

The Federal Coordinating Service

ADDRESS DELIVERED BY CAPTAIN D. B. WAINWRIGHT, JR., (SC) U.S.N.,
ACTING CHIEF COORDINATOR, BEFORE THE ARMY INDUSTRIAL COLLEGE
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Colonel McCain and gentlemen:

Of all undertakings, none in the United States, and few, if any, in the world, approach in magnitude, complexity, and importance that of the national government of the United States. As President Taft expressed it in his message to Congress of January 17, 1912, in referring to the inquiry being made under his direction into the efficiency and economy of the methods of prosecuting public business, the activities of the national government "are almost as varied as those of the entire business world. The operations of the government affect the interest of every person living within the jurisdiction of the United States. Its organization embraces stations and centers of work located in every city and in many local subdivisions of the country. Its gross expenditures amount to billions annually. Including the personnel of the military and naval establishments, more than half a million persons are required to do the work imposed by law upon the executive branch of the government.

"This vast organization has never been studied in detail as one piece of administrative mechanism. Never have the foundations been laid for a thorough consideration of the relations of all of its parts. No comprehensive effort has been made to list its multifarious activities or to group them in such a way as to present a clear

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picture of what the government is doing. Never has a complete description been given of the agencies through which these activities are performed. At no time has the attempt been made to study all of these activities and agencies with a view to the assignment of each activity to the agency best fitted for its performance, to the avoidance of duplication of plant and work, to the integration of all administrative agencies of the government, so far as may be practicable, into a unified organization for the most effective and economical dispatch of public business."

This situation continued to exist for several years after these comments were made.

Nearly ten years ago when the first Director of the Bureau of the Budget, General Dawes, undertook the task of balancing the national budget, he found the problem of liquidating accumulations of war surplus to be a most pressing one and one most susceptible of coordination. More than five billion dollars of Federal money were tied up in surplus property. Liquidation was going on slowly in a rather haphazard way through the uncoordinated efforts of the three departments, War, Navy and Shipping Board, which held the bulk of these supplies. The markets were glutted with the sale of war surplus, but the Federal activities not engaged in liquidation were purchasing for governmental use quantities of material identical with that which the Government already held in warehouses at a large expense for storage, or

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which had recently been sold at a sacrifice to dealers who resold it to the Government and realized a handsome profit on the double transaction.

The Budget Director placed the situation before the President, with the result that the Office of the Chief Coordinator was created by Executive Order on July 27, 1921, as a part of the National Budgetary System. Since the liquidation of war surplus was a paramount consideration at that time, the original duties of the office related principally to the inventorying and disposal of this property. Brigadier General H. C. Smither, an officer of the Army, who had distinguished himself as G-4 of the Service of Supply during the war was selected for this duty and he immediately proceeded to create the machinery necessary for its accomplishment. He assembled a small group of assistants and established a field force of officers who were designated as area coordinators. One of these area coordinators took station in each of the Army corps areas, a territorial division adapted arbitrarily to the coordinating service for convenience. In his own office he established a liquidation section composed of two subdivisions, the Federal Liquidation Board and the Interdepartmental Transfer Division. With these were associated a supplemental coordinating agency, the General Supply Committee of the Treasury Department. The Liquidation Board functioned as a directorate of sales, and its proceedings in establishing a liquidation policy for the Govern-

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ment concerned primarily those agencies actively engaged in the sale of surplus property.

It became evident almost immediately that the greatest economy in the disposal of surplus lay in transferring it to other Federal activities which had need for it, thus avoiding the expenditure of funds for supplies which the Government already possessed and which could be sold in the open market for only a fraction of their actual value. The Interdepartmental Transfer Division was designed to meet this phase of the liquidation problem. All surplus Federal property was cleared through these activities and since their establishment there has passed through their hands property to the value of more than four billion dollars, while the estimated savings resulting from interdepartmental transfers is almost one hundred fifty millions. They are responsible in a large measure for the sound policies under which this vast liquidation problem was conducted, and which the Government is still following in the disposal of its surplus material. The policies and plans formulated by the board for the liquidation of surplus supplies and the coordination of sales throughout the several departments and establishments have been adopted and have become routine. Therefore, its functions as a coordinating agency being no longer necessary the Federal Liquidation Board was dissolved on November 15, 1929.

