commission in 1916, the Federal Power Commission in 1920; then a break following which came the Federal Communications Commission and the Securities Exchange Commission in 1934, the National Labor Relations Board in 1935, the Civil Aeronautics Board in 1940, the Federal Maritime Board in 1950, replacing the old U. S. Maritime Commission, established in 1936.

There are nine departments and ten major regulatory commissions. In addition, you have at least three important independent establishments. These are agencies or administrations, not designated as departments, but for all practical purposes functioning pretty much as departments. One might say that they are agencies operating in a sub-Cabinet status. In 1939 the Federal Security Agency was established by Reorganization Plan No. 1 of that year. The Housing and Home Finance Agency was established by Reorganization Plan No. 3 of 1947, while the General Services Administration was established by the Federal Property and Administrative Services Act of 1949, frequently referred to as the Holifield Act.

This, very briefly, is a thumbnail sketch of what has happened: one hundred years of simplicity so far as government organization is concerned; the beginnings of rapid growth before World War I, interrupted by the war; a period extending from World War I to the advent of the depression, during which expansion was largely suspended; and, finally, the period of rapid growth and expansion which occurred during the Roosevelt regime. The two war periods saw a very great expansion in the Federal service, to a large extent temporary, involving emergency functions. While a good many of these functions were abolished, remnants of them remain, and some of them continued on a more or less permanent peacetime basis. The result has been a steady and constant growth in the number and the scope of government services and, correspondingly, in the number of agencies called upon to administer them.

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I have mentioned here only a few of the more important functions, by types. The number of agencies reporting to the President is variously calculated at somewhere between 65 and 75. We have not only departments and the independent regulatory boards and commissions, and the three major administrations or offices referred to, but we have also agencies, offices, services, authorities, and corporations, in an almost bewildering number. The whole comes to resemble what I think of the President's Committee on Administrative Management, in 1937 described as an old-fashioned farm property. It starts out very simply. The young couple builds a small two-story house and a barn. As time goes on, the size of the family increases and the parents build additions to the house. Their farming operations increase, so they build another barn. Then they build a pigpen; a hen house; a milk house; a silo; a corn crib; a tool shed; a woodshed; and a half-dozen other structures of various sorts, until the plan which was simple and clear to begin with becomes a very confused and jumbled mass of various types of construction.

Well, that is pretty much the process that the Federal Government has gone through. Nobody ever planned it. We just kept on adding agencies and functions, occasionally consolidating functions, sometimes liquidating an agency or some portion of an agency, or transferring a function to some existing department or agency; but we got ourselves into a very confused state so far as administrative organization is concerned.

History of Executive Reorganization

So much for the development. Now, what about reorganization? What about the history of reorganization of the executive branch? The development of the confusion to which I have been referring has long been apparent. As early as 1854--perhaps even before that date--there have been indications of dissatisfaction with the existing situation. In the "Congressional Record" for 1854 a Member of Congress directed attention to the sorry state of the public service and called for an investigation looking toward improved organization and procedure in administration. Nothing came of it; but it indicates that for at least 100 years there have been rumblings of discontent and dissatisfaction.

Then we went through a long period of civil war and reconstruction, during which, of course, nothing was done in this field. However, in the latter part of the nineteenth century we started to carry on investigations at periodic intervals regarding the organization and functioning of the executive branch of the Federal Government. In a compilation which I put together about four years ago for the use of the Hoover Commission, I set up a table in the appendix on investigating commissions. This appeared as Public Affairs Bulletin No. 66, put out by the Library of Congress called "Basic Information on Federal Administration Reorganization, 1912-1948." I listed there 10 major investigations from 1887 down to and including the Hoover Commission. I am not going to burden you with the details of them or even with their names. Some of them were

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set up by the President; some of them were authorized by Congress in joint resolutions and occasionally by a resolution of one House. There were two or three cases in which they were conducted by such private organizations as the Brookings Institution in 1923 and the National Budget Committee of New York City in 1921, more or less on their own initiative.

About all that one can say of these various investigations is that they show a growing feeling of dissatisfaction with the organizational structure of the Federal Government and with its management, techniques, and procedures. They indicate a realization that something was wrong and that something needed to be done. But we didn't get anywhere. Numerous reports were prepared and published. They were duly filed and put on the shelves in libraries for students of public administration to read, but nothing much happened. I think there are at least three specific reasons why nothing happened, and those I should like briefly to mention.

One, down to 1937, when the President's Committee on Administrative Management was set up, these commissions--with perhaps one exception--concerned themselves with the details and the minutiae of administration. The Cleveland Commission in the Taft era did give some attention to the Federal Budget; but even in the report of that commission--I remember going through much of it in connection with the collection of the material for "Basic Information"--I found that members of the Commission spent their time counting the number of electric light bulbs in the Federal building in Chicago. They counted a number of cuspidors in the corridors of the Federal buildings somewhere else. These data were all printed and reported in great detail. Details were reported of organization down to the smallest operating unit, page after page--nothing but listings of details which were of very little use to anyone. Working papers, yes; but why print that kind of material? The reports themselves were one very obvious reason why nothing happened. The later commissions, though, beginning in 1937 with the President's Committee on Administrative Management, devoted themselves to a study of basic concepts on organization and management and the application of these concepts to the Federal Government.

