

THE COMMISSION ON ORGANIZATION OF THE
EXECUTIVE BRANCH OF THE GOVERNMENT

overseas administration
federal-state relations
federal research



A Report to the Congress

MARCH 1949

Administration Of Overseas Affairs

*A report to the Congress by the Commission on
Organization of the Executive Branch of
the Government, March 1949*

Commission Report on Federal-State Relations, p. 19

Commission Report on Federal Research, p. 41

**The Commission on Organization of The
Executive Branch of the Government**

HERBERT HOOVER, *Chairman*

DEAN ACHESON, *Vice Chairman*

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Letter of Transmittal

WASHINGTON, D. C.,

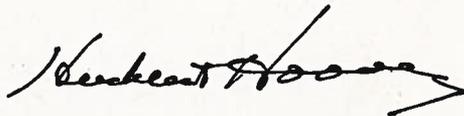
25 March 1949.

DEAR SIRs: In accordance with Public Law 162, Eightieth Congress, approved July 7, 1947, the Commission on Organization of the Executive Branch of the Government submits herewith its report on Overseas Administration.

The Commission wishes to express its appreciation for the work of its task force on Territories and Dependencies and for the cooperation of officials of the various departments and agencies concerned.

Vice Chairman Dean Acheson, Secretary of State, and Commissioner James Forrestal, Secretary of Defense, by reason of the positions which they occupy in the Executive Branch and their direct relationship to certain immediate occupied areas questions, have abstained from participation in the views expressed in this report.

Respectfully,



Chairman.

The Honorable

The President of the Senate

The Honorable

The Speaker of the House of Representatives

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Administration of Overseas Affairs¹

The war and its aftermath have created new and heavy operational and promotional responsibilities abroad. The magnitude of the problem is indicated by the fact that our Government is now spending over a billion dollars a year for military government and occupation costs in 4 countries and over \$4 billion a year to support the economic recovery of 19 European nations. In addition, the Government continues to pursue its historical function of governing its territories, has responsibilities overseas for the disposal of surplus property, and has recently acquired new responsibilities of trusteeship in several Japanese mandated islands.

¹ **ABSTENTION:** Vice Chairman Dean Acheson, Secretary of State, and Commissioner James Forrestal, Secretary of Defense, by reason of the positions which they occupy in the executive branch and their direct relationship to certain immediate occupied areas questions, have abstained from participation in the views expressed in this report.

DEAN ACHESON
Vice Chairman

JAMES FORRESTAL
Commissioner

The Problem

Most of the problems relating to occupation, military government, and assistance to other nations arose so rapidly that time did not permit adequate planning in terms of our total responsibilities abroad. As a result, we have had confusion, inconsistencies and uncertainty of policy and program, with the inefficiencies which inevitably follow as a result of improvisation and lack of over-all planning.

Our overseas programs are scattered in at least four major departments, a large independent agency, and several smaller ones. The administration of military government of the occupied areas of Germany, Austria, Japan, and Korea rests with the Department of the Army. The Panama Canal is also under the supervision of the Secretary of the Army. The Trust Territories of the Pacific, Guam, and Samoa are administered by the Department of the Navy. Several territories, including Alaska, Hawaii, Puerto Rico, the Virgin Islands, and a few small islands in the Pacific are, from an organizational standpoint, part of the Department of the Interior. In the Department of State are activities concerned with the liquidation of surplus property abroad, policy direction of occupied areas, and special missions. The independent agencies with operations overseas are the Economic Cooperation Administration, the American Battle Monuments Commission, the Philippine Alien Property Administration, and the Philippine War Damage Commission.

Occupied Areas

The problem of occupied areas is peculiar in several respects. In the first place, the Government's responsibility in those areas is divided, the State Department being assigned responsibility for formulation of policy and the Department of the Army for execution and administration of policy.

As we have pointed out in our report on Foreign Affairs, serious friction has existed in this arrangement from the outset.

The basic difficulty has been the uncertainty and delay in the preparation and enunciation of policy and the consequent tendency of the administrative agency, through its daily decisions, to make its own policy.

Second, it has been clearly demonstrated that at times it is impossible to draw a clear line between operations and foreign policy.

Third, the Army having completed the primary task of demilitarization in the occupied areas, and having set up civil governments under democratic constitutions, has expressed its desire to be relieved of the task of military government. The transfer of responsibility for the civil or nonmilitary aspects of administration to the State Department has been given frequent consideration during recent years, and a transfer of the American Zone in Germany, scheduled for July 1948, was indefinitely postponed.

The current view of the State Department is that it should not assume responsibilities of an operational nature except in unusual circumstances. The Department of the Army, on the other hand, admits it is ill-equipped to deal adequately with present day responsibilities of a nonmilitary nature in the occupied areas. The major purpose of the Department is to protect the security of the United States, whereas the current program in the occupied areas is concerned with advising the governments under occupation on problems of civil liberties, representative forms of government, democratic procedures, and other matters totally unrelated to the Department of the Army's major purpose, and in some instances not even compatible with it.

Apart from maintaining constabulary forces and giving logistical support, the Department's officers are not trained for the current requirements of occupied areas. While it is true that most of the purely military personnel have been replaced by civilians in the military governments, most of those who remain developed skills in military government as a result of individual initiative and hard effort after they arrived on the scene.

We are thus faced with the practical dilemma of having a department charged with a responsibility unsuited to its normal operations and wishing to be relieved of it, and yet having in the present executive structure seemingly no appropriate place for the function.

European Recovery

The organizational status of the Economic Cooperation Administration presents a somewhat different problem. On recommendations of the Secretary of State and Congressional Committees, the Congress decided not to place the European Recovery Program within the State Department. But because the administration of the program involves high level United States policy, the Secretary of State has been authorized, in consultation with the Economic Cooperation Administrator, to conclude the basic agreements with the participating countries. The Economic Cooperation Administration enabling act provides that the Administrator and the Secretary of State "shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other."

Whenever differences arise between them, having a bearing either on foreign policies or operations, which cannot be reconciled by consultation, such matters are referred to the President for decision. Here again, divided responsibility has created difficult administrative problems and has not contributed to the singleness of purpose which is so desirable in administration.

The administration of the program has also been assigned to personnel drawn from other agencies and private industry, many of whom have been engaged on a short term basis without the security of tenure which contributes to stability of operation.

Trust Territories and Unorganized Possessions

Another type of problem is presented by our organization for the administration of the Trust Territories of the Pacific and the Island Possessions of Guam and Samoa. Responsibility for these areas was assigned to the Department of the Navy by Executive order, and they are administered by a high commissioner who is also Commander-in-Chief of the Pacific Fleet.²

Trusteeship for the former Japanese mandated islands of the Carolines, Marshalls, and Marianas was given to the United States by international agreement under the United Nations Charter in 1947. Under the provisions of the Charter, the United States has the obligation:

to promote to the utmost . . . the well being of the inhabitants of these territories . . . [and is directed] to develop self-government, to take due account of the political aspirations of the people, and to assist them in the progressive development of their free political institutions, according to the particular circumstances of each territory and its peoples and their varying stages of advancement . . .

Guam and Samoa, on the other hand, have been under Naval control under Executive orders for the past half century. Congress has yet to define the civil rights and political status of their inhabitants, despite the fact that the Treaty of Paris provided that this would be done, at least with respect to Guam. Here again the transfer of jurisdiction of these islands from military to civilian control has been urged on

²The Trust Territories were assigned to the Department of the Navy by the President "on an interim basis."

numerous occasions and has been formally approved by the Secretaries of State, War, Navy, and Interior, and by the President himself.