Within a short period of time after the establishment of the coordinating service the President enlarged and more clearly

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defined the duties of the Chief Coordinator and placed his office on a stable basis by the provisions of Executive Order No. 3578 of November 8, 1921. This order states the mission of the coordinating agencies as that of enabling the President in matters of routine business so to coordinate the activities of the different departments and establishments as will ensure the most economical and efficient expenditure of monies appropriated by Congress. It places upon the Chief Coordinator the responsibility of exercising general supervision over the coordination of routine business activities of the governmental organization, with particular attention to methods of purchasing, liquidation of supplies, specification of material, advertising, warehousing, employment, manufacturing, disbursing and all other ordinary business activities of the Government. This is a rather large order, and to enable the Chief Coordinator to carry out his responsibility, he was delegated a very considerable measure of authority.

The Executive Order provides that the decision of the Chief Coordinator in all matters of coordination shall be transmitted to the heads of departments and independent establishments concerned, and shall be final, except that such heads may appeal to the Director of the Bureau of the Budget within four days after the receipt of notice of the coordinating order, and if not sustained by the Director of the Budget, may appeal to the President of the United States within six days after the decision of the Budget Director. If such appeal is not taken, or is not sustained, the decision in

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question shall stand and shall be published to those affected, by the heads of the departments concerned.

It authorized the Chief Coordinator to call on all bureau chiefs and employees of the Executive Government to furnish any available information desired for purposes of coordination, and requires them to attend any conferences on coordination as requested by the Chief Coordinator. It places the officers detailed on coordinating duty in a status of responsibility through the Chief Coordinator to the President.

The Chief Coordinator is thus an instrumentality for relieving the President of the details of directing Government administration in all its branches along the lines of unified business policy and standard procedure. As such instrumentality, it is the duty of the Chief Coordinator to promote the efficiency of the Government operations and secure to the Government the benefits of the consequent economy.

General Dawes states in his book "The First Year of the Budget", as follows:

" * * * in Government business as in private business constant executive attention under plan and policy finds itself reflected in efficiency and economy; while executive indifference existing in our Government in the past, translates itself into extravagance."

In thus promoting the efficiency of Government operations, it is the obligation of the Federal Coordinating Service to apply the principles of conservation, cooperation, coordination, and

standardization wherever possible and to make recommendations for appropriate legislation whenever present law is in conflict with these principles.

Certain specific assignments of matters requiring application of these principles have been made from time to time by law or Executive Order to particular agencies, and these matters so assigned are outside the jurisdiction of the Federal Coordinating Service. While the Bureau of Efficiency is assigned problems in this field on request of committees of Congress and heads of departments, nevertheless, the Federal Coordinating Service, acting for the President, is the only existing Federal agency - except Congress - with authority to apply these principles generally among departments and establishments.

Government operations are divided into two classes, i.e., primary and secondary. In a military organization these operations are assigned respectively to the line and staff. Primary operations are usually assigned by law to a department or establishment and the Federal Coordinating Service is concerned with such operations only when they have been assigned in common to two or more Federal activities and questions of coordination are involved, or else an operation, while assigned to one Federal activity only, is complementary to one or more primary operations assigned to other Federal activities and questions of cooperation are involved. Secondary operations are those which lead up to and support the primary operations but in themselves are usually implied but not stated in

the laws assigning functions to departments and establishments. Secondary operations are generally common to all departments and establishments and it is in promoting their efficiency that the greatest opportunity of the Federal Coordinating Service lies.

Colonel Will H. Point, Q.M.C., U. S. Army, states in the foreword to the "Office Manual, Hawaiian Department Quartermaster", as follows:

"Team work in any organization is essential to the accomplishment of desired results. * * *
An administrative organization must be so coordinated and welded together that it acts as a cohesive unit."

This statement applies with the same force to the Government as a whole -- the largest and most complex business organization in the world -- as to any of its component parts.

Executive Order No. 3578 in establishing the service of coordination and defining the duties and powers of the Chief Coordinator, states also:

"The heads of departments and subordinate officials will retain all present responsibility with respect to individual business transactions, subject to such policies as may be imposed in the manner indicated above."

