

BILL S. 1084

DATE April 26, 1921 PAGE(S) 657-662

ACTION Consideration and Passed

NATIONAL BUDGET SYSTEM.

Mr. McCORMICK. I desire to call up for consideration Senate bill 1084, being the budget bill, so called.

The PRESIDING OFFICER. The question is on the motion of the Senator from Illinois to proceed to the consideration of the bill indicated by him, the title of which will be stated.

The ASSISTANT SECRETARY. A bill (S. 1084) to provide a national budget system and an independent audit of Government accounts, and for other purposes.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Expenditures in the Executive Departments without amendment.

The bill was read, as follows:

Be it enacted, etc., That this act may be cited as the "Budget and accounting act, 1921."

TITLE 1.—DEFINITIONS.

Sec. 2. That when used in this act—

The terms "department and establishment" and "department or establishment" mean any executive department, independent commission, board, bureau, office, agency, or other establishment of the Government, including the municipal government of the District of Columbia, but do not include the legislative branch of the Government or the Supreme Court of the United States;

The term "the budget" means the budget required by section 201 to be transmitted to Congress;

The term "bureau" means the bureau of the budget;

The term "director" means the director of the bureau of the budget; and

The term "assistant director" means the assistant director of the bureau of the budget.

TITLE 2.—THE BUDGET.

Sec. 201. That the President shall transmit to Congress on the first day of each regular session, the budget, which shall set forth in summary and in detail:

(a) Estimates of the expenditures and appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year; except that the estimates for such year for the legislative branch of the Government and the Supreme Court of the United States shall be transmitted to the President on or before October 15 of each year, and shall be included by him in the budget without revision;

(b) His estimates of the receipts of the Government during the ensuing fiscal year, under (1) laws existing at the time the budget is transmitted, and also, (2) under the revenue proposals, if any, contained in the budget;

(c) The expenditures and receipts of the Government during the last completed fiscal year;

(d) Estimates of the expenditures and receipts of the Government during the fiscal year in progress;

(e) The amount of annual, permanent, or other appropriations, including balances of appropriations for prior fiscal years, available for expenditure during the fiscal year in progress, as of November 1 of such year;

(f) Balanced statements of (1) the condition of the Treasury at the end of the last completed fiscal year, (2) the estimated condition of the Treasury at the end of the fiscal year in progress, and (3) the estimated condition of the Treasury at the end of the ensuing fiscal year if the financial proposals contained in the budget are adopted;

(g) All essential facts regarding the bonded and other indebtedness of the Government; and

(h) Such other financial statements and data as in his opinion are necessary or desirable in order to make known in all practicable detail the financial condition of the Government.

Sec. 202. (a) That if the estimate of receipts for the ensuing fiscal year contained in the budget, on the basis of laws existing at the time the budget is transmitted, plus the estimated amounts in the Treasury at the close of the fiscal year in progress, available for expenditure in the ensuing fiscal year, are less than the estimated expenditures for the ensuing fiscal year contained in the budget, the President in the budget shall make recommendations to Congress for new taxes, loans, or other appropriate action to meet the deficiency.

(b) If the aggregate of such estimated receipts and such estimated amounts in the Treasury is greater than such estimated expenditures for the ensuing fiscal year, he shall make such recommendations as in his opinion the public interests require.

Sec. 203. (a) The President from time to time may transmit to Congress supplemental or deficiency estimates for such appropriations or expenditures as in his judgment (1) are necessary on account of laws enacted after the transmission of the budget, or (2) are otherwise in the public interest. He shall accompany such estimates with a statement of the reasons therefor, including the reasons for their omission from the budget.

(b) Whenever such supplemental or deficiency estimates reach an aggregate which, if they had been contained in the budget, would have required the President to make a recommendation under subdivision (a) of section 202, he shall thereupon make such recommendation.

Sec. 204. (a) Except as otherwise provided in this act, the contents, order, and arrangement of the estimates of appropriations and the statements of expenditures and estimated expenditures contained in the budget or transmitted under section 203, and the notes and other data submitted therewith, shall conform to the requirements of existing law.

(b) Estimates for lump-sum appropriations contained in the budget or transmitted under section 203 shall be accompanied by statements showing, in such detail and form as may be necessary to inform Congress, the manner of expenditure of such appropriations and of the corresponding appropriations for the fiscal year in progress and the last completed fiscal year. Such statements shall be in lieu of statements of like character now required by law.

Sec. 205. The President, in addition to the budget, shall transmit to Congress on the first Monday in December, 1921, for the service of the fiscal year ending June 30, 1923, only, an alternative budget, which shall be prepared in such form and amounts and according to such system of classification and itemization as is, in his opinion, most appropriate, with such explanatory notes and tables as may be necessary to show where the various items embraced in the budget are contained in such alternative budget.

Sec. 206. No estimate or request for an appropriation and no request for an increase in an item of any such estimate or request, and no recommendation as to how the revenue needs of the Government should be met, shall be submitted to Congress or any committee thereof by any officer or employee of any department or establishment, unless at the request of either House of Congress.

Sec. 07. That there is hereby created in the Treasury Department a bureau to be known as the bureau of the budget. There shall be in the bureau a director and an assistant director, who shall be appointed by the President and appointed by him, by and with the advice and consent of the Senate, and shall receive salaries of \$10,000 and \$9,000 a year, respectively. The assistant director shall perform such duties as the director may designate, and during the absence or incapacity of the director or during a vacancy in the office of director he shall act as director. The bureau, under the direction of the Secretary of the Treasury, shall prepare the budget, the alternative budget, and any supplemental deficiency estimates, and to this end shall have authority to assemble, correlate, revise, reduce, or increase the estimates of the several departments or establishments.

