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## THE HOOVER COMMISSION REPORTS ON FEDERAL REORGANIZATION

JOHN W. LEDERLE\*

This year, more than at any time in American history, public attention is being focused on the organization and management of the federal government. The extensive publicity attendant upon the investigations and recommendations of the Commission on the Organization of the Executive Branch of the Government,<sup>1</sup> commonly known as the Hoover Commission, has for the first time made the average citizen conscious of administrative principles heretofore little discussed outside the class room or the bureaucracy. It will take leadership to marshal this new public awareness in support of a constructive program of administrative reorganization. The legal profession, as always, must supply much of this leadership.

One thing is clear: The problem of executive branch organization is a big one! The federal government in recent years has impressed many citizens as being more like a menacing octopus than a servant of the people. Since the 1920's the number of civilian employees has grown from 570,000 to over 2,000,000; the number of bureaus, sections, services and units has quadrupled to over 1,800; annual federal expenditures have jumped from \$3,600,000,000 to more than \$42,000,000,000;

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<sup>1</sup> The Commission's findings and recommendations are set forth in nineteen separate reports (available from the Superintendent of Documents, U. S. Government Printing Office) as follows: 1. *General Management of the Executive Branch* (\$.20); 2. *Personnel Management* (\$.25); 3. *Office of General Services—Supply Activities* (\$.20); 4. *The Post Office* (\$.10); 5. *Foreign Affairs* (\$.25); 6. *Department of Agriculture* (\$.20); 7. *Budgeting and Accounting* (\$.35); 8. *The National Security Organization* (\$.15); 9. *Veterans Affairs* (\$.15); 10. *Department of Commerce* (\$.15); 11. *Treasury Department* (\$.15); 12. *Regulatory Commissions* (\$.15); 13. *Department of Labor* (\$.15); 14. *Interior Department* (\$.30); 15. *Social Security, Education and Indian Affairs* (\$.25); 16. *Medical Activities* (\$.25); 17. *Business Enterprises* (\$.40); 18. *Overseas Administration—Federal-State Relations—Federal Research* (\$.20); 19. *Concluding Report* (\$.60). The reports were published between January and May, 1949, and are listed in chronological order of publication. For the best detailed summary of these reports see "Summary of Reports of the Hoover Commission," 9 *Public Administration Review* 73-99 (1949).

the annual debt per average family has shot up from approximately \$500 to about \$7,500.<sup>2</sup> It is little wonder that many citizens look back with nostalgic yearnings to the 1920's.

Yet the clock is not likely to be turned back. The impact of the Depression led the federal government into many new areas of regulation of private enterprise or of direct social service. The impact of World War II and the universal recognition of America's inevitable involvement in international problems, has influenced the growth and costs of the federal government even more than did the Depression.<sup>3</sup> While it is conceivable that cutbacks in some services might be made, economizers in our national legislature are never able to marshal more than generalized support. When the economizers point to specific spots where cuts should be made, their brothers jump ship. Big Government is with us and is likely to stay.

As Woodrow Wilson pointed out in his classic essay, "The Study of Administration", the expansion of governmental services, with consequent enlargement of personnel, geographical area and expenditures, has inevitably called for a shift of emphasis in the study of government. Lawyers and political scientists for centuries devoted their attention to the problem of the *constitution* of government to the exclusion of the problem of its *administration*. In Wilson's words, "The question was always: Who shall make law, and what shall that law be? The other question, how the law should be administered with enlightenment, with equity, with speed, and without friction, was put aside as 'practical detail' which clerks could arrange after doctors had agreed upon principles."<sup>4</sup> Calling for a new science of administration, Wilson concluded: "The weightier debates of constitutional principle are even yet by no means concluded; but they are no longer of more immediate practical moment than questions of administration. It is getting to be harder to *run* a constitution than to frame one."<sup>5</sup>

While study of federal administration should be continuous and systematic, it has been our practice to make such investigations only at intervals. The Commission on Economy and Efficiency during President Taft's administration did some noteworthy work.<sup>6</sup> The President's

<sup>2</sup> Report on *General Management of the Executive Branch*, p. viii.

<sup>3</sup> On p. 4 of its *Concluding Report* we find this significant comment, "It now costs more each year to pay the interest on the national debt than it did to pay the total cost of the Federal Government 16 years ago."

<sup>4</sup> Woodrow Wilson's essay originally appeared in 1887 in Volume 2 of the *Political Science Quarterly* at p. 197. In 1941 it was reprinted in Volume 56 of the *Political Science Quarterly* at p. 481 and the quotation is from pp. 482-483 of this reprint.