While the Congress has assigned to heads of departments and subordinate officials the performance of certain specific duties, it is repugnant to constitutional interpretation and sound administrative procedure to contemplate such action as in any way other than in accordance with the announced plans and policies of

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the President. To require conformity is not an infringement upon but, on the contrary, an addition to the responsibility of heads of departments and subordinate officials.

The principle underlying the organization of the Federal Coordinating Service is that it is not a consolidated operating agency superimposed upon, or interfering with the operation of departments and establishments in the performance of their duties; neither is it a bureau, equal with them; nor does it attempt to assume any of their functions. It is what its name imports, an agency for the coordination of all activities. Its nature is best illustrated by analogy. For in chemistry there is a well-known class of substances which by their presence are capable of inducing chemical changes in other bodies while remaining themselves inert and unchanged; and unless one of these substances is present no action results. These substances are called catalysts or catalytic agents. Now in the Government service a coordinating agency is one which by its presence and efforts is capable of promoting cooperation between two or more activities, that in the absence of the coordinating agency would remain passive and inactive. Coordinators and coordinating agencies therefore perform in the Government service the same functions that catalysts do in promoting chemical reactions. In other words, the Federal Coordinating Service functions largely as a clearing house through which departments and establishments

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may effect prompt and intimate contact with each other, matters of common interest may be adjusted, and an impasse to the detriment of the Government avoided. By reason of this common contact with all Federal activities, the Federal Coordinating Service is in a peculiarly favorable position to initiate steps in the general interest of the Government. In this role the success of the service depends upon its integrity and sincerity in a determination to be nonpartisan, non-political, impartial and impersonal.

The Federal Coordinating Service regards as a cardinal principle that where authority lies there must also rest responsibility. Accordingly, it is the policy of the service to bring about coordination by agreement among those departments that are engaged in related activities; to call together representatives having authority to speak and act for their respective departments, so that in conference views may be interchanged and the problems, purposes, and objectives of each department may become known to all others; thus a line of action may be agreed upon that will result in greater economy and increased efficiency of business administration. Dependence is placed upon the sincerity and integrity of officials, upon their loyalty to the Government as a business concern, and upon their devotion to the Government's interests. This confidence has not been misplaced; for while each executive holds tenaciously to his prerogatives and believes in the supreme importance of his own department or bureau, each has been willing to give a little here and a little

there, to bring about a situation that will result in economy and efficiency.

The Chief Coordinator has always realized that the problems and conditions confronting every separate branch of Government could not be known to any one person. To attempt to impose a general plan of action without understanding individual problems will only result in chaos and inefficiency in those branches in which that general policy was not applicable. By conference and agreement these errors are avoided and proposed general policies are abandoned when it becomes evident that economy and efficiency will not thereby be secured.

The Federal Coordinating Service comprises the central organization in Washington, consisting of the Office of the Chief Coordinator and ten coordinating boards, and the field service, consisting of nine area coordinators and about 296 active Federal business associations, the latter distributed through continental United States, also Alaska, Hawaii and Porto Rico.

The Office of the Chief Coordinator includes the Chief Coordinator, an Assistant Chief Coordinator, and nine Assistants to the Chief Coordinator, all assigned for this duty from the various departments and establishments of the Federal Government. The office maintains close touch with the coordinating boards themselves, and with the field service by means of reports, correspondence, and occasional personal visits.

Coincidental with the enlarged mission assigned the coor-

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minating service came the establishment of other coordinating agencies whose need had already become apparent. Within a short space of time there were created the Federal Purchasing Board, the Federal Traffic Board, the Coordinator for Motor Transport of the District of Columbia, the Federal Specifications Board, the Interdepartmental Board of Contracts and Adjustments, and the Federal Real Estate Board. These were followed subsequently, when conditions indicated their desirability, by the Interdepartmental Board on Simplified Office Procedure, the Coordinator for Purchase, the Interdepartmental Patents Board, and more recently the Forest Protection Board, the Federal Standard Stock Catalogue Board and the Federal Statistics Board. The Permanent Conference on Printing, an activity already in existence, was also announced as a coordinating agency. As their names indicate, each of these boards was designed to meet a specific need. In order to visualize clearly the character and scope of the duties assigned them, it must be borne in mind that these agencies are in effect standing committees in which departmental representatives are brought together in order that they may be in a better position to understand and serve the best economic interests of the Federal Government as a whole, while at the same time serving their respective departments. They are in no sense amalgamated organizations designed to consolidate any business function of the several departments into a single body. In supervising their activities the Chief Coordinator is guided by the

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principle that there must be sufficient flexibility in the Government organization as a whole to permit freedom of action on the part of the representative units.