Our task force on Territories and Dependencies has pointed out that the principal government functions of these areas are in the fields of education, public health, social welfare, agriculture, and economic development—not to mention the more fundamental problem of working out the most fruitful relationships between advanced and backward people. These responsibilities do not fall within the special competence of the Navy Department or its personnel. The policy of rotating officer personnel every 18 months is not conducive to progressive, consistent, and stable administration. Furthermore, continuance of this function under the Department of the Navy represents a diversion of naval manpower and resources from the Navy's primary purpose. Finally, what is perhaps even more important is that it is incompatible with basic American principles to have civilians under military control for extended periods of time.

Organized Territories

Still another problem of organization is presented by the location of the Division of Territories and Island Possessions in the Department of the Interior. This Division is assigned responsibility for the Territories of Alaska, Hawaii, Puerto Rico, the Virgin Islands, and several small islands in the Pacific. In another report we are recommending that the

Department of the Interior be reorganized so that its major purpose will be natural resource activities and public works. Thus the retention of the territories in that Department, if not incompatible, is at least totally unrelated to the Department's major purpose.

Even within the Department of the Interior, as presently constituted, the organization for territorial administration is not satisfactory. Nowhere, either by Executive order or statute, are the powers and duties of the Division of Territories and Island Possessions enumerated. Even though required to do so by Executive order, other departments of the executive branch have consistently failed to report to the Department of the Interior on their operations in the territories. The administration of the territories has thus suffered from uncertainty of jurisdiction and from the inevitable conflicts that have arisen as a consequence.

As with other overseas areas we have failed to develop a staff of administrators with special training for this purpose. We have never had an agency in the executive branch responsible for general policy formation with respect to the territories; and if we have a policy at all it has been one of "muddling through" and "indifference."

All of these activities, despite their diversity, have in common the element of administrative planning and operation necessary to effectuate the aims of United States policy beyond the Nation's boundaries. They have a common need for a competent corps of administrators with aptitude and special training for the problems of overseas administra-

tion. While it is expected that only a few of these programs are of a definitely permanent nature, the task of overseas administration is assuredly going to be of major concern as far into the future as we can make organizational plans.

Recommendations

The attention of our task force was directed only to the problems of the territories and possessions and a field survey was not attempted. Among the principal recommendations made by the task force was a recommendation for the creation of an Office of Territories which should be strengthened, and assigned control over Guam, Samoa, and the Trust Territories of the Pacific by transfer of responsibility from the Navy Department. The functions now vested in the Division of Territories and Island Possessions in the Department of the Interior also would have been included.

The location of this function was suggested in terms of three alternatives:

- a.* Placing the function in the President's Office.
- b.* Assigning it independent agency status.
- c.* Placing it within the Federal Security Agency, or its successor.

The Commission is taking no position on this recommendation because it represents only a partial answer to the problem of overseas administration, and we feel that a decision on this problem should not be made until some disposition is also made of the organizational questions which relate to occupied areas, the Economic Cooperation Administration, certain operating functions in the State Department, and the smaller

independent agencies of the American Battle Monuments Commission, the Philippine Alien Property Administration, and the Philippine War Damage Commission.

We are suggesting at least two other alternatives which should be given serious consideration.

First: The first alternative, which also represents only a partial solution, would be to remove the responsibility for the administration of occupied areas and the Panama Canal from the Department of the Army, and Island Possessions and Trust Territories from the Department of the Navy, and assign these functions to a Special Secretary who would report directly to the Secretary of Defense.

This would at least accomplish some integration of overseas administration. It would improve the organizational status of these important responsibilities by placing them in a higher position in the Military Establishment. It would provide an answer to the objection that occupied areas and territories should not be under direct military control. It would provide another step toward unification of the Military Establishment, and could facilitate the development of a nonmilitary corps of administrators. Finally, if the Service Secretaries participation in the Security Council is eliminated, as recommended in our National Security Report, this would also indicate the advisability of bringing these problems to the Secretary of Defense level.

Such a reorganization, however, would still leave unresolved the problems of organizational status for the self-gov-

erning territories, the Economic Cooperation Administration, foreign property liquidation, and the miscellaneous agencies having administrative responsibilities overseas.

Second: Perhaps the alternative presenting the greatest possibilities for integrating overseas administrative activities would be to create a separate Administration of Overseas Affairs, to which would be transferred all administrative responsibilities abroad, excluding, of course, the diplomatic and consular services of the State Department.

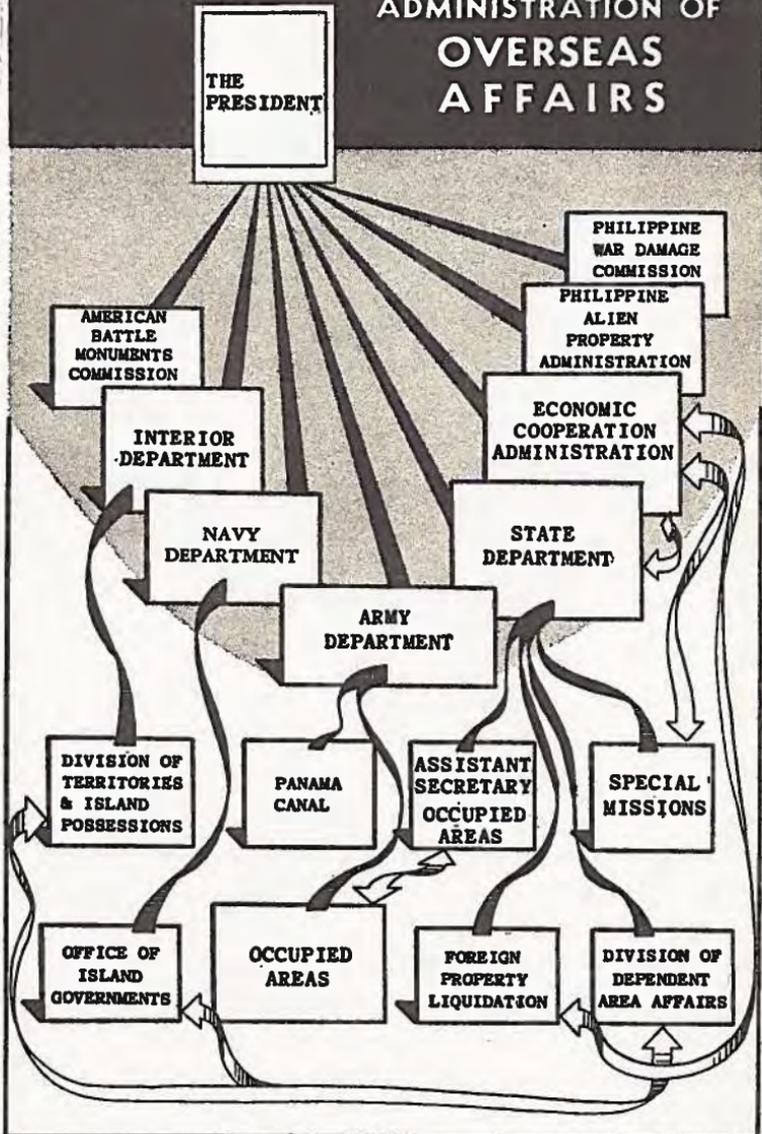
The Administrator would have a rank similar to that enjoyed by the Economic Cooperation Administrator and would bear the same relationship to the Secretary of State in matters involving foreign policy as is presently provided for in the statute setting up the Economic Cooperation Administration.