<sup>5</sup> 56 *Political Science Quarterly*, p. 484.

<sup>6</sup> See *Message of the President of the U. S. Submitting for the Consideration of the Congress a Budget*, (Sen. Doc. No. 1113, 62 Cong. 3 Sess.); *Message of the President of the U. S. Transmitting the Reports of the Commission on Economy and Efficiency* (House Doc. No. 1252, 62 Cong., 3 Sess.); *Message of the President of the U. S. on Economy and Efficiency in the Govern-*

Committee on Administrative Management, which reported in 1937,<sup>7</sup> focused attention on the Topsy-like growth of federal agencies and called for rational solution rather than the usual policy of ad hoc improvisation. Finally, the problems associated with the transition from war to peace, from an isolationist to an internationalist position, led to the establishment in 1947 of the Commission on Organization of the Executive Branch of the Government.

The chairman of this latest investigating body turned out to be Herbert Hoover,<sup>8</sup> a man of wide experience, but a man whose social philosophy and outlook were notoriously unsympathetic with recent trends toward a Welfare State. For those concerned about present governmental trends the name of Herbert Hoover lends conservative testimonial value to the Commission's conclusions and his association with the investigation should do much to allay the suspicions of those who would be quick to smell a New Deal or Fair Deal whitewash.

The Commission on Organization of the Executive Branch of the Government was established by virtue of Public Law 162, 80th Congress, approved by President Truman on July 7, 1947. Section 1 of the Act is a declaration of policy of the Congress to promote "economy, efficiency and improved service" in the executive branch of the Government by:

"(1) limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions;

"(2) eliminating duplication and overlapping of services, activities, and functions;

"(3) consolidating services, activities, and functions of a similar nature;

"(4) abolishing services, activities, and functions not necessary to the efficient conduct of government; and

"(5) defining and limiting executive functions, services, and activities."

This language and the statements by Congressmen during committee hearings on the Act are eloquent testimony to the economy-mindedness of supporters of the Commission idea. Despite Mr. Hoover's subsequent press statements about the millions to be saved by adoption of this or that Commission reorganization proposal, drastic reductions in the cost of the federal government are not to be expected.

*ment Service* 2 Vols. (House Doc. 458, 62 Cong., 2 Sess.); *The Need for a National Budget* (House Doc. No. 854, 62 Cong., 2 Sess.).

<sup>7</sup> See President's Committee on Administrative Management, *Report with Special Studies* (Washington: U. S. Government Printing Office, 1937).

<sup>8</sup> The other distinguished members of the Commission were Dean Acheson, Vice-chairman, Arthur S. Fleming, James Forrestal, George H. Mead, George D. Aiken, Joseph P. Kennedy, John L. McClellan, James K. Pollock, Clarence S. Brown, Carter Manasco, James H. Rowe, Jr.

Indeed, economy is likely to prove an illusion if made the prime objective of reorganization.

Large reductions in the cost of government will only come about through large reductions in services and activities. Scrutiny of the Commission's mandate reveals no lack of authority to question the wisdom of existing federal programs and the level of federal services. Nevertheless the Commission "focused its attention mainly on how efficiently present services were being performed, rather than on the question of whether they should or should not be performed."<sup>9</sup> Generally eschewing recommendations about governmental policy as being more properly in the domain of Congressional determination, the Commission restricted itself to the relatively mechanical task of rearranging and revising existing agencies. Such an approach is hardly calculated to bring about substantial reduction in federal governmental costs.<sup>10</sup> The Commission, in effect, tossed the ball back to Congress.

Even had the Hoover Commission seriously recommended reduction of federal functions, that would not necessarily have meant reduction in overall governmental costs. As citizens supporting state and local governments, not merely the federal government alone, we should be perfectly clear that when the federal government sloughs off a particular service, it invariably is taken up as a service by the state or local governments. What appears as an economy by the federal government is in practice very likely to turn up on the budget of another level of government as a new service.

Section 3 of the Act provided that the Commission should be composed of twelve members as follows:

"(1) Four appointed by the President of the United States, two from the executive branch of the Government and two from private life;

"(2) Four appointed by the President pro tempore of the Senate, two from the Senate and two from private life; and

"(3) Four appointed by the Speaker of the House of Representatives, two from the House of Representatives and two from private life."