Sec. 208. (a) That the director, with the approval of the Secretary of the Treasury, shall appoint and fix the compensation of such attorneys and other employees and make such expenditures for rent in the District of Columbia, printing, binding, telegrams, telephone service, law books, books of reference, periodicals, stationery, furniture, office equipment, other supplies, and necessary expenses of the office, as Congress may from time to time provide.

(b) No person appointed by the director shall be paid a salary at a rate in excess of \$6,000 a year, and not more than four persons so appointed shall be paid a salary at a rate in excess of \$5,000 a year.

(c) All employees in the bureau whose compensation is at a rate of \$5,000 a year or less shall be appointed in accordance with the civil service laws and regulations.

(d) The provisions of law prohibiting the transfer of employees of executive departments and independent establishments until after service of three years and the provision that no civil employee in any department or establishment shall be employed and paid from a lump-sum appropriation in any other department or establishment at an increased rate of compensation as provided in section 7 of the urgent deficiency act of October 6, 1917 shall not apply during the fiscal years ending June 30, 1921, and June 30, 1922, to the bureau.

(e) The bureau shall not be construed to be a bureau or office created since January 1, 1918, so as to deprive employees therein of the additional compensation allowed civilian employees under the provisions of section 6 of the legislative, executive, and judicial appropriation act for the fiscal years ending June 30, 1921, and June 30, 1922, if otherwise entitled thereto.

Sec. 209. That the bureau shall from time to time make a detailed study of the departments and establishments for the purpose of enabling the President to determine what changes (with a view of securing greater economy and efficiency in the conduct of the public service) should be made in (1) the existing organization, activities, and methods of business of such departments or establishments, (2) the appropriations therefor, (3) the assignment of particular activities to particular services, or (4) the regrouping of services. The results of such study shall be embodied in a report or reports to the President, who may transmit to Congress such report or reports or any part thereof with his recommendations on the matters covered thereby.

Sec. 210. That the bureau shall prepare for the President a colligation of all laws or parts of laws relating to the preparation and transmission to Congress of statements of receipts and expenditures of the Government and of estimates of appropriations. The President shall transmit the same to Congress on or before the first Monday in December, 1921, with a recommendation as to the changes which, in his opinion, should be made in such laws or parts of laws.

Sec. 211. That the powers and duties relating to the compiling of estimates now conferred and imposed upon the Division of Bookkeeping and Warrants of the office of the Secretary of the Treasury are transferred to the bureau.

Sec. 212. That the bureau shall, at the request of any committee of either House of Congress having jurisdiction over revenue or appropriations, furnish the committee such aid and information as it may request.

Sec. 213. That under such regulations as the President may prescribe, (1) every department and establishment shall furnish to the bureau such information as the bureau may from time to time require, and (2) the director and the assistant director, or any employee of the bureau when

duly authorized, shall, for the purpose of securing such information, have access to, and the right to examine, any books, documents, papers, or records of any such department or establishment.

SEC. 214. (a) That the head of each department and establishment shall designate an official thereof as budget officer therefor, who, in each year under his direction and on or before a date fixed by him, shall prepare the departmental estimates.

(b) Such budget officer shall also prepare, under the direction of the head of the department or establishment, each supplemental and deficiency estimates as may be required for its work.

SEC. 215. That the head of each department and establishment shall revise the departmental estimates and submit them to the bureau on or before September 15 of each year. In case of his failure so to do, the President shall cause to be prepared such estimates and data as are necessary to enable him to include in the budget estimates and statements in respect to the work of such department or establishment.

SEC. 216. That the departmental estimates and any supplemental or deficiency estimates submitted to the bureau by the head of any department or establishment shall be prepared and submitted in such form, manner, and detail as the President may prescribe.

SEC. 217. That for expenses of the establishment and maintenance of the bureau there is appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$225,000, to continue available during the fiscal year ending June 30, 1922.

TITLE 5.—GENERAL ACCOUNTING OFFICER.

SEC. 301. That there is created an establishment of the Government to be known as the general accounting office, which shall be independent of the executive departments and under the control and direction of the comptroller general of the United States. The offices of Comptroller of the Treasury and Assistant Comptroller of the Treasury are abolished, to take effect July 1, 1921. All other officers and employees of the office of the Comptroller of the Treasury shall become officers and employees in the general accounting office at their grades and salaries on July 1, 1921, and all books, records, documents, papers, furniture, office equipment, and other property of the office of the Comptroller of the Treasury shall become the property of the general accounting office. The comptroller general is authorized to adopt a seal for the general accounting office.

SEC. 302. That there shall be in the general accounting office a comptroller general of the United States and an assistant comptroller general of the United States, who shall be nominated by the President and appointed by him by and with the advice and consent of the Senate, and shall receive salaries of \$10,000 and \$7,500 a year, respectively. The assistant comptroller general shall perform such duties as may be assigned to him by the comptroller general, and during the absence or incapacity of the comptroller general, or during a vacancy in that office, shall act as comptroller general.

SEC. 303. That the comptroller general and the assistant comptroller general shall hold office for seven years, but may be removed at any time by joint resolution of Congress after notice and hearing, when, in the judgment of Congress, the comptroller general or assistant comptroller general has been inefficient or guilty of neglect of duty, or of malfeasance in office, or of any felony or conduct involving moral turpitude, and for no other cause and in no other manner except by impeachment. Any comptroller general or assistant comptroller general removed in the manner herein provided shall be ineligible for reappointment to that office. When a comptroller general or assistant comptroller general attains the age of 70 years he shall be retired from his office.