The new Administration would include the following activities and agencies:

- a.* OCCUPIED AREAS—Germany, Austria, Japan, and Korea.
- b.* EUROPEAN RECOVERY PROGRAM.
- c.* SPECIAL MISSIONS—Greece and Turkey.
- d.* TRUST TERRITORIES—Carolines, Marshalls, and Marianas.
- e.* NON-SELF-GOVERNING TERRITORIES—Guam and Samoa.
- f.* SELF-GOVERNING TERRITORIES—Alaska, Hawaii, Puerto Rico, and the Virgin Islands.
- g.* OFFICE OF FOREIGN LIQUIDATION.
- h.* AMERICAN BATTLE MONUMENTS COMMISSION.
- i.* PHILIPPINE WAR DAMAGE COMMISSION.
- j.* PHILIPPINE ALIEN PROPERTY ADMINISTRATION.

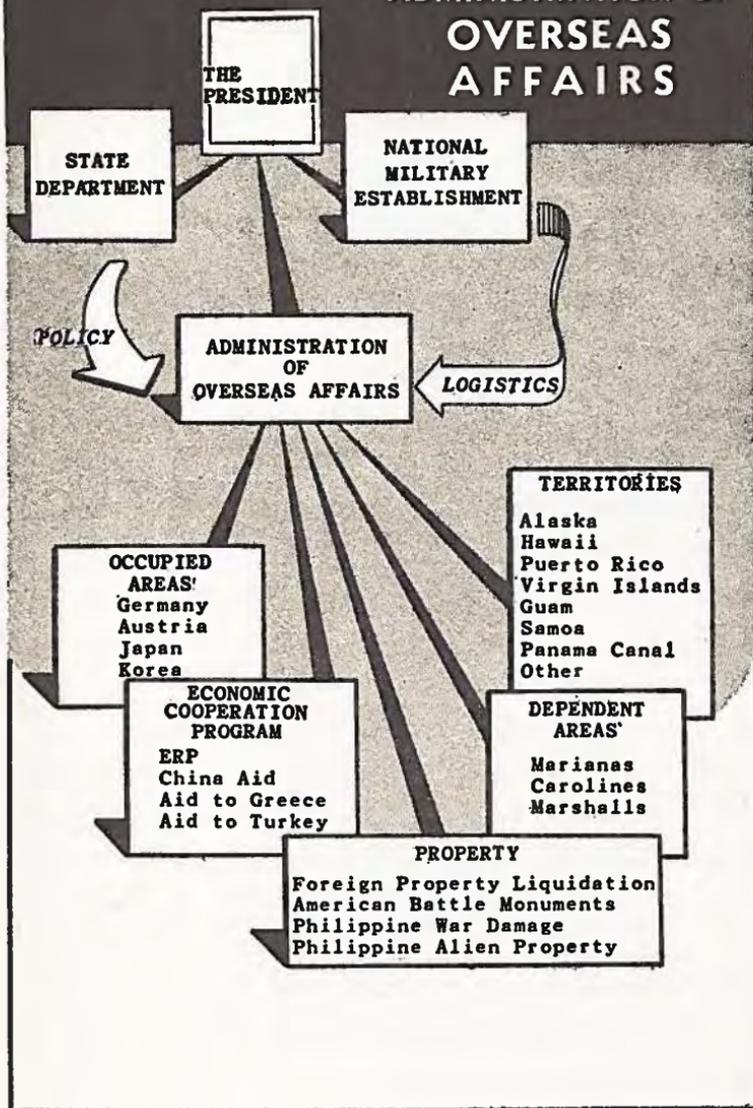
PRESENT

ADMINISTRATION OF OVERSEAS AFFAIRS



SUGGESTED

ADMINISTRATION OF OVERSEAS AFFAIRS



The creation of such a unified Administration of Overseas Affairs would resolve a number of difficulties which seem impossible of solution at the present time.

It would simplify the problem of achieving unified policy control since it would place these foreign activities, now administered separately, under one responsible head.

It would make possible the development of a corps of career men trained for foreign administration as distinguished from training for the Foreign Diplomatic Service.

As we have seen, the lack of such a corps in the past has required our dependence either upon untrained people or personnel with military experience. To the extent that we have been dependent upon such training our administrative competency has suffered. The creation of such an Administration would not only have the advantage of bringing together all foreign administrative problems into one agency, but it would facilitate the transfer of personnel from one foreign activity to another, thus making possible a variety of valuable experience in foreign administration which will serve us well both in time of war and in time of peace.

The consolidation would reduce the total number of agencies in the Government and the number reporting directly to the President. It would remove the administration of occupied areas from the Department of the Army and provide a proper place for the administration of island possessions now under naval control; and for territories now administered by the Department of the Interior, which are unrelated to its other activities.

Although the Commission believes that the alternatives suggested are reasonable and in varying degrees provide answers to many of our troublesome problems in overseas administration, we are making no definite recommendation for reorganization since we feel that this complicated problem requires further detailed study before any definite conclusions can be reached as to the most effective organizational arrangement.

Recommendation

The Commission, therefore, recommends that the Congress direct a comprehensive study to be made of the entire problem of overseas operation and administration.³

The Security Council would seem to be a logical agency for such a study since it is concerned with both defense and foreign affairs and is now considering some of the organizational problems related to occupied areas.

³ **FURTHER VIEWS:** Chairman Herbert Hoover and Commissioners James K. Pollock and George H. Mead would go further and recommend that an Administration of Overseas Affairs, as presented in the last alternative, should be established now.

HERBERT HOOVER
Chairman
JAMES K. POLLOCK
GEORGE H. MEAD
Commissioners

Related Task Force Memorandum

Submitted separately to the Congress in typescript is the task force memorandum covering a portion of the problem dealing with Territories and Dependencies.

Acknowledgment

The Commission expresses its appreciation to the following personnel of the task force:

RUPERT EMERSON, professor of government, Harvard University, and former director, Division of Territories and Island Possessions, Department of the Interior.

BENJAMIN RIVLIN, research assistant.

Federal-State Relations

*A report to the Congress by the Commission on
Organization of the Executive Branch of
the Government, March 1949*

The Commission on Organization of The
Executive Branch of the Government

HERBERT HOOVER, *Chairman*

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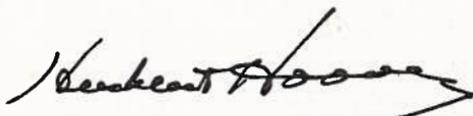
WASHINGTON, D. C.

25 March 1949.

DEAR SIRs: In accordance with Public Law 162, Eightieth Congress, approved July 7, 1947, the Commission on Organization of the Executive Branch of the Government submits herewith its report on Federal-State Relations and, separately in typescript, Volumes 1, 2, 3, and 4 of the task force report in this field.

The Commission wishes to express its appreciation for the work of its task force and for the cooperation of officials of departments and agencies concerned.

Respectfully,

A handwritten signature in cursive script, appearing to read "Herbert Hoover", with a long, sweeping underline that extends to the right.