Of each class of two members to be thus appointed one member was to be from each of the two major political parties. It was felt that by this method of organization, in which the legislative as well as executive branches would be represented, in which party politics would be in balance, legislative-executive and party suspicions and antagonisms might be alleviated and objective conclusions arrived at.

<sup>9</sup> *Concluding Report*, p. 3.

<sup>10</sup> Cf. Ferrel Heady, "The Reports of the Hoover Commission," 11 *Review of Politics* 355, at pp. 376-377.

The earlier President's Committee on Administrative Management had been initiated by the President alone. Its three private-citizen members were appointed by the President without legislative intervention. Because of its independent origin, Congress was suspicious, if not resentful. Enactment into law of the Committee's recommendations was subsequently drowned in the cry "Dictator Bill." The Hoover Commission, in contrast, is a product of legislative-executive cooperation.

But the attempt to meet one problem in this manner meant the creation of new ones in a different area. In the desire to secure major party balance as well as legislative, executive and private citizen representation, the Commission grew to the almost unwieldy number of twelve. Such a large body, recruited from such a variety of backgrounds, suffered from inability to agree. Basic principles of administration needed to be watered down in the process of securing unanimity. The executive and legislative members tended to reflect in uncompromising terms the views of the constituency from which they were appointed. The private citizen members, like Mr. Hoover himself, often found it difficult as Commissioners to accept or support Congressional policies as to federal functions after they had devoted their lives to attacking them. These factors in part explain why the various Hoover Commission reports lack the internal coherence, unanimity and beauty of style which characterized the *Report of the President's Committee on Administrative Management*.

The experiment with legislators as members did not work out entirely as planned. The Senators and Representatives selected were, generally speaking, the ranking majority and minority members of the Committees on Expenditures in the Executive Departments of the respective Houses. When the 81st Congress assembled, Senator Aiken was no longer a member of the Senate Committee and Congressman Brown had likewise ceased to be a member of the House Committee. Congressman Manasco had been defeated for reelection and stayed on the Hoover Commission in a lame duck capacity. Outstanding legislative supporters of the Commission idea, like Henry Cabot Lodge, Jr., were not appointed to it. In the case of Senator McClellan, who became chairman of the Senate Committee on Expenditures in the Executive Departments after the Democratic victory in the 1948 elections, special status was given to a man who has subsequently sabotaged the important Commission recommendation for two-house veto of reorganization plans.

In conducting its investigation the Hoover Commission early decided to delegate detailed study to special "task forces." First sessions of the Commission were devoted to dividing the prospective work into functional and departmental segments and selection of persons and

organizations to assume responsibility for investigating these segments.<sup>11</sup> Ultimately some 24 task forces, with some 300 outstanding experts participating, made the detailed investigations. The Commission Reports are based upon the task force studies, many of which have been printed as appendices A to R of the Commission reports proper.

In thus decentralizing the detailed investigations to task force groups the Commission was able to enlist the services of outstanding men from public life, private business and the academic profession. The Commission recommendations are strengthened by such testimonial support. The alternative of centralizing the investigations in the Commission and of developing a large staff of experts and researchers under immediate Commission supervision was rejected.

On the whole the task forces did quite creditable work and some of them made first-rate studies. On the other hand, a few of the task forces, notably the one studying Federal Field Offices, were complete failures. This has made for some gaps in the Hoover Commission findings and recommendations. The task force approach placed a premium upon central coordination of 24 separate investigations and, from the hindsight point of view, can be criticized as leaving the Commission with an almost impossible burden of pulling together task force ideas for inclusion in Commission reports proper. There was, in fact, insufficient coordination of the separate task force investigations. The great bulk of task force written product proved extremely difficult for Commission members to digest in the short time available. No doubt this influenced the Commission in its own choice of filing a series of reports rather than one report. This investigative approach adversely affected unity of purpose and style.

The direct printed product of the Commission investigation is formidable. The findings and recommendations of the Commission proper are scattered through eighteen reports and a *Concluding Report*, constituting over eleven hundred pages of text. In addition, many of the task force studies were published by the Commission, constituting over twenty-four hundred printed pages. Finally other task force studies were mimeographed. It is little wonder that the Congress and the public are well aware that there has been a Hoover Commission "report" but that they are ignorant of its contents.

A careful analysis reveals a total of 277 specific recommendations by the Commission. Bureau of the Budget representatives were assigned the task of working out the details for effectuating the recommendations.<sup>12</sup> They concluded that simple administrative action will carry out 114 of the recommendations. The President will be able to

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<sup>11</sup> Report on *General Management of the Executive Branch*, p. ix.