SEC. 304. That all powers and duties now conferred or imposed by law upon the Comptroller of the Treasury or the six auditors of the Treasury Department, and the duties of the Division of Bookkeeping and Warrants of the office of the Secretary of the Treasury relating to keeping the personal ledger accounts of disbursing and collecting officers, shall, so far as not inconsistent with this act, be vested in and imposed upon the general accounting office and be exercised without direction from any other officer. The balances certified by the comptroller general shall be final and conclusive upon the executive branch of the Government. The revision by the comptroller general of settlements made by the six auditors shall be discontinued, except as to settlements made before July 1, 1921.

SEC. 305. That section 236 of the Revised Statutes is amended to read as follows:

"SEC. 236. All claims and demands whatever by the United States or against them, and all accounts whatever in which the United States are concerned, either as debtors or creditors, shall be settled and adjusted in the general accounting office."

SEC. 306. That all laws relating generally to the administration of the departments and establishments shall, so far as applicable, govern the general accounting office. Copies of any books, records, papers, or documents, and transcripts from the books and proceedings of the general accounting office, when certified under its seal, shall be admitted as evidence with the same effect as the copies and transcripts referred to in sections 582 and 586 of the Revised Statutes.

SEC. 307. That the Comptroller General may provide for the payment of accounts or claims adjusted and settled in the general accounting office, through disbursing officers of the several departments and establishments instead of by warrant.

SEC. 308. That the duties now pertaining to the Division of Public Money of the office of the Secretary of the Treasury, so far as they relate to the covering of revenues and repayments into the Treasury, the issue of duplicate checks and warrants, and the certification of outstanding liabilities for payment, shall be performed by the Division of Bookkeeping and Warrants of the office of the Secretary of the Treasury.

SEC. 309. That the Comptroller General shall prescribe the forms, systems, and procedure for administrative appropriation and fund accounting in the several departments and establishments, and for the administrative examination of fiscal officers' accounts and claims against the United States.

SEC. 310. That the offices of the six auditors shall be abolished, to take effect July 1, 1921. All other officers and employees of these offices shall become officers and employees in the general accounting office at their grades and salaries on July 1, 1921. All books, records, documents, papers, furniture, office equipment, and other property of these offices, and of the Division of Bookkeeping and Warrants, so far as they relate to the work of such division transferred by section 304, shall become the property of the general accounting office. The general accounting office shall occupy temporarily the rooms now occupied by the office of the Comptroller of the Treasury and the six auditors.

SEC. 311. (a) That the comptroller general shall appoint, remove, and fix the compensation of such attorneys and other employees in the general accounting office as may from time to time be provided for by Congress.

(b) All such appointments, except to positions carrying a salary at a rate of more than \$5,000 a year, shall be made in accordance with the civil service laws and regulations.

(c) No person appointed by the comptroller general shall be paid a salary at a rate of more than \$6,000 a year, and not more than four persons shall be paid a salary at a rate of more than \$5,000 a year.

(d) All officers and employees of the general accounting office, whether transferred thereto or appointed by the comptroller general, shall perform such duties as may be assigned to them by him.

(e) All official acts performed by such officers or employees specially designated therefor by the comptroller general shall have the same force and effect as though performed by the comptroller general in person.

(f) The comptroller general shall make such rules and regulations as may be necessary for carrying on the work of the general accounting office, including rules and regulations concerning the admission of attorneys to practice.

SEC. 312. (a) That the comptroller general shall investigate, at the seat of government or elsewhere, all matters relating to the receipt and disbursement of public funds, and shall make to the President when requested by him, and to Congress at the beginning of each regular session, a report in writing of the work of the general accounting office, containing recommendations concerning the legislation he may deem necessary to facilitate the prompt and accurate rendition and settlement of accounts and concerning such other matters relating to the receipt and disbursement of public funds as he may think advisable. In such regular report or in special reports at any time when Congress is in session, he shall make recommendations looking to greater economy or efficiency in public expenditures.

(b) He shall make such investigations and reports as shall be ordered by either House of Congress or by any committee of either House having jurisdiction over revenue, appropriations, or expenditures. The comptroller general shall also, at the request of any such committee, direct assistants from his office to furnish the committee such aid and information as it may request.

(c) The comptroller general shall specially report to Congress every expenditure or contract made by any department or establishment in any year in violation of law.

(d) He shall submit periodically to Congress reports upon the adequacy and effectiveness of the administrative examination of accounts and claims in the respective departments and establishments and upon the adequacy and effectiveness of departmental inspection of the offices and accounts of fiscal officers.

(e) He shall furnish such information relating to expenditures and accounts to the bureau of the budget as it may request from time to time.

SEC. 313. That all departments and establishments shall furnish the comptroller general such information regarding the powers, duties, activities, organization, financial transactions, and methods of business of their respective offices as he may from time to time require of them, and the comptroller general, or any of his assistants or employees, when duly authorized by him, shall, for the purpose of securing such information, have access to and the right to examine any books, documents, papers, or records of any such department or establishment. The authority contained in this section shall not be applicable to expenditures made under the provisions of section 291 of the Revised Statutes.

SEC. 314. That the Civil Service Commission shall establish an eligible register for accountants for the general accounting office, and the examinations of applicants for entrance upon such register shall be based upon questions approved by the comptroller general.

SEC. 315. (a) That all appropriations for the fiscal year ending June 30, 1922, for the offices of the Comptroller of the Treasury and the six auditors are transferred to and made available for the general accounting office.

(b) During such fiscal year the comptroller general, within the limit of the total appropriations available for the general accounting office, may make such changes in the number and compensation of officers and employees appointed by him or transferred to the general accounting office under this act as may be necessary.