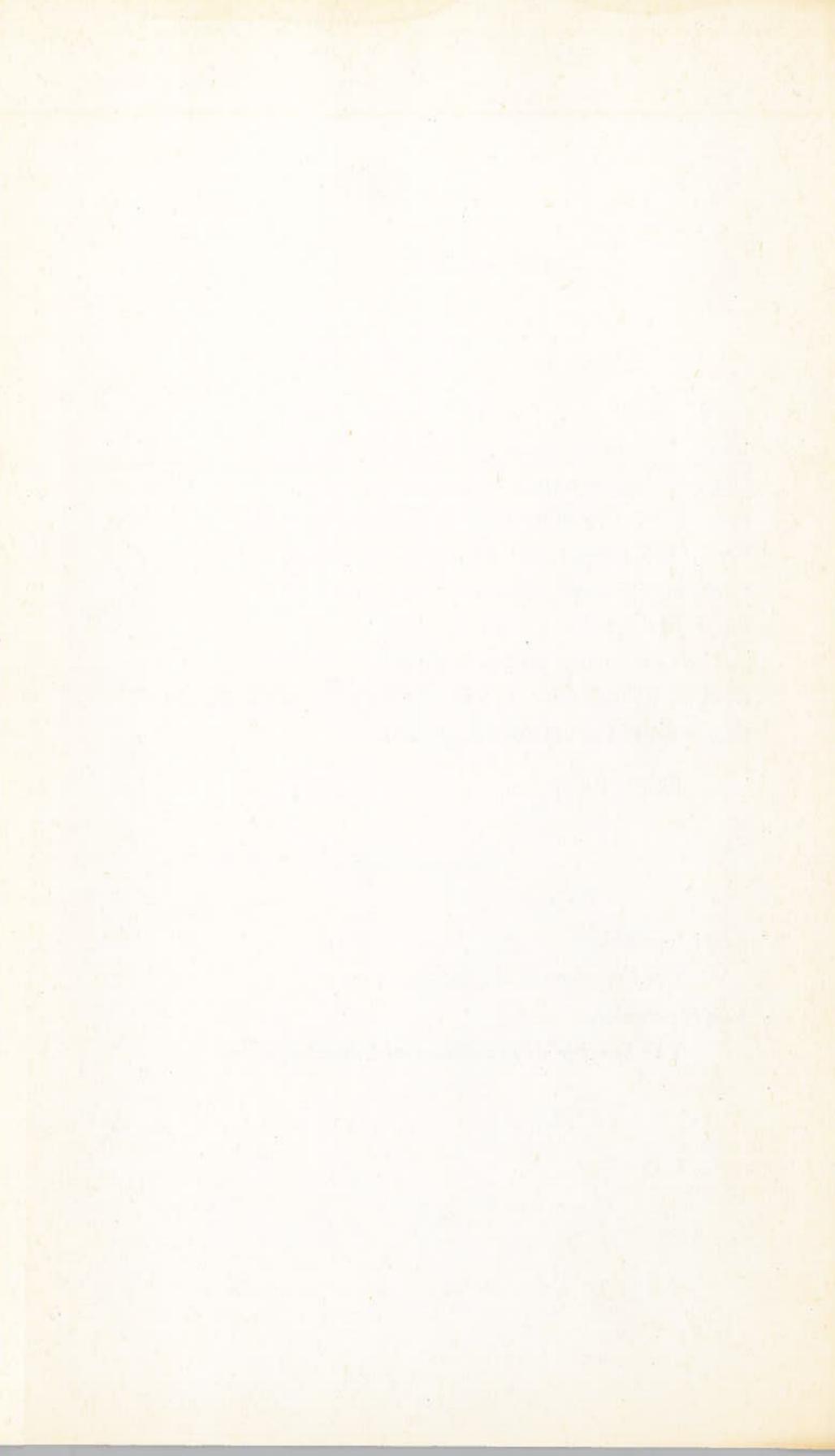
Chairman.

The Honorable

The President of the Senate

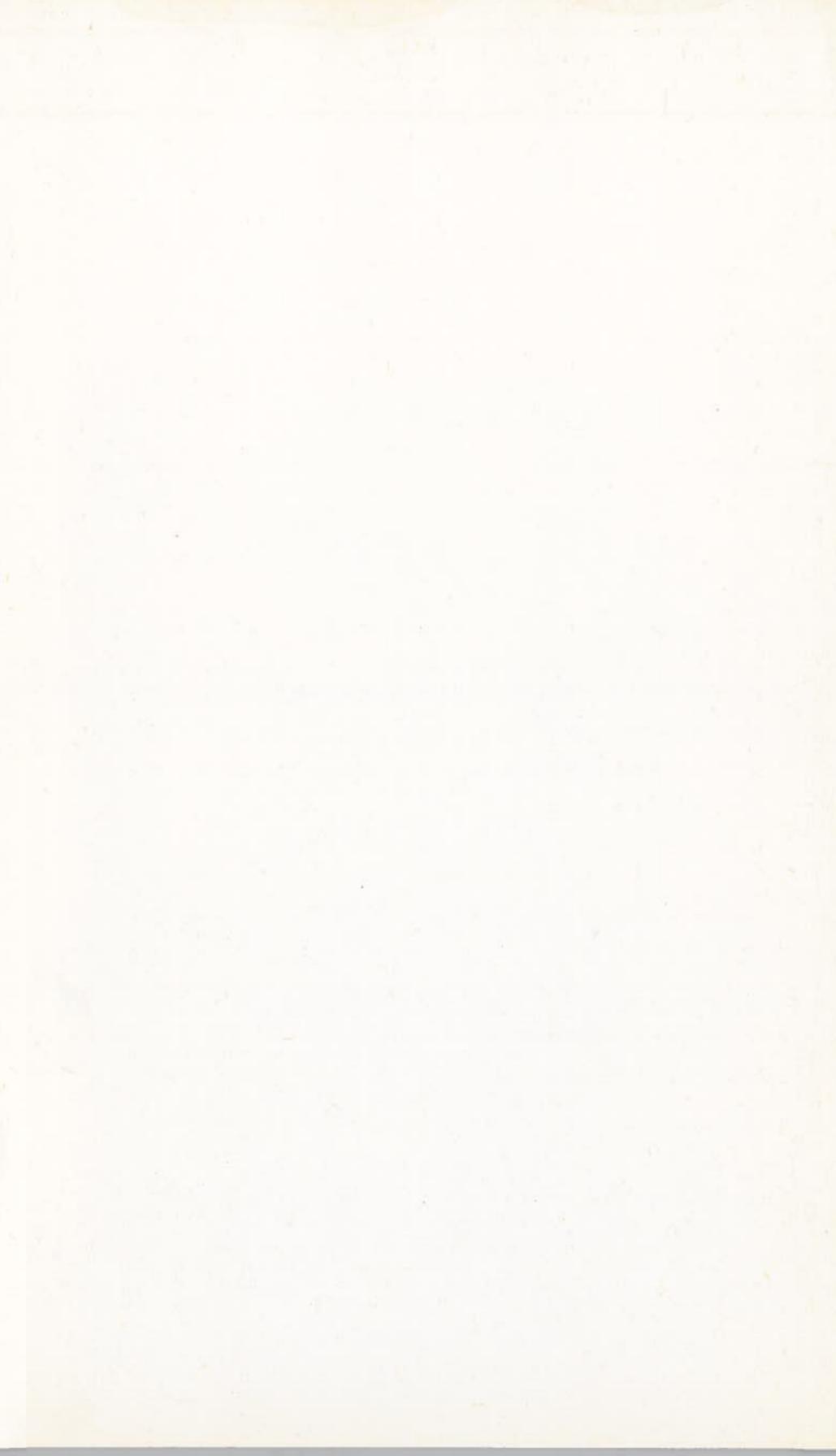
The Honorable

The Speaker of the House of Representatives



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I. The Problem¹

Federal-State relations is the cardinal question of our Federal system of government. It is not a question that can be resolved once for all time. Emphasis shifts from generation to generation as the American people fashion their government to meet the needs of changing times and changing conditions.

Prior to 1900, the question was largely a legal problem. Since that time, it has become increasingly an economic problem.

Our Government today is very different in structure and in operation from that envisioned by the founding fathers. From a number of small semi-autonomous agricultural States, we have become a highly industrialized far-flung nation. We have become a world power with interests and responsibilities throughout the globe.

As we have grown as a nation, so have we grown as independent States; and government today—all of our governments—is a large social and economic mechanism designed to serve and operate for the welfare of the people.

