

THE GOOD VERSUS THE McCORMICK BUDGET BILL

A DEBATE AND A POLL OF THE RESEARCH BUREAUS ON THE ISSUE

BY W. F. WILLOUGHBY AND GAYLORD C. CUMMIN FOR THE GOOD BILL
BY CHARLES A. BEARD FOR THE McCORMICK BILL

The house of representatives has, by a practically unanimous vote, passed the Good bill described in our June, 1919, issue. The senate, however, centers its attention on the McCormick bill. The passage of either bill will constitute a most desirable reform and the passage of some bill seems assured. Which of the two bills should be favored? This issue, with others, was debated ably at the joint session of the National Municipal League and the American Political Science Association in Cleveland, December 30. We have allowed the leading opponents to revise that part of their arguments which dealt with this now pivotal issue and, with the co-operation of the Governmental Research Conference, have polled the directors of the principal bureaus of municipal research as seasoned budget technicians whose opinions deserve special weight. :: :: :: :: ::

FOR THE GOOD BILL

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THE McCormick bill differs radically from the Good bill in this respect; it makes the Secretary of the Treasury primarily the budget officer of the government, rather than the President. The Good bill recognized that it would be impossible for the President to discharge his duty of receiving all of the requests for appropriations that would come up from the spending services, to correlate them and to pass upon their desirability, unless he had an organ, an agency by which he could handle that business. At the present time he has no such office that would permit him to handle that business in any way. It may be a matter of surprise to you that the President's office is not an office of record; when the President leaves it at the end of his

term, he takes with him all of the papers that are in the President's office. They are considered his personal papers, he leaves the walls and the files absolutely bare. The new President, therefore, comes in without any of the records or the machinery by which to pick up the administrative work of the government where his predecessor left off. I mention that as showing that the President has never, in the past, been looked upon really as the general manager of the business corporation; he has not any office and he has not any records.

THE PROPOSED BUDGET BUREAU

This budget bill of Chairman Good provides for the creation of an office

known as the bureau of the budget, that will be directly under the President. Its duty it will be, acting for the President, to keep in touch with all of the activities of the government, to be thoroughly informed of how the government is organized, to send out the requests for estimates of appropriations, to receive them, correlate them, compile them and bring to the attention of the President every issue that he really has to pass on. The bill makes it very emphatic—and this is an important point—that that bureau of the budget, with a director at the head of it, has itself no inherent powers; no powers are conferred upon it; all the powers are conferred upon the President, and the bureau is simply his executing agent. If the Good bill becomes law the President would, in effect, have two secretaries; he would have one like the President has at the present time who would be his political secretary, attend to all of his personal matters, his political matters with the outside world and the like; and he would have in his director of the bureau of the budget, an administrative secretary, who would handle for him, as his agent, all matters dealing with officers inside the government, thus giving him an opportunity to discharge the duties of a general manager.

THE MCCORMICK PROPOSAL

Now the McCormick bill differs radically from that, in that it makes the Treasury Department the budget organ: it provides that the estimates of appropriation shall go from the spending departments to the Secretary of the Treasury who shall have the authority to revise them, to eliminate the items that do not meet with his approval, and then send them to Congress.

WHY THE GOOD BILL IS BETTER

In my opinion—and this was a matter that the house select committee went into with a great deal of care—that would be a colossal blunder. The whole theory on which the budget rests is to hold the President personally and politically responsible for a work program, responsible for rendering a report as to how he carries out his duty and what he proposes. To vest this in the Secretary of the Treasury would divide that responsibility; it would give us two general managers; that is, it would give us the President with his general position of superior authority over administrative officers, and it would give us the Secretary of the Treasury exercising this general supervision over requests for appropriations. It would wholly defeat the aim of the budget of making it an issue to arouse the attention of the public by making it a political matter for which the President would stand.

The President is the only officer of the administrative branch that is elected and can be held politically responsible to the people; he is the only officer that is superior to every administrative officer in all respects; he is the only officer, therefore, that can give orders with the certainty that they will be obeyed by his subordinates. President Taft was asked, when he was testifying, what he thought about the proposal to have the Secretary of the Treasury compile the estimates. He said, in effect, "I can see the Secretary of the Treasury sitting at the cabinet table and telling the other members of the cabinet where they get off in respect to appropriations." It is perfectly certain that the Secretary of the Treasury, if he had that power, would exercise it in a perfunctory or timid manner.