Two, another weakness of the early efforts for reorganization was the fact that they were conducted on a sporadic basis. We have begun only recently to realize that with an organization as vast and as complicated as the Federal Government you cannot keep it in good condition from a structural point of view by the use of what one of my friends calls the "one-shot" system. You cannot have one of these reorganization committees with a lot of publicity and commotion set the thing in order and then go off and forget about it for 20 years. It just won't work. In such a setup we have to remember that if we are going to keep an organization in an orderly condition, we have to devote continuous attention to it. We must realize the fact that the maintenance of good organization is a continuous responsibility of top management.

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Three, another cause of difficulty in the earlier stages of this movement for reorganization was the fact that they relied almost exclusively on legislation. We depended upon Congress to put the Executive house in order and to keep it in order. Theoretically, and I think actually, this is not a proper job for the legislative branch of the Government. The problems are complicated; the Members of Congress have neither the time nor, I suspect, the disposition to acquaint themselves with the enormous amount of detailed information that is necessary in order to frame and develop proper legislation in this field.

But that is not the only consideration. The administrative agencies themselves are attempting day by day to do their respective administrative jobs. They certainly ought to know, and I think most of them do know, what the weaknesses in the existing organization are, what their problems are. They are in a much better position to work out solutions for those problems than someone who comes in from the outside and has to study the thing, learning it from the ground up.

Four, there is another consideration that is involved here in connection with this legislation problem and that is the influence of pressure groups. Every one of these administrative agencies has a history behind it, a tradition; but more than that, they have the support of various organized citizen groups and/or pressure groups. These groups were strong enough in the first place to get the function established by law and to get the agency established. These agencies also develop friends among the legislators in both Houses, special pleaders, so to speak, among the membership, to whom they look for help whenever any threat to their position or security occurs. It thus becomes exceedingly difficult, no matter how sound the proposal may be from an administrative point of view, to get changes made. These influential members oppose it; pressure groups oppose it; they were strong enough to get the thing set up in the first place, and usually they are strong enough to defend it from any changes which they don't like in later years.

The Hoover Commission

Well, so much for our background. Now, a word about the Hoover Commission and its organization and method of operation. I suppose you are all familiar with this group in a general way. You know that it represents the most extensive and the most far-reaching attempt that has ever been made to survey the machinery of the Federal Government and to bring some sort of plan, to bring order out of chaos. The Commission was established in 1947 by the passage of what became known as the Lodge-Brown Act, which called for a so-called mixed commission of 12 members, mixed in the sense that there were on it representatives of each of the two major parties, representatives of the executive and legislative branches of the Government, representatives of officials on the one hand and of lay persons or private citizens on the other, in each instance in equal numbers.

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The method of appointment was somewhat unusual. The President of the United States appointed four members--two were in official positions and two were not. The Speaker of the House appointed two members of the House and two persons not in official capacity; likewise, the President of the Senate. The result was a very representative group, and, I should say, on the whole an able and a distinguished group.

The members of the Commission were, in addition to Chairman Herbert Hoover and Vice-Chairman Dean Acheson, Senator Aiken of Vermont; Representative Brown of Ohio, one of the sponsors of the act; Arthur S. Flemming, for 10 or 12 years a member of the Civil Service Commission, now President of Ohio Wesleyan University; the late James E. Forrestal; Joseph P. Kennedy; Senator John L. McClellan, Chairman of the Senate Committee on Expenditures; Congressman Manasco, Chairman of the House Committee on Expenditures; George H. Mead, a businessman of Dayton, Ohio; my friend, James K. Pollock, Chairman of the Department of Political Science of the University of Michigan; and James H. Rowe, a Washington attorney and formerly an assistant to President Roosevelt.

The Commission organized its work around task forces which were composed of outstanding citizens in particular fields of interest. In the field of general management, for instance, it set up a task force composed of outstanding citizens having special interest in that field. A similar procedure was followed in many other fields, such as personnel, natural resources, foreign affairs, national security, budget and accounting, and so on.

There were 23 of these groups. Each group was given an allocation of funds. It then proceeded either to organize its own staff or enter into contract with an existing agency, usually a private one, to carry on such research as was necessary in connection with its particular assignment. The Natural Resources Task Force, for instance, entered into a contract with the Library of Congress under which the research work for that group was carried on in the Legislative Reference Service. The Federal-State Relations Committee Task Force entered into a contract with the Council of State Governments to carry on its research. Various firms of management engineers were engaged to carry on the research for other groups.