¹ **DISSENT:** This report seems to us to exceed the jurisdiction of a Commission created to make recommendations regarding the organization of the Executive Branch. Both the report and the recommendations contained in it have little to do with the organization or even the functions of the executive machinery of the Federal Government. They are concerned chiefly with taxation, grants-in-aid, and other matters primarily in the realm of legislative policy. As a consequence, we are unable to join in this report or to express any view as to the merits of the conclusions of the majority of the Commission.

DEAN ACHESON
Vice Chairman

JAMES FORRESTAL
Commissioner

As this development has taken place, two problems have been cast in bold relief:

1. How can the American type of democracy—a democracy based on individual liberty and extensive citizen participation in and control of government—be maintained and strengthened?
2. At the same time, how shall government provide the services which people increasingly demand and which are necessary for the general welfare?

These are not problems which can be solved by the States acting alone; nor can they be solved by the National Government without reference to the States. Their solution requires cooperation and teamwork on the part of the States and the National Government, with understanding and support from the people at large.

II. The Development of Federal-State Relations

In 1913, total expenditures of the National Government were approximately \$700 million, an amount which represented about one-quarter of the aggregate cost of all levels of governments in this country. Then, to a very large extent, local, State, and Federal governments established, financed, and administered their own activities.

In that same year, the National Government entered the field of income taxation on a permanent basis, thus providing the central Government with a revenue potential of great magnitude.

Almost concurrently—in 1914—we embarked upon the first large-scale, continuing cooperative project, the agricultural extension program. The pattern established for this program has been widely followed in the development of highway, vocational education and rehabilitation, public health, hospital, social security, and similar programs until today there are few major public services which are not financed and administered to some extent on a Federal-State cooperative basis.

In effect, the National Government found not only a major source of revenue, but a field of expenditure commensurate with a broadened tax base was developed. The conjoining of these two forces carried important implications for the future of Federal-State relations.

The rapidly increasing demands upon government—growing out of the development of our industrial society, out of two world wars, and a major depression—have expanded and extended public services and governmental activities far beyond those contemplated a short generation ago; and the cost of all government—Federal, State, and local—has increased from approximately \$3 billion per year in 1913 to about \$55 billion in 1948.

The necessity for meeting public needs and the search for revenue to meet such needs are basic to the present-day problem of Federal-State relations. We have attempted to solve this problem by the development of an extensive program of so-called grants-in-aid, and this development has had a profound effect upon our tax, fiscal, and governmental structures.

III. Grants-in-Aid

“Grants-in-aid” is a term used to define a method of operation whereby funds derived from a tax levied and collected by one level of government are made available for expenditure and administration by another level, usually upon a matching basis, for some particular activity, and in accordance with definite and specific standards and requirements.

The grant-in-aid method is used extensively by both the State, with its political subdivisions, and by the Federal Government, with the States. Today, approximately 40 percent of all funds expended by local governments, and approximately 15 percent of all funds expended by State governments, are derived from grants-in-aid; and this trend toward using grants-in-aid for supporting public services is definitely on the increase.

Grants-in-aid are a part of the warp and woof of present-day government; but they cannot be considered separately from our tax and fiscal problems, nor from our Government plan and structure.

What are the assets and liabilities of this grant-in-aid method which is so large a part of the whole question of Federal-State relations?

ASSETS

a. The cooperative system based on grants-in-aid has provided needed standards of public services throughout the country in many fields—services that many States would be unable to supply. It has provided for some redistribution of resources from States that have superior means to those that lack them.

b. The plan has developed a division of responsibility: the National Government giving financial aid and establishing broad standards—the State governments sharing the fiscal burden and maintaining primary responsibility for administration. In addition to decreasing inequalities of service, the grant-in-aid method has raised the level of all aided services, without transferring functions entirely to the National Government.

c. The grant-in-aid method, in fact, has added to and expanded the activities of State governments by contributing to their resources and thereby enabling them to embark upon additional or more extensive public-service programs for their own people.

d. It has stimulated States and localities to provide a number of public services deemed necessary and desirable in the national interest.

e. The cooperative method has improved the administration of many State activities. National administrative standards, as in highway and welfare programs, and national ad-

vice, as in police work, have done much to increase the professional skill and effectiveness of State administrators.

LIABILITIES

a. Grant programs are unrelated; they are uncoordinated; and they have developed in a haphazard manner without any one agency—Federal or State—concerned with the over-all impact and the over-all effects of grants-in-aid upon the general operations of government.

b. The grant-in-aid method has removed large areas of discretionary power from the hands of State officials and has transferred a measurable degree of policy-making and ultimate responsibility and control for public services to the National Government.

c. Grants-in-aid have altered State service patterns and total State programs. Available Federal funds for matching purposes stimulate or “persuade” the States in many instances to expend large sums for an aided program while, of necessity, other needed services are neglected. The public assistance program as contrasted with the general relief program is one among many examples.

d. In order to provide funds for grants-in-aid, and to adjust to war and depression, the national system of taxation has been expanded until we have extensive overlapping and conflicts on the part of Federal, State, and local governments. Of greater importance to State and local governments, the

national need for revenue has caused the Congress in some instances to utilize productive tax sources that could be used just as effectively by State or local governments. In this manner, the circle widens. Under pressure to meet needs, Congress appropriates more for grants. In order to secure necessary revenues, the national tax base is expanded which makes it more difficult for State and local governments to secure their own revenue, and hence stimulates pressure from more and more groups for more and more grants.

e. Federal grants-in-aid retard and repress the initiative of the States in financing the growing needs of State and local government, because such grants frequently result in rewarding those States which avoid their responsibility and in penalizing those which accept it.