The organization of the Federal Purchasing Board is fairly typical. This board is composed of one representative from each department or establishment having authority to purchase supplies, together with the representative of the Federal Specifications Board, who acts as liaison contact between these two activities. Each representative may have one or more associates designated by himself, but only the representative has a vote. The executive chairmanship is delegated to an official in the Chief Coordinator's Office. The board's investigational work is performed largely by four committees. Because of the amount of study made necessary by each of the complex problems connected with the purchase of commodities by the several large departments of Government, one of these committees is divided into eight subcommittees. The chairmen of these committees and subcommittees are designated from among the representatives of the board. Other members of the subcommittees are officials selected because of their particular knowledge of the commodities to be considered. The report of a committee is considered by the whole board and is adopted with or without amendment, or is rejected. When a report is adopted in its final form and approved by the Chief Coordinator, it is promulgated through his office as a guide to all departments and establishments in performing their purchase functions.

The purpose of the board is to coordinate the purchasing activities of all departments of the Government with a view to bringing the Government's vast purchasing power to bear in securing

supplies at lowest cost, in eliminating duplication of effort and reducing overhead expenses, and in establishing economical methods of purchase.

Examples of the board's accomplishments in the pooling of purchases are the present system of purchasing lubricating oil by the Navy under Navy specifications for practically all of the larger Government departments; the purchase of gasoline on War Department contracts for the departments in Washington and the Federal activities in several other cities; and the supplying of provisions to certain Veterans' Bureau and Public Health Service hospitals on Navy Department contracts.

The board has brought about a gradual extension of the uses of the inspection service of one department by others, thus eliminating travel and overhead expenses and giving a flexibility to the Government inspection service. For example, the inspectors of the Bureau of Animal Industry inspect provisions and meats for Government hospitals in Boston, for the Shipping Board in New York, and for the Army and Navy in many places, while the Navy's highly developed technical inspection service has been made available to all departments of the Government. The operations of the board are closely interrelated with those of the Federal Specifications Board and the Federal Standard Stock Catalogue Board and in a lesser degree with those of several other coordinating activities.

The Federal Specifications Board is the medium through which the Chief Coordinator secures economy in the procurement

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under specifications of materials and services used by the Government. It compiles and promulgates standard specifications for materials and services, brings these specifications into harmony with the best commercial practice, and when possible endeavors to broaden the field of supply. The Director of the Bureau of Standards is ex-officio chairman of the board which consists of groups of 75 technical committees made up of experts selected for their special knowledge of particular commodities or classes of commodities. These technical committees are appointed from time to time as commodities or services are taken up for consideration. The board has promulgated about 700 Federal specifications and is now engaged in revising them to accord with a new form of purchase specification in which all future specifications will be promulgated as far as possible. It is now quite the usual thing to see manufacturers placing on their products the statement: "This product conforms to Federal Specification so and so."

The Federal Traffic Board was established for the purpose of effecting economy and better business administration throughout the Government service in the handling of passenger, freight and express shipments. It is under the chairmanship of an Assistant to the Chief Coordinator who is designated as the Coordinator for Traffic. It utilizes in a practical way the various available carrying facilities. Like the Purchasing Board, it is composed of one representative from each department making shipments, and its

clerical force is furnished by detail from the several departments in proportion to the volume of shipping done. Every Government shipment of two or more carloads is referred to the board for routing advice and through this control of large shipments and by means of its contact with the carriers the board has been able to obtain very valuable concessions and to effect large savings. As it exists at present it provides a skeleton organization around which might be built a Federal traffic bureau, should such an activity ever become a necessity.

The Federal Real Estate Board, under the chairmanship of the Surveyor General of Real Estate, coordinates all matters affecting the real property of the Government, including procurement, occupancy and disposal. It collects and compiles data pertaining to owned or leased real estate and suggests changes that may be desirable in the interest of the economical use of lands or buildings. All projects for the purchase, sale or lease of real estate are required to be submitted to the board for clearance. Its decisions form the basis of the Surveyor General's action on all real estate matters.