<sup>12</sup> See "Condensed Summary of Hoover Commission Reports and Action to be Taken," 95 *Congressional Record* (daily edition) 6335-6 (May 16, 1949).

effectuate 80 recommendations by reorganization plans submitted for Congressional approval under the Reorganization Act of 1949. Finally there will have to be substantive legislation in 106 instances and appropriations legislation in 18 instances.

It is obviously impossible to cover specifically all of the findings and recommendations of the Hoover Commission. Nor would such a discussion be desirable. Instead attention will be focused on some of the major recommendations and underlying ideas.

Perhaps the most important idea underlying the Commission's recommendations is that the President should be a real Chief of Administration. He should have not less power but more power over administration. This is not a new idea, for it was likewise the key idea in the *Reports of the President's Committee on Administrative Management*. To many sincere citizens, including many members of the legal profession, this idea smacks of dictatorship. Division and diffusion of power, they think, is a sounder approach; they distrust and fear holders of public office. But they are wrong. Woodrow Wilson once wrote:

"And let me say that large powers and unhampered discretion seem to me the indispensable conditions of responsibility. Public attention must be easily directed, in each case of good or bad administration, to just the man deserving of praise or blame. There is no danger in power, if only it be not irresponsible. If it be divided, dealt out in shares to many, it is obscured; and if it be obscured, it is made irresponsible. But if it be centered in heads of the service and in heads of branches of the service, it is easily watched and brought to book."<sup>13</sup>

A second fundamental theme underlying a number of the specific recommendations is that many federal activities need to be administratively decentralized. To this most Americans will gladly say Amen. Much of the delay, inflexibility and red tape in federal administrative operations could be alleviated, if not be entirely avoided, through administrative decentralization. Too many papers must travel to Washington for review before decisions can be made. Particularly in the fields of purchasing and personnel do we find undue centralization.

Assuming that the President should be Chief of Administration, the Commission investigations revealed all kinds of restrictions and obstacles in his way and commented:

"It is not any one of these factors alone but, like the Lilliputian threads that bound Gulliver, it is the total complex of these restrictions—lack of organization authority; grants of independent executive powers to subordinate officials; restrictive controls over personnel; divided controls over accounting and preaudit of expenditures; diffusion of the spending power of

<sup>13</sup> 56 *Political Science Quarterly* 497-498.

appropriations; overly detailed legislation—that weakens the powers of management in the executive branch and makes it difficult if not impossible to fix responsibility.”<sup>14</sup>

As in so many instances, so in that of improving administrative efficiency, much of our difficulty may be traced to the legislative branch. Real advances, paradoxically, call for the legislature lifting its heavy hand and allowing greater executive discretion in order to assure greater executive accountability.

The Commission called for a sharpening of the executive's tools of management—fiscal, personnel, supply and housekeeping. In the fiscal field the Commission found much fault with the budget process. It advocated substitution of a “performance budget,” which would set forth and “analyze the work of Government departments and agencies according to their major functions, activities or projects,” for the existing budget which concentrates on things to be acquired, such as supplies, equipment and personal services.<sup>15</sup> To enable the tightening of Presidential controls over spending, a majority of the Commission advocated an Office of Accountant General, under the Treasury Department, to prescribe accounting methods. With better accounting Congress, the President and the public would for the first time have accurate, up-to-the-minute information on the fiscal situation.

In the personnel field the Commission noted that the Civil Service Commission recruitment procedures have been “slow, impersonal and cumbersome.”<sup>16</sup> Unlike the 1937 President's Committee on Administrative Management, the Hoover Commission could not quite come to accepting the view that the Civil Service Commission should be replaced by a single Civil Service Administrator. A compromise solution calls for strengthening the position of the Chairman of the Civil Service Commission vis-a-vis his associates on the Commission, and stresses that he should “serve as the President's principal staff advisor on civil service problems.”<sup>17</sup> The Hoover Commission was particularly disturbed by the failure to take “aggressive steps to build corps of administrators of the highest level of ability with an interest in the program of the Government as a whole,”<sup>18</sup> and by the inadequate attention given by Congress to civil service compensation.

Shocking waste was discovered in the chief housekeeping services—supply, records management and building maintenance. It was found that the federal government spends more than \$6 billion a year for supplies and holds military and civilian warehouse inventories of \$27 billion. Central coordination of purchasing is lacking. Warehouses are

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<sup>14</sup> *Concluding Report*, p. 8.