IV. Effect Upon Executive Branch of Government

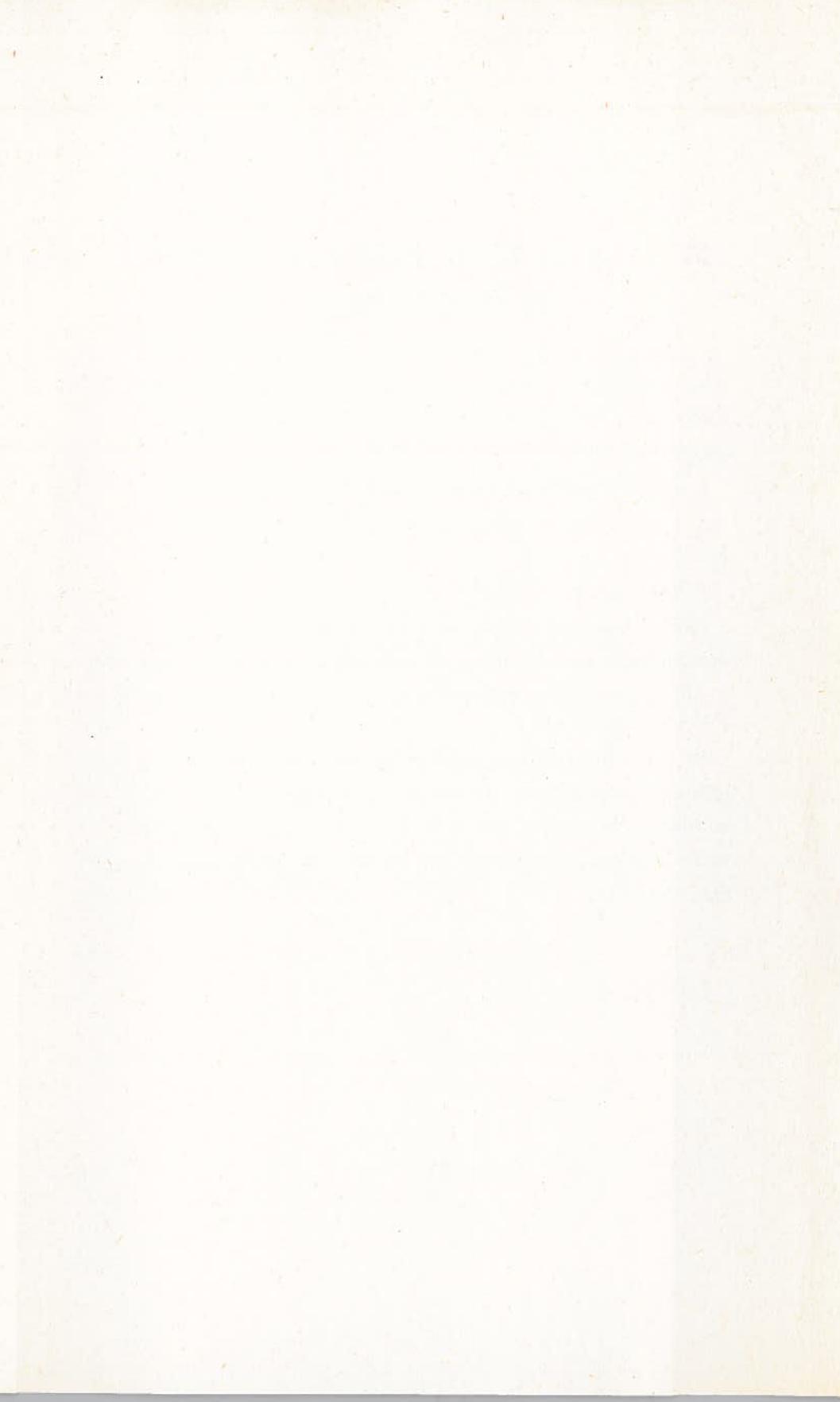
The development of cooperative government, based largely upon grants-in-aid, has had a far-reaching effect upon the executive branch.

It has enlarged the executive branch, requiring great expansion in many departments and the establishment of new administrative agencies.

It has increased national taxes.

And it has been responsible to some extent for the rapid development and extension of that fourth area of Government, known as the "regional area," serviced in large part by Federal regional offices.

Whether measured in terms of organizational set-up, personnel, or expenditures, a very large part of the executive and administrative task of the Federal Government is concerned with problems, functions, and services involving Federal-State relations.



V. Recommendations

Recommendation No. 1

We recommend that the functions and activities of government be appraised to determine which can be most advantageously operated by the various levels of government, and which require joint policy making, financing, and administration.

Recommendation No. 2

We recommend that our tax systems—National, State, and local—be generally revised and that, in this revision, every possible effort be made to leave to the localities and the States adequate resources from which to raise revenue to meet the duties and responsibilities of local and State governments.

Many tax sources are exploited by both States and the Federal Government, and today there is even a triplication of taxation in the matter of incomes since many cities are now resorting to income taxes to meet their expenditures. The whole problem of duplicating and triplicating taxation is most difficult to resolve. But it is to be hoped that the Joint Committee of the Congress and the Governors' Conference will continue to explore the question of overlapping taxes.

Recommendation No. 3

We recommend that all grants-in-aid which are given to State governments directly be budgeted and administered on the Federal and State levels as are other Federal and State funds.

Recommendation No. 4

We recommend that the grant-in-aid plan and program be clarified and systematized.

A system of grants should be established, based upon broad categories—such as highways, education, public assistance, and public health—as contrasted with the present system of extensive fragmentation. There are now at least 3 separate and distinct grants in the realm of education, at least 3 in public assistance, and 10 in public health. Grants for broader categories would do much to overcome the lack of balance now readily apparent.

Recommendation No. 5

We recommend, in order to accomplish all of these things in an adequate and orderly manner, that a continuing agency on Federal-State relations be created with primary responsibility for study, information, and guidance in the field of Federal-State relations.

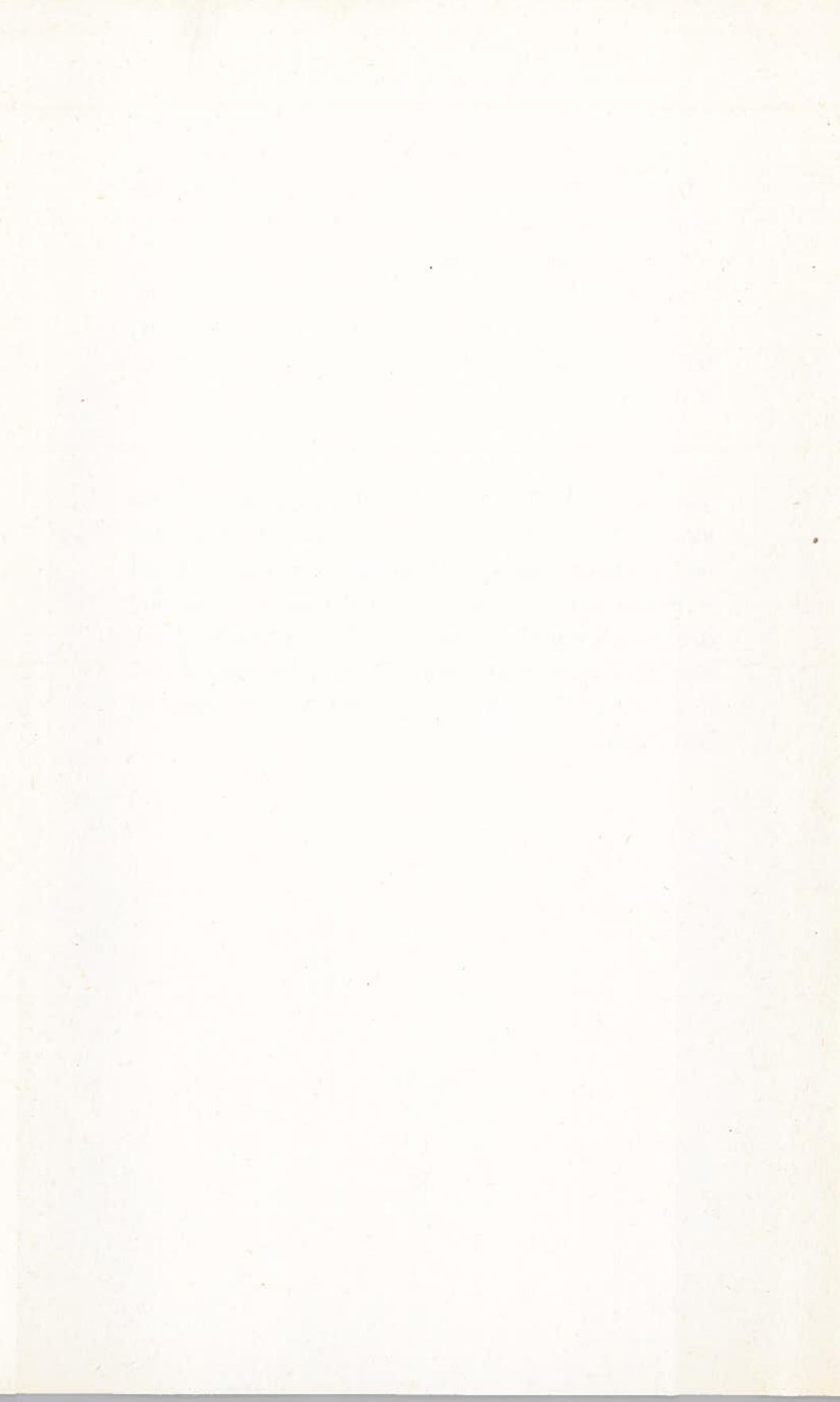
In cooperation with the Office of the Budget, this agency should develop a unified system of budgetary and fiscal control over the operation of all grants-in-aid.