(c) There shall also be transferred to the general accounting office such portions of the appropriations for rent and contingent and miscellaneous expenses, including allotments for printing and binding, made for the Treasury Department for the fiscal year ending June 30, 1922, as are equal to the amounts expended from similar appropriations during the fiscal year ending June 30, 1921, by the Treasury Department for the offices of the Comptroller of the Treasury and the six auditors.

(d) During the fiscal year ending June 30, 1922, the appropriations and portions of appropriations referred to in this section shall be available for salaries and expenses of the general accounting office, including payment for rent in the District of Columbia, traveling expenses, the purchase and exchange of law books, books of reference, and for all necessary miscellaneous and contingent expenses.

SEC. 316. That the general accounting office shall not be construed to be a bureau or office created since January 1, 1916, so as to deprive employees therein of the additional compensation allowed civilian employees under the provisions of section 4 of the legislative, executive, and judicial appropriation act for the fiscal year ending June 30, 1922, if otherwise entitled thereto.

SEC. 317. That the provisions of law prohibiting the transfer of employees of executive departments and independent establishments until after service of three years and the provision that no civil employee in any department or establishment shall be employed and paid from a lump-sum appropriation in any other department or establishment at an increased rate of compensation as provided in section 7 of the urgent deficiency act of October 6, 1917, shall not apply during the fiscal year ending June 30, 1922, to the general accounting office.

SEC. 318. That this act shall take effect upon its approval by the President: Provided, That sections 301 to 317, inclusive, relating to the general accounting office, shall take effect July 1, 1921.

Mr. ROBINSON. Mr. President, I have observed in the reading of the bill that it is very similar to the measure passed during the last session of Congress which was vetoed. I should like to have the chairman of the committee reporting the bill state the essential differences, if there are any, between this bill and the one that was considered at the last session.

Mr. McCORMICK. Mr. President, the differences for all practical purposes are confined, first, to section 207. That section follows the text of the bill as it passed the Senate in the

first instance, but differs from the text of the bill reported from conference and passed, in that the present language reads:

There is hereby created in the Treasury Department a bureau, to be known as the bureau of the budget.

The language of the compromise bill ran somewhat as follows:

There is hereby created a bureau of the budget. The Secretary of the Treasury shall be the director thereof.

On page 7, in sections (d) and (e), there are a few lines to permit the transfer of employees now in other bureaus of the Treasury to the bureau of the budget without loss of status or compensation.

If the Senator will turn to page 11, section 303, he will find the section which perhaps he wishes to consider. The bill passed by the last Congress provided that the comptroller general should be appointed for life, and could be removed by concurrent resolution.

Section 303 of the bill before the Senate provides that the comptroller general shall be appointed for seven years, but may be removed by joint resolution.

Mr. ROBINSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Arkansas?

Mr. McCORMICK. Certainly.

Mr. ROBINSON. As I recall it, one of the reasons assigned by the Executive in justifying the veto was that it deprived the Executive of his constitutional power of appointment, or impinged upon it. This bill, as reported, seems to meet that objection by requiring that removal shall be by joint resolution, which, of course, must be either with the approval of the Executive, or passed over his veto by a two-thirds vote. That would seem to meet, in large degree at least, the objection which was urged by the Executive when he vetoed the bill.

Mr. McCORMICK. Let me say to the Senator that I sought such legal advice as I could get in several quarters in order to meet that point as far as possible, and this, in the judgment at least of those very able lawyers, meets it. I might add in this connection that the committee, of which the ranking Member on the Democratic side is the leader of the minority, the Senator from Alabama [Mr. UNDERWOOD], voted unanimously to report the bill now before the Senate.

Mr. ROBINSON. I would like to ask the Senator a question about paragraph (b) on page 7. Is that identical with the provision in the former bill?

Mr. McCORMICK. No, Mr. President. There is a correction in the figure there to make the rate of compensation for these officers in the bureau of the budget correspond to that of officers in the accounting department.

Mr. ROBINSON. I observe that the subsection provides that—

No person appointed by the director shall be paid a salary at a rate in excess of \$6,000 a year, and not more than four persons so appointed shall be paid a salary at a rate in excess of \$5,000 a year.

That creates four positions at a compensation of \$5,000 a year each, and those four positions are taken out of the civil service under a subsequent provision, the provision just following the one I have read. What was the reason for exempting those four positions from the civil-service rules and regulations?

Mr. McCORMICK. The Senator will recall that there was a provision for the same exemption in the bill which passed at the last session. Let me illustrate, if the Senator will permit. There is in the Library of Congress, for example, a very able member of the reference bureau. I do not know whether he would care to be appointed in the budget bureau or not, but he is a student of this subject and he ought to be eligible for appointment in the bureau. It happens that he is of the opposite political faith from my own and comes from the State of the leader of the minority. If I were asked by the director of the budget bureau to recommend a man for appointment, I should most certainly recommend him. We have to build this bureau from the foundation. That is the reason for the exemption of those persons.

Mr. ROBINSON. The Senator has not stated, as I recall his expression, the reason why that person would be disqualified from a civil-service appointment.

Mr. McCORMICK. He is not on the civil-service list.

Mr. ROBINSON. He might easily acquire a civil-service status.

Mr. McCORMICK. He might be older than the law or the regulations would permit. This provision was in the bill as it passed in the last Congress, and the Senator remembers that the Senator from North Carolina [Mr. OVERMAN] had a very important part in drawing that bill; perhaps more important than that of any other Senator.

Mr. SMOOT. This was put in for the purpose of not hampering the budget bureau in getting the best men in the United States.