Ultimately, we got out of all this a series of 19 reports--18 subject matter reports and a concluding or summary report. Each of these subject matter reports was accompanied by a task force report containing the research findings of the organization performing its staff work. A few of these were published, but the Commission ran out of money before the work was completed, so a lot of valuable material was left unpublished. It has always seemed to me a terrific waste that we should spend as much money as we did on the Commission and then be unwilling to spend a small additional amount in order to make the results available for general use over the years.

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These task force reports should have been printed so that they would be available in future years to government officials, both executive and legislative, and to scholars at our colleges and universities throughout the land. These reports contain, altogether, according to a tabulation made by the Bureau of the Budget, some 340 or 350 recommendations. That number, however, is not particularly significant, because while some of them dealt with matters of fundamental importance, such as, for instance, the one relating to the unification of the armed forces, or the reorganization of the Department of State, others dealt with relatively small points.

In the handling of these reports on the Hill, it is interesting to note that on the Senate side all of the reports as they were transmitted to the Congress were referred to the Senate Committee on Expenditures in the Executive Departments. On the House side, 12 of the 18 reports were referred to the Expenditures Committee; six, dealing with foreign relations, personnel management, natural resources, veterans' affairs, national defense, and post offices, were referred to the appropriate subject matter committees.

The nature of these recommendations should be explained, because there appears to have been a widespread misunderstanding with regard to them. The Members of Congress received an enormous amount of mail. I was working with the House Subcommittee at the time, and naturally saw the mail that it received; I made it my business to borrow folders of this material from the offices of several Members of the House whom I happened to know, so that I might look at it to see what sort of stuff was coming in. I thought that it was encouraging in one respect, that there were so many people, rich and poor, educated and uneducated, throughout the country, who were sufficiently interested to go to the trouble of writing to Members of Congress about Executive reorganization. But I thought it was discouraging because in the letters which I saw, most of the writers seemed to have no earthly notion of what it was all about. Most of the letters said, "We want the Hoover Commission Reports enacted into law." They said it in various ways, but that was the gist of it. It is not as simple as that.

The recommendations were not submitted in such form that they could be enacted into law as submitted. There were three very distinct and specific methods by which the recommendations could be carried into effect: One was by legislation, the second was by reorganization plans, and the third was by administrative action. Now, so far as any of these methods of execution were concerned, a great deal of staff work was necessary. These recommendations had to be analyzed to find out what the existing situation was, to find out what changes were to be made, and how they were to be effected.

If you were going to have legislation, bills had to be drawn, hearings had to be held, and numerous conferences were necessary; all of

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which takes a great deal of time. So far as reorganization plans were concerned, the first thing that was necessary was to get a reorganization act. Here is where you had, beginning in 1939, a shift in technique. As previously noted, we got nowhere in the early days because we depended too much on legislative action, in a field where legislative action was neither a convenient nor a workable method of procedure. The new technique is this: In addition to legislative action, which is always possible, we now have reorganization by reorganization plan under the legislative authorization and subject to legislative review. "Under legislative authorization" means that there must be an act of Congress authorizing the Executive to proceed in accordance with, or within, certain prescribed limits to prepare plans which will be submitted to the Congress for its consideration. These plans remain in the nature of unfinished business for a specified period of time; in the act of 1949 this was 60 days. If, during that 60-day period, neither House passes a resolution disapproving the plan, the plan automatically becomes effective and has the full force and effect of law at the expiration of the 60-day period.

Under that procedure we have altogether 35 plans submitted--eight in 1949, 26 in 1950, and one in 1951. Out of these 35 plans, 27 became effective; one plan did not go into effect because it was superseded by legislation; one was defeated on the House side; the other defeats were administered by the Senate.

Just a brief word about the third method of effectuating these recommendations--that of administrative action. The Bureau of the Budget estimated that out of the 340 or 350 recommendations that were contained in the complete set of "Hoover Commission Reports," approximately 130 of them could be put into effect by administrative action. I am happy to report that the Bureau of the Budget, through its Division of Administrative Management, has been studying those plans, cooperating with the departments and agencies, so that most of those recommendations have been worked out and adopted and are now in effect.

Progress in Executive Reorganization

At this point, before I say a word about some basic principles, I want to call your attention to two or three publications. One of them is the "Progress Report of the House Subcommittee," which was a committee print carrying the story down to 15 June 1950. Shortly after that the Senate Committee put out Senate Report No. 2581, which gave the account up to the fall of 1950; and then in December of 1950 the Citizens' Committee for the Hoover Report put out its report to the American people, "Status of the Hoover Report," which shows, agency by agency, what was accomplished in 1949 and 1950 and what was left to be accomplished during 1951 or later.