These four important boards provide coordinated control of the paramount business activities of the Government: purchase, traffic, specifications and real estate. No less important, though more specialized and limited in their scope, are the remaining coordinating agencies.

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The Interdepartmental Board on Simplified Office Procedure is engaged in devising standard forms and standard practices for the office procedure of the Government. It has been very successful in eliminating a mass of non-standard office material and has reduced the supply schedule on envelopes, wrapping twine and similar items of common use from many hundreds to a relatively few items. It has just completed a study and standardization of the governmental leave regulations which will undoubtedly be enacted into law.

The Interdepartmental Board of Contracts and Adjustments has prepared a uniform contract law to govern all departments and establishments. This law is now before Congress and its enactment will do much to facilitate the operation of the Government's business. The board has completed the standardization of a large number of contract forms and is at present engaged upon a revision of them.

The Interdepartmental Patents Board, the Forest Protection Board, the Federal Standard Stock Catalogue Board and the Federal Statistics Board were created to deal with specific problems. The Patents Board has been engaged upon the drafting of a uniform law regarding the handling of inventions of Federal employees and those donated to the Government, and has included therein a provision for the licensing and cross-licensing of patents which the Government owns or in which it has an interest. The Forest Protection Board is coordinating and bringing together for greater efficiency the

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Federal activities engaged in the various phases of forest protection. The Federal Standard Stock Catalogue Board has been engaged in compiling a catalogue of all supplies and equipment regularly procured, stored and issued by the several departments and establishments of the Government. The first sections of this catalogue have been issued and its use by the Government and probably by the commercial world will greatly facilitate and make more economical their supply transactions. Each of these boards, in its particular field, is accomplishing valuable and constructive work. The Federal Statistics Board, approved by the President April 10, 1931, will have its first meeting in the near future.

The activities just described provide the Chief Coordinator with a self-contained organization. In order to derive the maximum benefit from this organization and to give it and the area coordinators a direct point of contact with Federal activities in the field, the organization of additional coordinating agencies, known as Federal business associations, was undertaken and the first association was formed at Cincinnati, Ohio, in 1931.

The nine area coordinators, who are in charge of field coordination, and who are the connecting links between the Chief Coordinator and the Federal business associations, are assigned to territorial districts based primarily on the corps areas of the War Department. The functions within their areas are comparable in general to those of the Chief Coordinator with respect to the Federal Government as a whole.

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The Federal business associations are composed entirely of Federal employees who at frequent sacrifice of time and labor hold regular meetings which are presided over by duly elected officers. Their sole purpose is to promote economy and efficiency in the conduct of public business within their particular localities and they were created and exist today for no other purpose. Among other things, these Federal business associations have been instrumental in effecting the loan of Government trucks to the Postal Service in handling Christmas mail; in procuring office and storage space in Federal buildings and leased warehouses for agencies in need thereof, frequently recommending, after further study of the situation, a reassignment of space; in making telephone surveys in certain cities to ascertain whether a reduction in service may be effected; in arranging for the consolidation of purchases where supplies and materials are used by more than one local establishment so that lower bids may be obtained, and in arranging for the transfer of surplus supplies and materials from one service for use by another. They are organized on a definite plan with committees appointed to consider matters susceptible of coordination.

Every field activity is represented in the Federal business association of the zone in which the activity is located, and all local executive heads are enjoined by departmental instructions to participate actively in the operations of the association.

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The Federal business association is the basic coordinating unit of its zone, of which it forms the center. Through the exercise of initiative in the assignment of missions to its committees, by the discussion of means of improving service efficiency and effecting economy in operation, and by the pooling of experience, business knowledge and facilities for a common purpose, these associations are made self-reliant, self-sustained units. They are under the direct supervision of the area coordinators.