It should make available to the Congress data and information pertaining to the problem as a whole, as well as the many and various divisions and parts thereof.

And it should be an agency which, on a continuing basis, would appraise our public needs, our resources, and ways and means for adjusting the one to the other in the interest of the American people.

* * *

The question of Federal-State relations, and the problems incident thereto, is a most important part of our governmental structure and our governmental operation. It should be studied and appraised in its over-all aspects carefully and continuously if public services are to be adequately rendered, if public administration is to be efficient and economical, and if we are to maintain a strong, vital, Federal system of government.



Related Task Force Report

The Commission is submitting in typescript volumes 1, 2, 3, and 4 of its task force report on Federal-State Relations.

Acknowledgment

Chairman

THOMAS JEFFERSON COOLIDGE, chairman of the board, United Fruit Company; Under Secretary of the Treasury, 1934-36.

Committee

JOHN BURTON, director of the budget, State of New York.

WILLIAM ANDERSON, professor, University of Minnesota.

SENATOR HARRY F. BYRD, Virginia.

GOVERNOR FRANK CARLSON, Kansas.

WILLIAM L. CHENERY, publisher, *Colliers Weekly*.

JOHN W. DAVIS, senior partner, Davis, Polk, Wardwell, Sunderland and Kiendl; ambassador to Great Britain, 1918-21; Democratic nominee for President, 1924.

CHARLES A. EDISON, Governor of New Jersey, 1941-44; Assistant Secretary of the Navy, 1939-40; president, Thomas A. Edison Inc.

WILLIAM L. MYERS, dean, Cornell University.

SINCLAIR WEEKS, former Senator from Massachusetts.

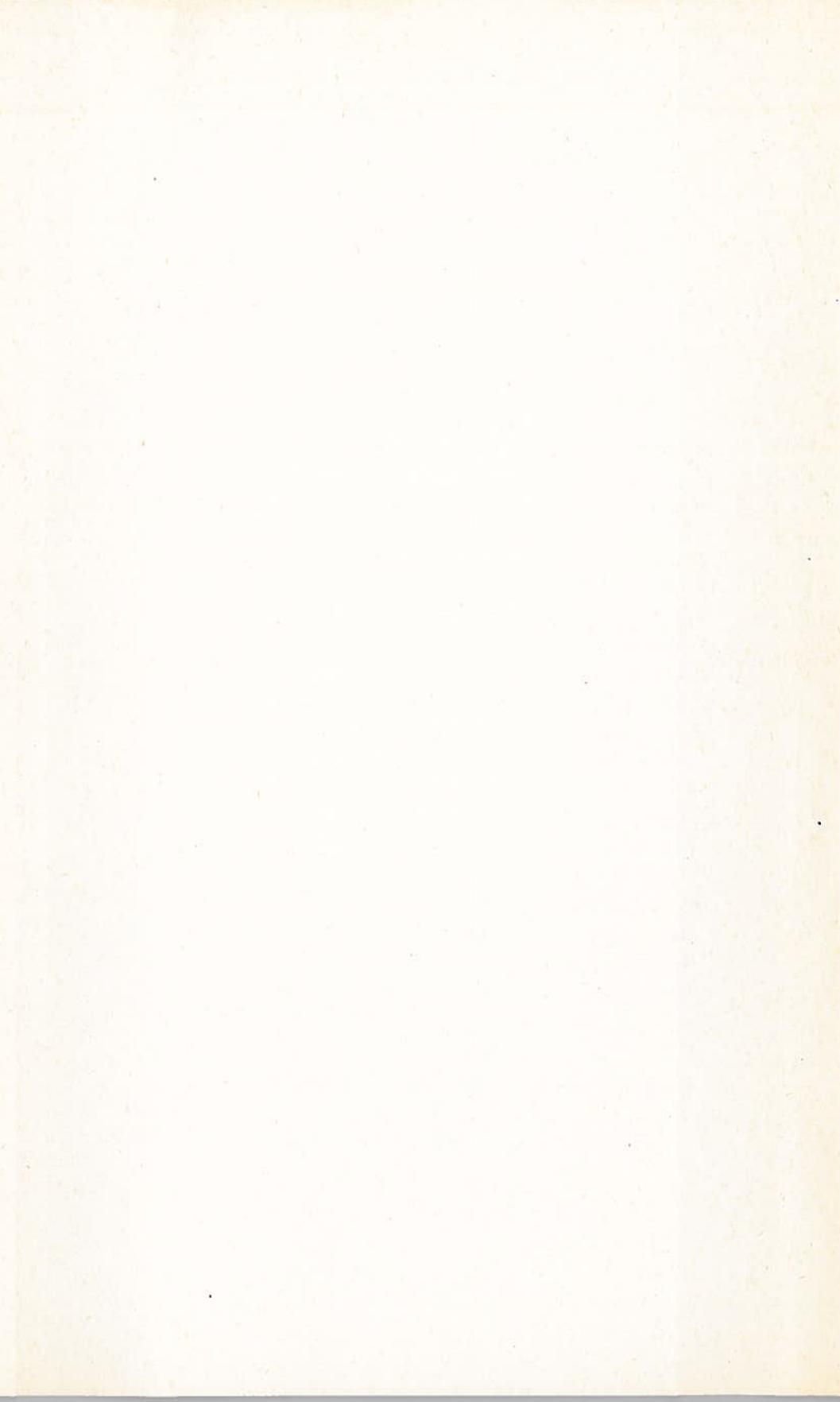
CHARLES STOCKTON, secretary to the committee on Federal-State Relations.

STANFORD SCHEWEL, consultant.

ROSWELL F. MAGILL, consultant; former Under Secretary of the Treasury, partner Cravath, Swaine and Moore.

Project Undertaken by Council of State Governments

FRANK BANE, executive director, Council of State Governments, which contracted to make studies of the problem—project director.



Federal Research

*A report to the Congress by the Commission on
Organization of the Executive Branch of
the Government, March 1949*

**The Commission on Organization of The
Executive Branch of the Government**

HERBERT HOOVER, *Chairman*

DEAN ACHESON, *Vice Chairman*

ARTHUR S. FLEMMING

JAMES FORRESTAL

GEORGE H. MEAD

GEORGE D. AIKEN

JOSEPH P. KENNEDY

JOHN L. MCCLELLAN

JAMES K. POLLOCK

CLARENCE J. BROWN

CARTER MANASCO

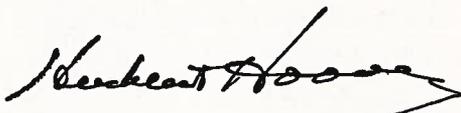
JAMES H. ROWE, JR.

Letter of Transmittal

WASHINGTON, D. C.,
25 March 1949.

DEAR SIRs: In accordance with Public Law 162, Eightieth Congress, approved July 7, 1947, the Commission on Organization of the Executive Branch of the Government submits herewith its report on Federal Research. There is no task force report in the field of Federal research.