<sup>15</sup> *Ibid.*, pp. 13-17.

<sup>16</sup> *Ibid.*, p. 18.

<sup>17</sup> *Ibid.*, p. 19.

<sup>18</sup> *Ibid.*, p. 18.

poorly located and carry duplicating inventories. "There have been as many as 17 unrelated systems of property identification in use at one time."<sup>19</sup>

Turning to the handling of records, a subject long familiar to lawyers in the management of their own offices, it was discovered that government records occupy space equivalent to six Pentagon buildings. Fully half of these records are not currently used. The Commission called for the orderly destruction of useless records and transfer of infrequently used records to more inexpensive quarters.

To coordinate and tighten up housekeeping activities the Commission recommended the establishment of an Office of General Services, to be attached to the Executive Office. It would have subdivisions dealing with purchase and storage, traffic management, specifications, property identification, inspection and property utilization. Such a reorganization would produce real savings, the Commission predicted.

So much for some of the President's tools of management. Let us turn to the operating units of the executive branch, to the great departments and agencies, and particularly to their relations with the President. The Commission found "there are 65 departments, administrations, agencies, boards and commissions engaged in executive work, all of which report directly to the President—if they report to anyone . . . It is manifestly impossible for the President to give adequate supervision. . . ." <sup>20</sup> The Commission made a detailed study of these operating agencies and many of the recommendations are directed to consolidating them into about one-third of the present number. Departmental major purpose would be the touchstone for determining where the various functions and activities would finally be allocated. This process of reallocation and consolidation is now going on with attendant pressures and counter-pressures and anguished bureaucratic cries. The President's Committee of 1937 did not succeed in reducing the President's "span of control" to a recommended twelve departments. The Hoover Commission goal of somewhat more than twenty is an objective more likely to be achieved.

One area of investigation which might profitably have been developed further by the Commission is that of collective consideration of government-wide problems by the President's Cabinet. Since World War I the British Cabinet has evolved some interesting techniques for collective consideration and coordination of administrative activities. The potentialities of the American Cabinet have never been tapped; an adequate secretariat to prepare the ground in advance for Cabinet discussions is sadly lacking. While the American President is entirely free to use or ignore his Cabinet, the Commission would have

<sup>19</sup> *Ibid.*, p. 23.

<sup>20</sup> Report on *General Management of the Executive Branch*, pp. 35-36.

done well to present some striking proposals suggesting that he should consider the British experience. The ad hoc interdepartmental committees suggested by the Commission to deal with individual sore thumb situations are a poor resort at best. The Cabinet could be developed into a effective council of material assistance to the President.

Space will not permit further discussion of the detailed Commission recommendations. Certain it is that federal executive organization has received the most careful investigation in the nation's history. The Hoover Commission has laid the administrative structure bare. We now know most of the facts. The Commission's investigation was conducted with the utmost sincerity and with a total absence of partisanship. Its recommendations, while not startling, offer a constructive program for improving administrative efficiency in the federal government. The Commission, now disbanded, can take credit for a job well done.

The next step, that of implementing the Commission's recommendations, is likely to be a difficult one. It is not enough that the President and a few leaders of the Senate and House be interested in putting the recommendations into practice. They will only be effectuated if backed by a strong public opinion. The great danger is that the reforms may be sabotaged and prevented by the artful diversion of public attention from the general to the specific. Opponents of reorganization will win out if they can get the public confused over details. Many specific reforms are in the realm of the debatable; and there will be present those who love to debate.

However, the Commission rightly warns of the "danger of piecemeal attack." As the Commission points out, "It is essentially true that large numbers of our recommendations are interrelated, and that failure to bring about a needed change in one area will greatly diminish the chances of successful reform in another."<sup>21</sup> The history of past reorganization efforts is eloquent testimony to the ineffectiveness of piecemeal reform.

Already, just as in the past, vigorous opposition to specific reforms is arising from the agencies and their clientile groups. Members of the Senate and House who have a vested interest in the existing administrative structure will be more than ready to grant exemptions.<sup>22</sup> If the public believes, as it should believe, that the Commission's recommendations represent a well-rounded program for administrative improvement, it will be well advised to demand their wholesale adoption without questioning too much the whys and wherefores in specific instances.

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<sup>21</sup> *Concluding Report*, p. 47.

<sup>22</sup> In this connection we need only note the pressures to exempt the Army Corps of Engineers.