In considering this problem, we are apt to concentrate our attention on the actual appropriation of money to meet expenditures. Now the really vital point is the authorization of the expenditure, that is, the authorization of the *activity* that gives rise to the need to make an expenditure. There is no proposal in the McCormick bill that the Secretary of the Treasury shall have *that* authority; the only officer who can have that authority is the President, and to have one manager saying what you shall do, and another one trying to pass on estimates to carry out those activities, is so illogical that it seems to me difficult to be supported.

THE QUESTION OF PRACTICALITY

There is one feature that gave rise to a great deal of trouble before the house committee, and that is whether it was going to be possible for the President, with all of his other pre-occupations, effectively to discharge this new obligation. I think there can be very little doubt that he can.

In the first place, those of us at Washington who have had any opportunity in the past to see how things move actually on the spot, know that the President is not quite as busy a man as he is supposed to be. Of course I am not talking about war times but ordinary peace times. In ordinary times the President has abundant time.

In the second place, this bureau of the budget, if properly organized, would enable him effectively to discharge those obligations; its duties would not simply be performed at the end of a year after the estimates come in; its duties will be performed 365 days in the year; it will have all the charts and the outlines and the records of exactly how the government is

organized, precisely what its activities are, its reports of revenues and expenditures, and be able to keep in intimate touch the same way as the general manager of any corporation and bring matters as need be to the attention of the President.

That certainly would be feasible, provided a phase of the budget that has received very little attention is worked out, and that phase is known as the technique of the budget.

THE TASK CAN BE SIMPLIFIED

At the present time our estimates defy intelligent examination. That is partly due to the form in which they go, and partly due to the form in which the appropriations are made. A budget ought to be, and if we had a bureau of the budget with a President with authority, it would be a highly classified document. Let me give an example. The procedure should be, the principle of the method of preparation should be, that of proceeding from the general to the particular, and primarily according to organization units. The President would say in effect, "Gentlemen of congress, I want six billion dollars to run the government. That total is made up of the following main items; so much for the legislative branch; so much for the executive branch; so much for the judicial branch; and so much for the administrative branch. The total for the administrative branch is made up of so much for the Department of State, so much for the Department of War, so much for the Department of the Navy, etc." Then supporting sheets would pick up the total for each department and indicate so much for each bureau, like the bureau of fisheries or navigation or steamboat inspection or whatever the bureau was, which would

bring together in one place the entire estimate of expenditures for each one of those bureaus; then, itemized under each bureau might be sub-items of so much for each of the activities performed. If properly classified in that way, it would be possible for anybody to push their inquiries as far as they wanted. They could stop with the one figure, six billion dollars, or if they

wanted to, they could push it down through one supporting statement after another to the final details of what is required to operate a lighthouse at Portsmouth, for example. A systematic presentation like this would make it possible for the President to discharge his duty effectively and make it possible for congress intelligently to perform its duties.

FOR THE McCORMICK BILL

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On the question of the location of the budget bureau, I support the proposition that it should be in the Treasury Department, or rather that the Secretary of the Treasury should be transformed into the chief financial officer of the United States.

THE PRESIDENT'S TIME

My reasons are two-fold; first, that the President of the United States has enough to do without making the budget. Now it may be that Mr. Taft, who was a very leisurely gentleman, did have plenty of time on his hands as President of the United States, but I beg to suggest that if he had devoted more attention to the study of American public questions, he might have been a more effective President and might not have had the accident that happened to him in 1912. Also, if Mr. Wilson had studied European affairs a little more closely, we should not have dallied with German imperialism until the spring of 1917; and perhaps might not have had the Treaty of Versailles that is yet unratified. But I pass those things by with the mere suggestion that the President of the United States is the

President of a hundred million people and responsible in actual practice for the formulation of our leading legislative measures and under a moral obligation to study all the economic questions that press upon the national government. He has enough to do without turning himself into a national accountant to review all the items that go into the budget. Therefore I do not want to impose upon him this obligation of assuming in detail the responsibilities. It is true that large questions of taxation and expenditure will be reviewed by him necessarily, but I mean we should put aside the thought of transforming the President of the United States into a business manager. I have all respect for a business manager, but the President of the United States has other obligations, great questions of statesmanship and public policy that have no relation to the management of men and materials.

In the second place, if the Secretary of the Treasury is made chief budget officer, the President will in fact be responsible for his primary policy, because he can appoint and dismiss the Secretary of the Treasury and therefore will, in effect, assume responsibility for the main policies of the budget.