Someone is bound to ask how much has been accomplished. When we put our "House Subcommittee Report" together in June 1950, we estimated,

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as nearly as one could, that approximately half of the recommendations had been carried into effect. More have been adopted since and put into effect. More has been done as a result of this Hoover Commission survey than has ever been done before in any similar period of time in the whole history of the Nation. The accomplishment is impressive; but I do not want by any chance whatever to give you the impression that the job is done. It is not done. It is very far from done. It is not a job that can be finished in one year, two years, or maybe even three. If the world situation does not get seriously worse than it is now, it may be that in another two or three years the job of examining and processing the various recommendations of the "Commission Report" can be completed, but it does not seem likely to me that it can be done in less time than that. And when it is done--I want to emphasize the importance of continued effort to keep it done.

I think that is one of the weaknesses of our current law. The Senate insisted upon putting in an expiration date for the Reorganization Act, which is April 1952. The House contended, I think, with the full support of students in the field, that the authority should be given to the President on a permanent basis, without a time limitation so that he could have some of his staff at work at all times to spot out defective procedures in the organization and to make recommendations for appropriate corrective action.

Basic Principles of Executive Reorganization

In addition to these two major principles of Executive reorganization--the concept of reorganization as a continuous process and the basic responsibility of the Executive for reorganization--there are many other guiding principles which control, or should control, the reorganization movement. One of these is classification of functions according to a single major purpose. This principle is easy to state but difficult to achieve for the reason that, in the process of classification, many more or less arbitrary decisions have to be made regarding activities that cut across the lines of classification determined upon. Is health education, for instance, primarily a health problem or a problem in education? Is safety education a problem in the field of labor management, coming within the purview of the Department of Labor, or an educational and training activity? A decision either way could be logically defended.

The requirement that there be maintained a straight and unbroken line of authority and of communication to and from the head of the agency to the most lowly employee in the organization is another basic principle. In the Federal Government this principle has often been violated in the past, when duties have been assigned, sometimes by statute, sometimes by delegation, not to the head of the agency but to some bureau chief or other subordinate officer. Such violations are contrary to the fundamental principles of good organization and good management and, during the past three years, serious efforts have been made to clear up these situations.

Numerous reorganization plans have sought to vest full authority and responsibility for administration in the head of the agency, while in other instances statutory changes have been necessary in order to accomplish this purpose. The problem of divided authority has been dealt with also in the regulatory commissions where, in line with the Hoover Commission recommendations, the effort has been made in a number of reorganization plans to vest full authority in the chairman for the management of the purely administrative aspects of the work of these commissions.

Students of administration have spoken and written much about the concept of span of control, which should be regarded as another guiding principle of reorganization. It is obvious that an executive who has too many subordinates reporting directly to him cannot give proper attention or advice to any of them. The size and complexity of the Federal Government, and indeed of many of the departments and agencies of the Federal Government, make it exceedingly difficult if not impossible to follow this principle to the letter; but every effort should be made by the consolidation of agencies and by the subordination of minor agencies and activities to achieve an organization as nearly as possible in accordance with the limitations imposed by the span of control principle.

It should also be emphasized that the responsibility for leadership and guidance in the improvement of executive organization and executive management must be provided by top management. Since top management is already responsible for administration, it is in the best possible position to know where the weak spots in the organization are, where administrative practices and procedures are weak and ineffective. It has the responsibility not only for getting services performed, but for getting them performed as efficiently and economically as possible. In this capacity it should make desirable improvements when it has the authority and recommend them to higher authority or for legislative action when it does not have the authority. Similarly, it should, by initiating management improvement programs, programs for the development of executive leadership, and in other suitable ways, do everything it can to make the administration more effective.

Major Accomplishments During 1949-1951

Finally, I want to point out two things: first, the major accomplishments on the last two or three years since the reports of the Commission were submitted to the Congress, to the President, and to the public; second, some of the major jobs that still remain to be done. The shortness of time permits only the briefest comment regarding these matters.

The major accomplishments include the following:

One would list first, I think, the Reorganization Act of 1949. Its enactment was a long, laborious, and difficult process, but the measure

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was finally enacted and approved. Without it, none of the reorganization plans could have been submitted. So that was a pretty essential piece of legislature.

Second, there is the accomplishment, after discussion that extended back to the close of World War I, of the unification of the armed services in the form of the Unification Act of 1940, as amended.

Third, we have the General Property and Administrative Services Act of 1949, bringing together under one roof and under one direction a whole group of service activities relating to the whole Federal structure--purchase and supply, property acquisition and management, traffic management, records management, and many other related activities. The resulting General Services Administration is an enormous organization and it has a tremendously important role to play in the whole organization and functioning of the Federal Government. The original act covered pretty adequately the matter of purchase and supply and property organization and management; it laid the groundwork for the development of a program in the other fields which I mentioned, but it did not provide an adequate legislative basis for operation in these fields. Consequently, in 1950, in an extensive series of amendments to the Holifield Act, we spelled out one more, getting a full records management program for the Federal Government. There are several other things that need to be done. One of them is a traffic management act, which will be a pretty tough assignment, and an act governing statistical services of the Federal Government, which probably also will be difficult; but we have made substantial progress in this field.