Mr. ROBINSON. Who, on account of their age, were ineligible under civil-service rules and regulations?

Mr. SMOOT. That is practically the case.

Mr. HARRISON. While the Senator from Illinois is on his feet I desire to ask him a question. I notice that under the bill which passed at the last session the director was to receive \$10,000 a year.

Mr. McCORMICK. That is correct.

Mr. HARRISON. And under this bill he is to receive \$10,000?

Mr. McCORMICK. Yes.

Mr. HARRISON. The assistant director under the other bill was to receive \$7,500 and under this bill he is to receive \$9,000. What is the reason for that change?

Mr. McCORMICK. Mr. President, in conference with the chairman of the House committee in charge of the bill we canvassed the probable duties of the assistant director, especially during the first year or two of the life of the bill. It was his judgment, in which I concurred, that the responsibility of the assistant and the burden of work upon him would be very nearly as great as on the director.

It was our judgment that we would really find difficulty in finding men able to fill the two places, and it was for that reason I made the change, as he did in the bill which he proposed to introduce, and introduced the bill with that salary of \$9,000.

Mr. HARRISON. There are no duties given to the assistant director in this bill that were not given in the other bill?

Mr. McCORMICK. No.

Mr. HARRISON. Under the pending bill the comptroller general will receive \$10,000 a year?

Mr. McCORMICK. Yes.

Mr. HARRISON. The bill which passed the Senate and the House provided that he should receive \$10,000 a year?

Mr. McCORMICK. Yes.

Mr. HARRISON. The assistant comptroller general, under this bill, will receive \$9,000 a year. Is that right?

Mr. McCORMICK. No. If the Senator will turn to page 11, he will find that the assistant comptroller general is to receive \$7,500 a year.

Mr. HARRISON. Why does the bill provide that he is to receive \$7,500 and the assistant director \$9,000?

Mr. McCORMICK. Because in the bureau of the budget a great deal more initiative, a far wider exercise of judgment, will be required of the assistant director than of the assistant comptroller general. It is a more difficult place to fill.

Mr. HARRISON. Referring to the question propounded by the Senator from Arkansas [Mr. ROBINSON], the bill which passed the Senate and the House at the last session did not carry those four places paying \$6,000 each, did it?

Mr. McCORMICK. Has the Senator the bill before him?

Mr. HARRISON. Yes; but I have read it hurriedly.

Mr. McCORMICK. It is my recollection that those places were rated at \$5,000 each in the other bill.

Mr. HARRISON. Why does this bill provide for four places at \$6,000 when the other bill did not?

Mr. McCORMICK. If the Senator will turn to page 15, section (c), he will find the explanation there.

Mr. HARRISON. I find the explanation there. It says:

No person appointed by the comptroller general shall be paid a salary at a rate of more than \$6,000 a year, and not more than four persons shall be paid a salary at a rate of more than \$5,000 a year.

But in the bill which passed the Senate and the House before I find that no person appointed by the director shall be paid a salary in excess of \$5,000; and not more than three persons appointed by him shall be paid salaries at that rate. Why that difference?

Mr. McCORMICK. Because in reintroducing the bill, Mr. President, I believed that the deputies in the office of the director would have to discharge responsibilities fully as great as those in the office of the comptroller general and should be equally well paid.

Mr. HARRISON. But I am wondering if in the committee certain facts were revealed which convinced the committee that the Senate and the House were wrong in the last Congress in making a provision for these employees, not more than three in number to receive not more than \$5,000 a year; but at this time they provide for employees without limit at \$5,000, and in addition to that four at \$6,000.

Mr. McCORMICK. Has the Senator before him the bill which originally passed the Senate—not the bill as reported from the conference?

Mr. HARRISON. This is the act as it passed the House and the Senate.

Mr. McCORMICK. I think if the Senator had the bill as it originally passed the Senate he would find that the provisions of this bill while they differ from the bill as it was reported

from the conference, are substantially identical with those in the bill as it originally passed the Senate.

Mr. HARRISON. I might say to the Senator that I am in thorough sympathy with the purposes of this bill; I hope that much good will flow from it. But at this time, when we are trying to practice very strict economy, and trying to retrench as much as possible and reorganize the various branches of the Government, in order to save expenses and to save the taxpayers of the country from heavy taxes, it is a little strange that we should begin now to embark upon a policy of adding four places at \$6,000 a year when the Senate and the House in the last Congress agreed that they would only put in three places at \$5,000. I do not say that in criticism.

Mr. McCORMICK. What my friend, the Senator from Mississippi, says sounds like an echo of the Baltimore platform of 1912.

Mr. HARRISON. No; I am only following the utterances of Republican leaders on the floor of the Senate and the House at this time, that they are going to retrench.

Mr. McCORMICK. He speaks the very language I have spoken myself and which we will all speak as long as we are in public life.

Mr. HARRISON. I think, Mr. President, in view of the promises the other side of the Senate have made, as well as those we have heard heretofore, and considering the situation in the country to-day, really we ought to strike out those four places at \$6,000 a year, and fix the figure at \$5,000.

Mr. McCORMICK. And save \$4,000 a year.

Mr. HARRISON. That may be quite a good deal for the taxpayers.

Mr. McCORMICK. I joined the Senator the other day in voting \$25,000,000, none of which will go into the pockets of any public servant of the United States.

Mr. HARRISON. Yes; I have voted a good deal, I expect, that I should not have voted, as far as that is concerned. If it is necessary to provide for these four places at \$6,000, if the Senator has anything to reveal in the Senate which would show a difference in the conditions from what existed at the last session in regard to this matter, then he might convince us that \$6,000 should be paid to these men.