Through the boards, area coordinators and the Federal business associations, and with their cooperation, the Chief Coordinator supervises the routine business activities of Government. In addition to these routine activities, however, there have devolved upon his office certain miscellaneous functions that defy classification. These include the activities which are performed by the immediate assistants of the Chief Coordinator. Some of these activities are only temporary investigations, while others constitute continuous operations. For example, the Government has at its disposal extensive facilities for communication in the Army and Navy radio nets with numerous leased telephone and telegraph lines and the Alaska cable and telegraph lines. It was only rarely that these facilities were used by any of the administrative services except the one which immediately controlled them and they were seldom used to capacity. After considerable study an Army Message Center was established, having in addition to its own, the Navy facilities, and this message center took over all or a greater part of the dispatch traffic of

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the several Federal services. The resulting annual saving has been substantial.

The coordination of all the Government services maintaining patrols on the borders of the country is another problem that has been studied in this office. Some half dozen services under four departments maintain border patrols for different purposes. At present they render little or no assistance to each other. The result of this study is represented in a plan prepared by the Chief Coordinator's Office for the reorganization of all border patrol activities and the consolidation of forces and stations which will result in an increase in effectiveness and reduced cost. This plan is represented by legislation which is now pending.

Surveys of the telephone service expenditures of the Government have been made in cooperation with the Bureau of Standards and a standard form of nation-wide contract for telephone service has been adopted and is now in use outside of Washington. Loans of services, equipment and personnel, adjustments of office and storage space not falling within the purview of the Federal Real Estate Board, and the service and supply of buildings projected in the new Federal building program, occupy the attention of this office.

Alcohol and liquors seized in the enforcement of the Eighteenth Amendment and National Prohibition Act are distributed by the Chief Coordinator and area coordinators for use in accordance with approved regulations, throughout the Federal Government, and vessels and vehicles seized in conformity with these

acts are utilized in the Government service when they become available.

In connection with the taking of the decennial census during 1930, this office issued instructions to the area coordinators and the Federal business associations requiring their cooperation in obtaining wherever possible space and equipment for the approximately 750 census supervisors stationed throughout the United States and its insular possessions. This project resulted in a large saving effected in the avoidance of renting space and equipment for most of the census supervisors. The space and equipment was obtained through contact by the area coordinators and the Federal business associations with Federal, state, county, municipal and civic activities.

There is only one piece of legislation applying to coordination. It was contained in the Army Appropriation Act approved February 12, 1925, and is as follows:

"Hereafter no commissioned officer of the Army, Navy, or Marine Corps shall be deprived of his right to pay and allowances while serving on such duty as the President may direct in the coordination of the business of the Government, as now being conducted by him under the general supervision of the Director of the Bureau of the Budget; provided, that the number of officers detailed to this duty shall not at any time exceed 26."

The personnel of the Federal Coordinating Service now regularly consists of 25 commissioned officers from the Army, Navy and Marine Corps, and 68 civilians detailed from the various departments and establishments. This personnel is assigned in the Office of the Chief Coordinator, in connection with three of the

boards, and in the offices of the area coordinators in the field. The total cost in salaries of the above personnel is \$308,367.33 per annum.

The following savings were made by departments and establishments through operations sponsored by the Federal Coordinating Service during the year ended June 30, 1930, the latest report available:

Procurement (coal, miscellaneous, petroleum products)	\$298,900.84
Real Estate	447,192.79
Seized property	181,441.35
Special Government facilities	2,931,895.41
Surplus property	2,830,519.20
Traffic	175,000.00
Miscellaneous	<u>18,646.11</u>
Total	\$6,883,595.70

In all, through the efforts of the Federal Coordinating Service there has been effected an actual saving since its inauguration of \$20,625,706.71, not including transfers of surplus property. These latter amount to \$149,288,200.10. The intangible savings due to the elimination of uneconomical methods, is firmly believed to be several times that amount.

More important than the monetary savings quoted, however, is the new conception of service unity which has made coordination possible. I think the following example typical. Some time ago the Bureau of Fisheries found its appropriations insufficient to provide clothing for the natives of the Pribilof Islands, who are

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wards of the Government in a remote part of Alaska now devoted to sealing and foxing operations. When this fact was communicated to the coordinating service a representative of the Bureau of Fisheries was placed in touch with the records of surplus property and was enabled to obtain shoes from the Army; winter trousers from the Marine Corps, coats, overcoats, raincoats, blankets, comforters and nurses' dresses from the Veterans' Bureau; sails, oilskins, clothing, mosquito bars and soap from the Shipping Board, and medical supplies from the Public Health Service. All these materials were transferred without funds in time to be made part of the annual shipment of supplies on a ship furnished by the Navy Department. This transaction, while relatively small economically, is significant in the changes it indicates. Similar examples can be quoted to the point of wearisomeness. They show that departmental lines have given way and that bureaucratic prerogatives have been willingly abandoned where the best interests of the Government were involved. Ten years ago that would have been impossible.