Fourth, a beginning had been made toward the rebuilding of the Department of Labor, which, over a period of years, had been stripped of one function after another. I am not going into the reasons for that, but the Department reached a low stage, and it may be stated now that some fair amount of progress has been made in rebuilding it.

Fifth, very substantial progress has been made in the reorganization of the State Department.

Sixth, we have begun to develop, in accordance with the recommendations of the Hoover Commission, a national transportation policy. The Bureau of Public Roads, which used to be a part of the old Federal Works Agency, went over to the General Services Administration, but was promptly moved over to the Department of Commerce under the provisions of Reorganization Plan No. 7 of 1949. Under Reorganization Plan No. 21 of 1950, the functions of the old Maritime Commission were placed in the Department of Commerce. These two things do not give us a national transportation policy, but they are an important indication that we are moving in the direction of the establishment of such a policy in the Department of Commerce, where it belongs.

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Seventh, two important steps have been made in the development and application of the principles of the performance budget. The Hoover Commission criticized very seriously the budgetary procedures of the Federal Government. Immediately after the reports were submitted, the Bureau of the Budget began administratively to work on the problem of the performance budget. Since then we have had some legislation. Most important are the Budget and Accounting Procedures Act of 1950, No. 1 of which relates to budgeting and provides that the budget be transmitted during the first 15 days of the session instead of the first day of the session and that it should contain a summary of expenditures and a statement of appropriations, as well as a statement of actual and proposed appropriations for the preceding fiscal year. The act is intended to show more clearly the financial program of the Government and provide a better basis for the evaluation of programs and activities.

Part II of Public Law 784, entitled, "The Accounting and Auditing Act of 1950," authorizes each department head to establish an accounting system in accordance with standards laid down by the Comptroller General in consultation with the Secretary of the Treasury and the Director of the Bureau of the Budget. Responsibility for the consolidation of accounting results and a centralized reporting system was placed with the Secretary of the Treasury. Auditing authority is retained by the Comptroller General under the new act, but more selective audits are now permitted. The initial titles of this law required agency-head approvals of the appropriations before initial request for repeal of the existing law. There is some other legislation in this field, but these items are the most important.

Eighth, Congress has adopted a number of important measures in the field of personnel. Among them are a whole series of salary increase measures applying to top-level executives, to civil service employees under the provisions of the Classification Act of 1949, to all personnel in the armed services, and to all postal employees. The criticism was frequently made, with a good deal of justification, that it was impossible to get good people into government jobs because the pay was inadequate. The Hoover Commission called attention to the serious situation in that respect and the Eighty-first Congress dealt with the problem in all three of its major phases. In addition to this pay legislation, we have the Performance Rating Act of 1950 applying to all Federal civil service employees, and an act of Congress permitting heads of departments and agencies to make discharges for security reasons, when necessary.

Ninth, this is our President's timesaver. I am not going into the story. It was a rather interesting one, as to how we got it, and it was designed to relieve the President of the necessity for performing a lot of routine work which should never in the first place have been assigned to him. He is permitted under this legislation to delegate that responsibility to heads of departments and agencies. It covers such things as the processing of papers, signing his name to Indian claims, oil royalties,

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whale hunting licenses, regulations with regard to migratory birds; all kinds of trivia such as had accumulated on the President's desk over a period of years.

Tenth, the Eighty-first Congress passed an act providing for accounting reform in the Post Office Department, and subsequent legislation has provided for further reforms in the organization of that Department, which had become antiquated in many respects.

Eleventh, we have--and I want to emphasize the over-all significance of it--this management improvement program which is being carried on under Executive order of the President by the Bureau of the Budget. It represents an attempt to carry on a constant survey of management procedures and organization problems with the purpose in mind of making, whenever and wherever the opportunity presents itself, improvements in these areas.

Twelfth, this is Veterans' legislation. There have been many things in that field, the most important of which is the authorization given to the Veterans' Administration to establish a system of certification for all educational institutions. The act provides for improved regulation of such institutions. Under the Servicemen's Readjustment Act, the Administration has the power to cut off courses of a purely recreational nature or disapprove courses when the progress of the veteran is not satisfactory.

Last on our list is a number of changes, such as those relating to the Panama Canal Zone, which are designed to carry into effect recommendations of the Commission relating to business enterprises and the desirability of separating business functions from civil government functions.

Unfinished Business

There is a lot that might be said on the subject of unfinished business, but I have taken too much time already. I will simply mention a few items without comment at this point. There is need for legislation dealing with the organization of the Executive Office of the President. The Office has come into existence in its present form only within the last decade. It is altogether too loose and informal an organization for the purposes it is supposed to serve. Serious study should be given to this problem with a view to developing suitable legislation, not so drastic or so detailed as to tie the President's hands--that we must not do--but we must give him some sort of statutory basis for his office.