Mr. McCORMICK. The Senator from Mississippi very well knows that it is purely a matter of judgment. There is no evidence adducible to prove in advance that a man appointed to one of these positions could earn \$5,000 or \$6,000 or that he would be overpaid or underpaid at either salary.

Mr. HARRISON. I am quite sure of that.

Mr. ROBINSON. Mr. President, I observed in the press a day or two ago a statement that a compromise had been reached between the representatives of the two Houses of Congress touching the important matters in dispute on this bill during the last Congress. It appears that some issue arose as to whether the budget should originate with the President or in the Treasury Department. Can the Senator from Illinois give us any information as to whether a compromise on these matters has been made in anticipation of this legislation by the Senate?

Mr. McCORMICK. Mr. President, the difference of opinion between the committees of the two Houses turned upon that section 207, to which I referred when I first replied to the Senator from Arkansas. It was the view of the House committee expressed in the bill which the House originally passed, to which a majority of the members of the House conference committee adhered, that the bureau of the budget should be immediately responsible to the President; indeed, in the language of the bill, that it should be in the executive office of the President. The Senate committee unanimously held to the other view, that the bureau of the budget should be in the Treasury Department. The result was the compromise provision to which I alluded, which passed both Houses.

Mr. WATSON of Indiana. I would like to ask the Senator if it is understood that under this bill it will be in the Treasury Department?

Mr. McCORMICK. Yes.

Mr. WATSON of Indiana. That is, the bureau is to be under the Treasury Department?

Mr. McCORMICK. Yes. That compromise really satisfied none of us on the Senate side who had to do with the drawing of the bill. It was not very satisfactory to some members of the House committee. The Senator will remember that the convention at San Francisco, over which he presided, declared specifically that the bureau of the budget ought to be placed in the Treasury Department. At a conference held some days ago the President expressed the same opinion. The chairman of the House committee and I agreed upon the language which appears in the first lines of 207. Call it a compromise, if you

will. It seems, on the whole, a vindication of the Senate's position, and that especially of the Senator from Arkansas.

Mr. ROBINSON. One further question. I observe, on page 4, that if the budget exceeds the estimated expenditure the President is directed to make recommendations to Congress for new taxes, loans, or other appropriate action to meet the deficiency, and in the following paragraph (b), if the budget is less than the estimated receipts—that is, if the revenues are greater than are necessary—there is no provision directly contemplating a reduction of taxation.

I wonder whether the Senator has given thought to writing into the bill some express provision looking to a time when, if in the providence of the Almighty we should arrive at a situation when the budget shall be less than the revenues, we might hope for a reduction of our taxes.

Mr. McCORMICK. The Senator will recognize that under section (b) the responsibility is laid on the President to outline a policy either for the reduction of taxes or for the carrying out of works which he may deem necessary.

Mr. ROBINSON. Of course, it is questionable whether Congress can direct the President to make any sort of recommendation at all.

Mr. McCORMICK. And that principle runs through the bill.

Mr. ROBINSON. I believe that if Congress can, as it has attempted to do in the paragraph I referred to a moment ago, direct the President to make recommendations to Congress for new taxes, it has an equal power to direct the President to make recommendations for the reduction of taxes or the payment of existing loans. I wonder why it did not occur to some one charged with responsibility directly in this matter to put that ray of light into the bill?

Mr. OVERMAN. There is nothing in the bill that takes away the power of Congress to levy taxes.

Mr. McCORMICK. Nothing, whatever.

Mr. ROBINSON. The remark of the Senator from North Carolina does not in any sense meet the suggestion that I made. I repeat that if the power of the President to make recommendations to Congress is a constitutional power, then the Congress itself can neither add to nor detract from it. Congress can not tell the President what he should recommend to it. But if we see fit to tell the President, in spite of the constitutional provisions governing the subject, that he must make recommendations for the levying of new taxes if the budget is greater than the estimated revenues, we might on the other hand also suggest to him to make recommendations for a reduction of taxes if the budget is less than the estimated revenues.

Mr. McCORMICK. The provisions touching the character of the budget and the duty of the President were written in the subcommittee. All the aspects of the question to which the Senator from Arkansas refers were considered by that subcommittee. It was not our judgment that we should lay upon the President the hard-and-fast rule that if there were a surplus he should recommend, and recommend only, a diminution of taxation. He might consider the amortization of the public debt or the carrying out of public works.

Mr. ROBINSON. Or the discovery of some new means of increasing the public expenditures.

Mr. McCORMICK. Of course.

Mr. SMOOT. I think both the Senator from Arkansas and the Senator from Illinois will be dead long, long years before such a thing happens.

Mr. ROBINSON. And the Senator from Utah will be in the same unfortunate category.

Mr. SMOOT. No doubt I will.

Mr. WATSON of Indiana. Probably that is why the Senator from Arkansas appealed to Providence on the question of a reduction of taxation, because, judging from the present outlook, if taxes are ever reduced it will be by providential and not congressional action.

Mr. McCORMICK. Mr. President, there are two typographical errors in the bill, which I ask to have corrected by amendment. I move, on page 6, line 17, that the word "or" be inserted after the word "supplemental."

The VICE PRESIDENT. The Secretary will state the proposed amendment.

The ASSISTANT SECRETARY. On page 6, line 17, insert the word "or" after the word "supplemental," so that it will read: "Any supplemental or deficiency estimate."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. McCORMICK. On page 10, line 21, I move that the letter "r," at the end of the word "officer," the last word in the title, be stricken out.

The VICE PRESIDENT. The proposed amendment will be stated.