Another aspect of the Federal Coordinating Service is the favorable acceptance of it by those in the commercial world. Not so long ago it frequently occurred that the representative of a firm, wishing to gather information regarding some phase of the Government's operations, would be shunted from office to office in Washington, and sometimes would return to his headquarters without the necessary information. The coordinating service has been very successful in placing those interested in the Government in contact with the exact Federal official who can furnish the desired information.

Practically every day the letters from individuals and firms increase in volume in the office mail, which appears to indicate that the single point of Government contact offered by this office is becoming more generally known and appreciated. Also the railroads and shipping interests of the country express the greatest satisfaction in being able to contact the shipping officials of the Government through one individual, the Coordinator for Traffic. Much interest has been awakened in the commercial world by the publication of the Federal Standard Stock Catalogue.

That much has been accomplished through the Federal Coordinating Service to avoid waste in the expenditure of Government funds is true, and that wastes still exist is equally true. The Federal Coordinating Service has been of increasing usefulness and influence with each year of its existence. It has not been possible under the varying circumstances attending coordination to accomplish all that is desired; the demonstration of its advantages and the education of those concerned has been a slow process and still is. However, consideration should be given to the situation existing prior to the organization of the Federal Coordinating Service. The independence of each department and establishment, the laws governing their organization, the freedom of decision and action in all matters of administration, and the perfectly natural opposition to the supervision of their business by another agency have contributed to the difficulties of coordination. Therefore, the main obstacle encountered in improving the Government's business is the lack of a fully sympathetic and cooperative attitude on the part of some of the departments and establishments.

What has been said above briefly outlines the functions of the coordinating service in time of peace. Where it will fit into a national defense plan or what its function would be in time of war or of active preparation for war is problematical. These matters, however, are worthy of very serious thought. Unquestionably the administrative bodies which were called into being during the last war were actually great coordinating agencies, but they acted in a semi-independent capacity rather than in pursuance of a definite, common plan. The World War demonstrated that armies can do no more than the logistic organization behind them will sustain. The non-military establishments of Government occupy peculiarly favorable positions from which to participate in the preparation for mobilizing the country's economic strength. They are daily exerting a powerful influence upon the logistic forces of the country that are the tributary streams feeding the main channel of industrial mobilization.

I would like to quote President Coolidge in his address at the twelfth regular meeting of the business organization of the Government on January 29, 1927. He said in part:

"One of the great lessons we have learned in the transaction of our business is the value of coordinated effort. Coordination in any business is essential to success. The nation's business is no exception. For many long years the executive departments and establishments operated independently, with little or no concern for the common good of all. This is no longer the case. The old order of things has disappeared. In its place we have a well-coordinated executive branch of the Government.

"Departmental lines have given away and departmental prerogatives have willingly surrendered to policies and practices which are adopted for the best interests of all. The facilities at the disposal of the Federal Government are extraordinary both in class and character. In our personnel are represented the highest talent of science, profession and trade. We are utilizing our facilities and talent not alone departmentally but interdepartmentally. The extent to which we are doing this is increasing as our vision of its possibilities is enlarged."

In conclusion, the following statement was made by Colonel Roop, Director of the Bureau of the Budget, in his annual report to the President for the fiscal year ended June 30, 1930:

"The report (of the Chief Coordinator) is replete with examples of the strong spirit of cooperation among departments and establishments in the solution of their common problems. More and more is advantage being taken of the machinery provided by the coordinating agencies as the realization grows that the plans and policies so developed are those proposed and adopted by departments and establishments themselves through their representatives and not by an outside agency unfamiliar with departmental conditions. While the Federal Coordinating Service affords the channels for close contact and cooperation among departments and establishments performing similar routine functions, to the departments and establishments is due full credit for the origin, development and consummation of the beneficial economies and efficiencies resulting from coordination."