We need traffic management legislation. The U. S. Government loses vast sums of money every year through the incompetent and ineffective handling of its traffic and shipping problems. This is particularly true in periods of war, and it is also true that the loss is very great even in times of peace. It is going to be difficult to get effective legislation

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because the railroads which profit from the present lack of adequate controls do not want it. It is a job, however, that has to be done.

We need a national commission on intergovernmental relations. The complexities of the relations in the Federal system--Federal-state, interstate, Federal-local, state-local--have brought us all sorts of overlapping, duplication and conflicts of jurisdiction not only in taxation, which has been widely discussed, but also in many other fields. A bill providing for such a commission was passed by the Senate in 1951, but the measure was recalled. The problem has not been considered by the House.

We need a Department of Health, Welfare, and Education. Two attempts were made to get such a department by reorganization plans--one in 1949 and another in 1950. Unfortunately, the basic issues involved in this matter were beclouded by personalities. Both of the proposals were turned down, one by the Senate and the other by the House. But turning down these proposals does not solve the problem.

We need, again, to develop a natural resources program. Very little has been done with regard to the important recommendations of the Hoover Commission in this field.

And then--I almost hesitate to mention this item in this company--there is a problem with reference to the Army Engineers and the Bureau of Reclamation, for which some kind of solution needs to be worked out. That problem has not yet been tackled.

These are some of the problems on which we still have to work. You can see that there is plenty left to do. I would call your attention to the fact that the Citizens' Committee not very long ago brought about the introduction of 19 bills and one resolution simultaneously in both the Senate and the House. These bills, which are listed below, represent the legislation which was believed necessary in order to complete legislatively the adoption of the Hoover Commission recommendations.

- S. 1134 and H. R. 3304, establishing principles and policies to govern generally the management of the executive branch of the Government.
- S. 1135 and H. R. 3311, revising Federal personnel policies.
- S. 1136 and H. R. 3314, empowering the Administrator of General Services to supervise certain activities of the District of Columbia government, Smithsonian Institution, National Capital Park and Planning Commission and the Commission on Fine Arts.
- S. 1137 and H. R. 3320, providing for the separation of subsidy from air mail pay.

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- S. 1138 and H. R. 3317, creating a Veterans' Insurance Corporation.
- S. 1139 and H. R. 3307, amending laws with respect to regulatory agencies.
- S. 1140 and H. R. 3305, creating a Department of Health.
- S. 1141 and H. R. 3310, expanding the activities of the Department of Commerce.
- S. 1142 and H. R. 3315, expanding the activities of the Department of Labor.
- S. 1143 and H. R. 3309, carrying out proposals relating to the Department of the Interior.
- S. 1144 and H. R. 3318, establishing a Board of Analysis for Engineering and Architectural Projects and Drainage Area Advisory Commission.
- S. 1145 and H. R. 3306, establishing a Department of Social Security and Education.
- S. 1146 and H. R. 3303, establishing a temporary National Commission on Intergovernmental Relations.
- S. 1147 and H. R. 3319, transferring the Displaced Persons Commission and the War Claims Commission to the Department of State.
- S. 1148 and H. R. 3312, reorganizing the Post Office Department.
- S. 1149 and H. R. 3308, reorganizing the Department of Agriculture.
- S. 1150 and H. R. 3313, reorganizing the Department of the Treasury.
- S. 1151 and H. R. 3316, reorganizing the Veterans' Administration.
- S. 1166 and H. R. 3406, creating a Commission on Overseas Administration.
- S. Con. Res. 19 and H. Con. Res. 78, authorizing the Secretary of State to submit a plan for the amalgamation of State Department and Foreign Service Personnel.

I am going to close at this point. Perhaps some of you may have questions.

QUESTION: Have any of the recommendations carried out so far on the Hoover Commission resulted in a reduction of personnel?

DR. GRAVES: There has been some reduction. I don't know how much of it you could attribute to the "Hoover Commission Report." After the

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war there was a very substantial reduction, which was accomplished just as we got started with the mobilization effort. The numbers have begun to climb up again. There is a lot of interest among taxpayers' organizations and citizens generally throughout the country, about the reduction of the cost of government and reduction in the number of personnel. Actually, I don't think that we are going to get an awful lot of either, simply because the public wants services which require both funds and personnel. They are asking the Government all the time to do more things. The more things it does, the more people it has to hire, and the more money it costs. You get temporary cuts here and there and occasionally you get solid reductions, but the history of government administration, I think, at all levels is, that the more efficient your government is, the better it operates, the more things people want it to do, and the more money it costs.

QUESTION: Can you tell us the make-up of the Citizens' Committee for the Hoover Report?

DR. GRAVES: That is a purely unofficial organization which was organized at the suggestion, I believe, of Mr. Hoover himself, but with the knowledge on the part of Mr. Hoover and the other members of the Commission that, unless some concerted effort was made on the part of an organized group to promote the recommendations of the Commission and secure their adoption, you would have pretty much the same thing happen again that happened so many times in the past.