The ASSISTANT SECRETARY. On page 6, line 21, in title 3, strike out the word "officer" and insert in lieu thereof the word "office."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. McCORMICK. I have no other amendments to offer, and there are no committee amendments.

Mr. HARRISON. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. Strike out subdivision (b), on page 7, embraced in lines 3, 4, 5, and 6, and insert in lieu thereof the following:

No person appointed by the director shall be paid a salary in excess of \$5,000 a year, and not more than three persons appointed by him shall be paid a salary at that rate.

Mr. HARRISON. Mr. President, I merely desire to say in this connection that that is following the exact language of the bill that was passed at the previous session of Congress and which was vetoed by President Wilson. It would seem to me that if at that time the salary was fixed and the number was fixed at that salary, certainly in view of present conditions in the country and the order of retrenchment that is going on we ought not to provide more places at higher salaries. For that reason I have proposed the amendment.

Mr. McCORMICK. Mr. President, I merely wish to repeat what I have already said by way of reply to the Senator from Mississippi on that point. The question of the payment of a salary of \$6,000 a year to four persons as against the payment of a salary of \$5,000 a year to three persons is one of discretion and judgment. I very much hope that the amendment offered by my friend from Mississippi will not be agreed to by the Senate.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Mississippi.

On a division, the amendment was rejected.

Mr. HARRISON. I desire to offer another amendment. On page 6, line 11, I move to strike out "\$9,000" and insert "\$7,500." This is the salary to be paid the assistant director.

I have offered the amendment for the reason that when the legislation was before the Senate at the previous session of Congress it provided for the assistant director to be paid \$7,500 and the director \$10,000. The judgment of the Senate was that the salary of the assistant director should be \$7,500 and the judgment of the House was the same. I see no reason why the salary should be increased at this time \$1,500, as I am quite sure that there are enough of long, lean, hungry, lanky Republicans—

Mr. SMOOT. And Democrats—

Mr. HARRISON. Yes—

Mr. McCORMICK. More Democrats now.

Mr. HARRISON. Yes; if they should have the audacity to ask for it, and would take the position and be glad to serve at that salary.

Mr. McCORMICK. In order to put the position within the reach of the Democrats, I am willing to accept the amendment.

Mr. HARRISON. I thank the Senator. I was in hopes the Senator from Illinois would accept the amendment I offered a moment ago, but on the division I noticed that every Democrat voted to cut down the amount as a matter of economy. If any did not so vote, he escaped my eye and I did not see him. I noticed, too, that all the Republicans present voted to create these four additional places at this very high increase of salary. I am glad to see that the spirit of economy has come over the dreams of the distinguished Senator from Illinois and that he accepts my last amendment.

The VICE PRESIDENT. The proposed amendment will be stated.

The ASSISTANT SECRETARY. The Senator from Mississippi moves, on page 6, in line 11, to strike out \$9,000 and insert in lieu \$7,500.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. KING. Mr. President, may I inquire of the Senator having the bill in charge whether from the aggregate "lump-sum" appropriation there may be created more positions than now exist in these departments? In other words, is there any limitation other than that fixed by the amount appropriated in this bill upon the number of employees that may be brought into service in the various bureaus or subbureaus created?

Mr. McCORMICK. The Senator, who shared in the labor upon the first bill, will remember that there was a limit fixed for the expenditure.

Mr. KING. There was a limit of \$225,000.

Mr. McCORMICK. But there is no other limitation. The committee at the time the bill was drawn did not believe that, creating a bureau de novo, we could fix the exact salaries or the exact number of employees. It was for that reason that we fixed the limit of \$225,000, and if the Senator will remember that was less than the sum we originally proposed to be appropriated for the use of the bureau.

Mr. KING. As the Senator said, I was on the subcommittee in the former Congress that prepared the budget bill which was reported to the Senate. I have had no opportunity to compare the provisions of this measure with the bill passed at the last session of Congress, and my inquiry is addressed rather to ascertaining what, if any, change is made in the bill with respect to the number of employees provided for to serve within the budget bureau.

Mr. SMOOT. I will say to my colleague that there is no question that the \$225,000 will be used if we get the bill in operation by June 30 of this year. What I am afraid of is that the first year there will be a deficiency. That is the only thing I am afraid of.

I wish to call to the attention of my colleague now the fact that there are already applications for deficiency appropriations to the amount of \$330,000,000 pending before the Committee on Appropriations, deficiencies already existing for the present fiscal year, and that is only to take care of the deficiencies until June 30. I think by June 15 the estimated amount of deficiencies will be nearly \$300,000,000.

Mr. McKELLAR. May I ask the Senator from what departments they come principally?

Mr. SMOOT. The State Department, the War Department, the Navy Department, and nearly every bureau in them.

Mr. McKELLAR. They are coming in here wholesale?

Mr. SMOOT. I expected, Mr. President, that deficiency estimates would come in to a limited amount, but I never thought they would aggregate the total which has been reached.

Mr. McKELLAR. Deficiency estimates come in in cases where deficiencies are prohibited by law, or only in instances where the law permits deficiencies?

Mr. SMOOT. I will say to the Senator from Tennessee that I have taken the position that the construction of the law—I mean technically—does not allow a deficiency of any kind, but that the Congress of the United States must make an appropriation.

Mr. OVERMAN. The Senator from Utah will admit that a deficiency may be created where Congress requires certain work to be done and provides that an appropriation shall be made. Then, of course, the department has to go on and spend the money.

Mr. SMOOT. In such a case it is not a deficiency.

Mr. OVERMAN. I refer to a case where the money is not provided by an appropriation but Congress directs that a certain thing be done, and the department has to do it.

Mr. SMOOT. Yes; of course, there is no doubt as to that.

