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January 3, 1940 Budgetary procedure in the Navy by Capt
Ezra Allen, USN, Budget officer for the
Navy Department

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DISCUSSION FOLLOWING LECTURE

By Captain Ezra Allen, U.S.N.
January 3, 1940.

Colonel Miles: - I don't think Captain Allen needs to worry about the way his talk has gone over; he certainly has put over the subject in a very grand manner. It takes to really get to the basis of any organizational procedure, you can be as formal as you wish and not get it over in the same way. I want to thank Captain Allen for doing this in this manner. Any questions? You see it seems they have no questions.

Captain Allen I don't want to take any time but if you have any difficulties in your minds, Congressional matters, etc., if I can answer them I will be glad to.

Q - What present system is far and away ahead of the old system? Does it really accomplish just as much for the Navy as the old system of helter-skelter programs?

A - Well, the budget isn't balanced. The government is curbing some expenditure of money because they require investigating anything that involves a lot of expense. Hearings are held for this purpose.

Q.- What recourse has the Bureau Chief if he doesn't agree?

A - We discuss it in the Department - if he is not satisfied he comes down to me, if minor; if major, he actually goes to the Secretary. There are a number of adjustments made each

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year to the appropriations. I don't attempt to set the policies, the Secretary does the dirty work, I try to keep the petty details away from him. I went to a meeting of political engineers and scientists and the trend in the New Deal is to say that the Budget Officer and machinery should itself do not only with procurement of funds but with policy and control of spending.

Q. I would like to ask if you anticipate any difficult delays in the present procedure in the event of an emergency.

A. We have just gone through this emergency thing, you know. The legality of what has been done in the last year is something else. In case of emergency or unforeseen conditions, the President can revise allocations. That doesn't mean that permits you to schedule more obligations than you have funds. Of course it doesn't. What we did this year was to only schedule obligations to cover appropriation not to cover the year, that is, for anywhere from six to eight months, then we will run out of money. That is a new trick; I don't know how it is going to turn out. Only emergency legislation permits you to spend something you haven't got. There is some kind of old statute or law which permits us to incur a deficiency to provide for fuel, subsistence, forage, and transportation, outside of that we are not supposed to have deficiencies. That doesn't mean that doesn't occur. This

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year we are going to have a deficit in the pay appropriation, you can't throw the people out. I don't know how to answer your question about emergency expenditures. I know we are going to get a deficit in order to close the books for the present year. There is no money for the requirements of the last three months of this year unless somebody gives it to us. It was never contemplated by the framers of the law to put his department in a hole.