The Chairman of the Commission is a man I happen to know fairly well, Robert L. Johnson, President of Temple University, who for 20 years was the publicity and promotion man for "Time" magazine and one of the original members of the Time group. He is a top-notch chairman and publicity man who has wide contacts throughout the country. He proceeded to set up State committees in every State of the Union, and county committees in many of the more populous counties. They got quite an organization and, I think, on the whole, they have done a very effective job. When I was staff director for the House Subcommittee I worked pretty closely with Bob McCormack and the folks in the Washington office here, and I can testify that on many occasions they were very helpful.

QUESTION: Will you comment on how closely the plans drawn up by the executive department follow the recommendations of the committee?

DR. GRAVES: Many of them followed exactly the recommendations of the Commission. A few of them deviated to some extent for reasons which, at the time, seemed, at least to the executive department, to be adequate. There was a whole bloc of plans, for instance--without getting details as to the specific numbers--which attempted to make the chairman of the eight or nine regulatory bodies the responsible administrative officers for the agencies. It didn't give the chairman any powers which the Commission had except with regard to supervision of administration.

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That was exactly in accord with the recommendations of the Hoover Commission but the Congress (the Senate, at least) refused--I thought mistakenly--to go along on a number of those. We had other plans which were designed to accomplish a similar purpose, where it could be done by plan, in departments establishing a centralized authority for administration and an administrative assistant secretary in individual departments. Those and many others were exactly in accord with the recommendations. In a few instances, sometimes as in the case of the Department of Health and Welfare, because of a previous defeat the President tried to get as much as he could in a slightly different form, trying to get around the objections raised in Congress.

QUESTION: Are the three secretaries that come under the Secretary of Defense considered to be members of the Cabinet?

DR. GRAVES: No, they are not.

QUESTION: Doctor, we read in the "Hoover Reports" that the task forces found appalling waste throughout the government service, and we also read that, if the recommendations that were put forward were put into practice, we would have saved billions of dollars. In view of your statements this morning that approximately half of the recommendations have been put in operation, I wonder if you have any information at all with respect to the dollar savings.

DR. GRAVES: Those of us who worked with the Hoover Commission material were exceedingly reluctant, and very much annoyed as well, to see the effort that was made to present the whole Hoover Commission on the basis of a saving in dollars and cents. The Commission itself sought to avoid that as long as it could; but finally, after it had been in existence for a long time, some newsmen pressured Mr. Hoover in a press conference into using some sort of figure as to the possible savings that might result from the work of the Commission; that figure was unfortunately publicized very widely. Even the Citizens' Committee tried to play it down. What you get out of these investigations here in Washington--and the same thing is true in the States--is an opportunity for greater efficiency in governmental organization and procedure. As a result of the Hoover Commission at the Federal level, we have had so-called Little Hoover Commissions in approximately half of the States; and the same problem arises of publicizing the amounts of possible savings. I think it is misleading; I think it is extremely unfortunate that this tactic should be taken so often; because we can tell you before you start that the tax rate is not going to be reduced as the result of the Hoover Commission in the Federal Government or the Little Hoover Commissions in the States. What you are going to get is a better organized and a more efficient government. You are going to get more returns from your tax dollars, but you are not going to reduce the tax rate and you are not going to reduce to any appreciable extent the cost of government. As I said a few moments ago, as your government is better organized and more

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efficient, people want it to do more things. You cut a little in one place, you expand a little somewhere else, hence you use up the saving you had made by the cut. The public profits immensely; but no one can honestly make you a promise of reduced taxes.

QUESTION: You stated that one of the accomplishments under the Hoover Commission Report was the Pay Readjustment Act of 1949. Do you think Congress believes it accomplished the objectives of the "Hoover Commission Report" when the net results are so negligible on the part of a great many of those included in the Pay Readjustment Act?

DR. GRAVES: We people who work in the field of administration are never very happy about the Federal pay legislation. We have a problem right now in connection with which the same problem arises. It is extremely difficult to get Congress to handle this problem with what students in the field regard as a constructive point of view. There is always a tendency to work for blanket increases. Now, those who are familiar with the Federal pay structure--I am not particularly familiar with that applying to the armed forces, but I do know a good deal about that which comes under the Federal Civil Service--know that at the top, the rates of pay are low as compared with private industry. The rates at the bottom, for the lower-grade positions, are high. If you get a blanket raise of \$300, \$500, or some other specific amount, the people at the top don't get much benefit from it, but the folks at the bottom of the scale profit greatly. I do not say that these lower-grade employees are overpaid, but they are comparatively paid better than the people doing the same type of work in private industry. It is becoming exceedingly difficult to get these things worked out, and after you get them worked out to get them through Congress in a suitable form. I think that you would get from somebody like Bob Ramspeck, for instance, a ready admission of the general validity of the point of view that I have expressed. He was a member of Congress some 15 or 18 years and is now a member of the Civil Service Commission, as you know.

QUESTION: Inasmuch as the trend in management now is to put a yardstick measurement on it, can you give us any comparison as to the relative efficiency of our Government versus some of the foreign governments?