Mr. OVERMAN. But I do not think that Congress has taken any such action. I can not understand why there should be deficiency estimates for \$500,000,000. We have made the appropriations according to the estimates, and where do the deficiencies come from? We gave the departments every cent they asked for.

Mr. SMOOT. No, I will say to the Senator we did not do that.

Mr. OVERMAN. We tried, however, to do what was necessary.

Mr. SMOOT. We gave them every dollar that we thought they ought to have, but we did not give them every dollar for which they asked.

Mr. McKELLAR. The Senator is aware, I presume, that under the construction of the law in matters such as subsistence for the Army the department is allowed to incur deficiencies?

Mr. SMOOT. In emergency matters.

Mr. McKELLAR. In emergency matters.

Mr. SMOOT. Yes; but now they have construed an emergency matter to mean the payment of employees in an ordinary bureau or division of the Government.

Mr. McKELLAR. We are at fault in not making the law perfectly plain, so that deficiencies may not be allowed under such circumstances.

Mr. SMOOT. There is nothing left of the law. With the construction that has been placed upon it, we might just as well repeal it as to have it on the statute books.

Mr. KING. Mr. President, we have discussed upon a number of occasions the provision of the statute to which the Senator from Tennessee and the senior Senator from Utah have re-

ferred, and to what extent it would be applicable as a criminal statute to punish employees of the Government who expend amounts in excess of appropriations made by Congress. I think the statement made by the senior Senator from Utah has been the one accepted generally by the Senate, and his interpretation of the statute has been the one usually accepted, namely, that the act referred to is a penal statute and its provisions are applicable to those officials of the Government who make expenditures in excess of the appropriations made by Congress. Threats have been made from time to time by members of the Appropriations Committee and by other Senators that they would invoke this penal statute if further deficiencies were incurred by the various departments. It seems to me that the Appropriations Committee ought to call the attention of the Attorney General of the United States to the various departments and officials who have incurred obligations not authorized by Congress, with a view to their prosecution. The only way to prevent these enormous deficiencies is to refuse to appropriate to meet them, or send to the penitentiary a number of officials who violate the law. If there were a few prosecutions, I feel sure that this inexcusable practice would cease.

Our Republican friends, now in charge of the Government, attempted in the last appropriation bills to enforce economy in some of the departments. The Appropriations Committee, both the Republicans and the Democrats upon the committee, attempted economies, although they were too liberal in many appropriations which were made; but it now transpires that the Republican officials who were pledged to economy are expending money to the extent of hundreds of millions of dollars in excess of the appropriations made by Congress. I think their conduct is most reprehensible and calls for criminal action against some officials in some of the departments and bureaus. If the Appropriations Committee fails to take up this matter I shall offer a resolution within a few days asking that the matter be referred to the Attorney General for such action as the facts warrant.

There must be some plan adopted to prevent Government from being committed by officials not authorized to do to the payment of hundreds of millions of dollars. These obligations are incurred, and then the departments immediately send in their bills and demand that Congress legalize their illegal acts.

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Do you, the junior Senator from Utah yield to his colleague?

Mr. KING. I yield.

Mr. SMOOT. I will say to my colleague that as to certain appropriations which were made to carry on the Government until June 30 of this year, before six months had elapsed the entire amount had been expended and the departments were running on deficiencies. That was also true last year. This is not the first time that such a thing has happened. Of course, my colleague knows that has been almost the usual rule.

Mr. McCORMICK. Mr. President, let me invite the attention of the twin guardians of the Treasury from the State of Utah to section 218 of the budget bill.

Mr. KING. If the Senator from Illinois intends to indulge in his usual attempts at humor, I decline to yield. There may be a time and place for the humor of the Senator from Illinois. However, if he intends his remarks as a compliment—

Mr. McCORMICK. He did.

Mr. KING. I will say that I wish the Senator from Illinois would practice a little economy and vote with the senior Senator from Utah as well as with other Senators from time to time who favor economy, and are endeavoring to lift the burden of taxation that now oppresses the people.

I wish to say to the Senator from Illinois, since he has raised this question, that unless he and his party practice economy, the electorate will send to the other body, if not to this, men who will carry out economies and reduce the burdens of taxation which are now pressing upon the people. It seems to me that the Senator does not take cognizance of present conditions in the United States. He does not seem to be much concerned about how the money is to be raised to meet the deficiencies that it is evident will be created by the present Republican administration.

In every part of the land business depression exists; bankruptcy threatens thousands of business enterprises. It is a serious question where the revenue is to come from to meet the proper and legitimate expenses of the Government, to say nothing of the illegitimate and extravagant demands that are daily being presented for consideration.

Mr. President, I voted for the budget bill at the last session of Congress; I shall vote for the pending budget bill. I state now, as I stated then, that I do not look for any great reform

to eventuate from the bill. We may have all the budget bills the wit of man can devise, but under our theory of government and under the course of legislation which we have adopted we can not restrain extravagant appropriations until the American people and their representatives here earnestly desire economy and efficiency in the administration of the affairs of the Government. We can not have economy so long as the American people demand that Congress shall undertake the duties of individuals and assume the responsibilities of the States. We can not have economy in the Federal Government so long as the people believe that the Federal Government is the guardian of their lives and the author of their fortunes and misfortunes, and by the creation of boards and departments and bureaus and commissions must take control of the business and lives and activities of the people. When the Government is run as a Government and when the principles of the Constitution are applied in the affairs of the General Government then will be reforms and economies. This bill may accomplish some slight reform, but I predict for it, Mr. President, a substantial failure, and I predict that the advocates of the measure will be profoundly disappointed in its operations and in the results which will flow from it.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.