DR. GRAVES: I can't personally give you very much, because I have specialized all my life in American Government and concerned myself with governments in other countries only incidentally, as a graduate student is required to do; it is part of his training. I do know and if you have studied their civil service systems, for instance, you will find that they have pretty much the same problems that we have. You examine their literature and you find that there are the same reactions from members of the public regarding government employees. They refer to them as parasites attaching themselves to the body politic or they use less elegant terms, such as pigs feeding at the government trough. I think it is the sort of thing which is common among human beings. Evidences of

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it break out more clearly at some times than at others. It is one of the disadvantages, I suppose, of being in the government service, one of the drawbacks that you can't get away from.

QUESTION: You mentioned the fact that the Hoover Commission survey should not be a "one-shot" proposition, and you also mentioned the management improvement program of the Budget Bureau; but I gather that this is on a different, narrower, basis from that of the Hoover survey. What machinery should be set up to continue the Hoover type survey? Should it be a similar commission advising Congress, or a bill, when a new bill comes up, with perhaps a certain department to administer a new act? If it should be a different department, what continuing machinery should be set up?

DR. GRAVES: I think that the program that was started by the President's Executive Order 10072, issued 29 July 1949, is satisfactory. It established an advisory committee on management to assist the President in creating and operating a government-wide improvement program. The order also directs agency heads to make systematic reviews of the economy and efficiency of their operations. The Division of Administrative Management in the Bureau of the Budget serves as a staff arm for this committee. I think that is a fairly good and reasonable mechanism for carrying on, on a continuing and more or less permanent basis, this program of administrative reorganization.

The answer to the second part of your question, namely, with regard to the congressional end of it, is, I think that can be handled by the Senate and House Committees on Expenditures in the executive department. That is not a happy name for these committees, but it is the one in the Legislative Reorganization Act. If we can continue to improve the staffing of our congressional committees so that you have, not only for these committees, but for all the committees in the Senate and House, well-qualified, professional type people, you can handle this problem, I think, adequately from the congressional end. I think those two things would be adequate.

COLONEL BARNES: Dr. Graves, you headed the list of work to be done under unfinished business with the task of reorganization of the Executive Office of the President. Would you explain just what you have in mind? It is rather an important agency in our economic mobilization.

DR. GRAVES: Of course it is. The Executive Office of the President dates only from 1939. There had been up to that time a very small and very loosely organized Presidential staff. In a reorganization plan drawn up under the 1939 act, President Roosevelt established the Executive Office of the President, drew into it the Bureau of the Budget, which certainly belongs there, and set up the National Resources Planning Board. It had been functioning prior to this time under other auspices. He also set up the Office of Emergency Management and other units. We

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say, "Fine, that was a good beginning, an excellent beginning." But a lot of things have happened since then. The lapse of time has not been very long, but a great deal has happened. The Executive Office of the President now occupies the old State Department Building. It has somewhere in the neighborhood of 500 regular employees. There is no satisfactory basis for its organization. The office is built partly on the old reorganization plan, partly on custom, such custom and precedent as has been established in a period of perhaps a dozen years. It is just too loose, too vague, too lax, I think one may say, for the purpose. Now, of all things, we don't want to set up something that is so rigid that the President can't control it. We don't want to put the Executive Office of the President in a strait-jacket, but I think anybody who has given any attention at all to the problem would agree that it was highly desirable that we provide a reasonably flexible, satisfactory statutory basis for the Executive Office of the President; we have never done that.

QUESTION: Dr. Graves, you have heard a great deal about the so-called span of control concept in connection with management. To what extent have these reforms under the Hoover Commission proposal dealt with that to simplify it?

DR. GRAVES: The administrative concept of the span of control is pretty important, I think. It is obvious that the head of an agency or organization, no matter what it is--a department, bureau, small unit, or the Government of the United States as a whole--an administrative officer can adequately supervise only a limited number of persons. What that number is, I don't know. I don't believe anybody knows. It probably varies a great deal according to the qualifications or the characteristics of the individual doing the supervising, the character of the work, and the kind of people that are being supervised. But obviously there are limits somewhere. Now, in the case of the Federal Government, I told you that there were somewhere between 65 and 75 separate and independent departments, agencies, administrations, offices, services, and what not, reporting to the President. This is obviously an impossible job. I can't tell you specifically how much progress we have made there. There have been some consolidations, in connection with which it has been possible to make some progress in the direction of centralizing responsibility and reducing the number of officers or agencies reporting to department heads and to the President. We have been moving in that direction, but the Federal Government is so large and the administrative problems are so complex that I fear we shall never be able to fully realize an ideal situation with regard to the span of control concept.

COLONEL BARNES: Dr. Graves, on behalf of all of us, I thank you for this fine analysis of the Federal organization structure and its problems. You have increased our knowledge tremendously and helped us a lot. Thank you, very much.

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