Respectfully,



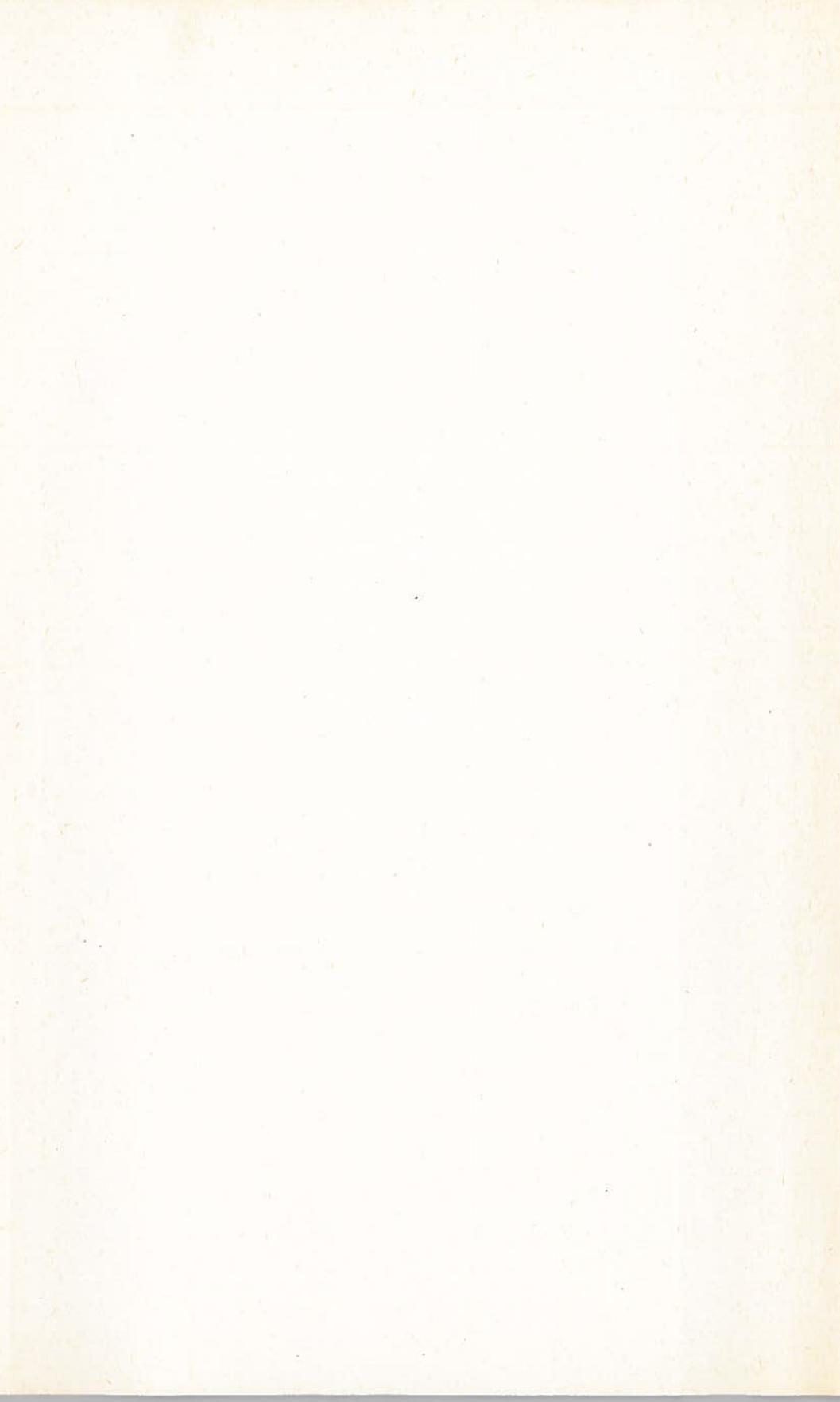
Herbert Hoover
Chairman.

The Honorable

The President of the Senate

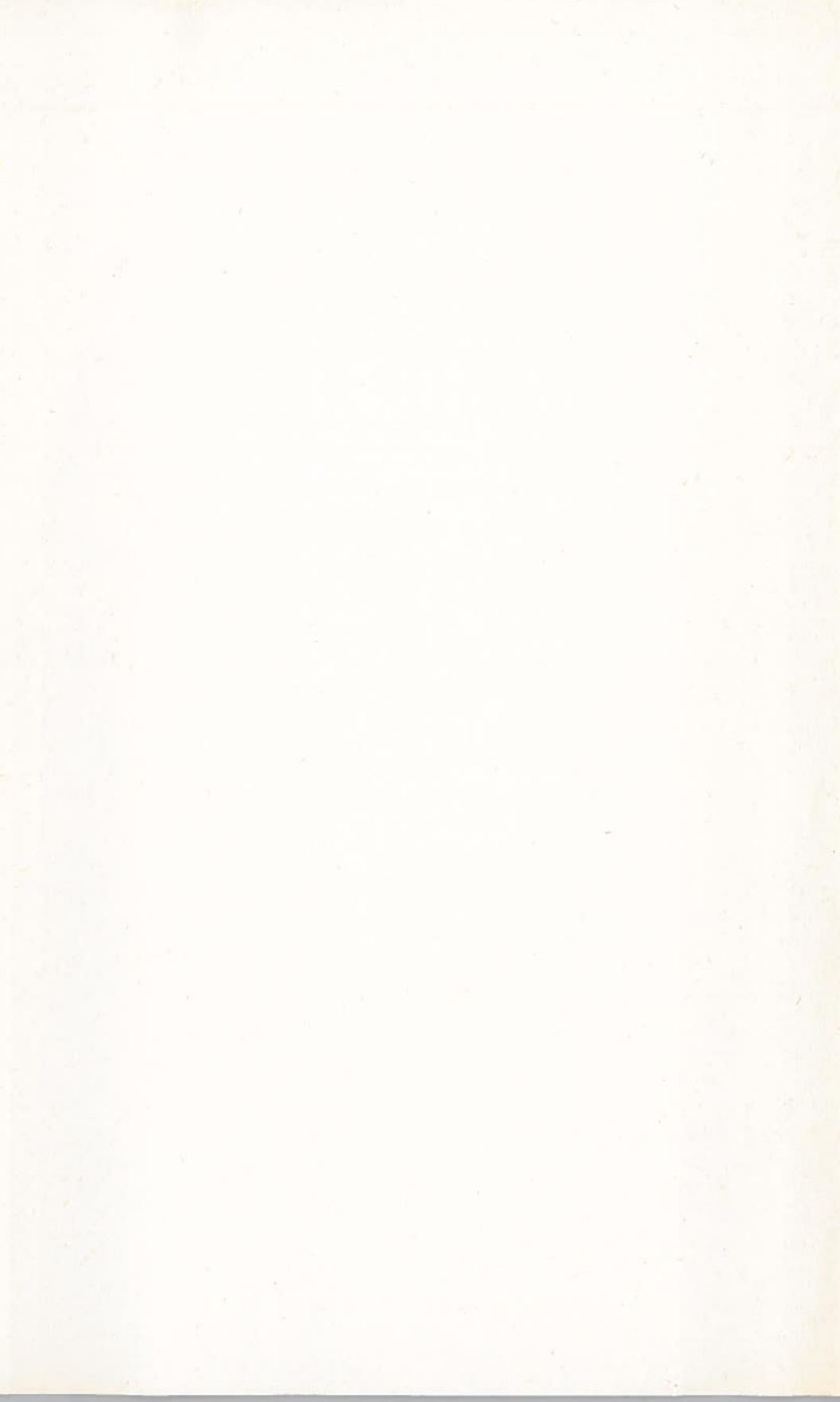
The Honorable

The Speaker of the House of Representatives



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Federal Research

The Federal Government is now engaged in a wide range of research activities involving tremendous expenditures of funds. In 1947, total Federal expenditures for research, excluding atomic energy, amounted to \$625,000,000.

This Commission, while recognizing that effective planning and coordination of research undertakings is of major importance, has not endeavored to make an independent study of organization for research in the Federal Government. This decision was based primarily on a realization that the main aspects of the problem had been recently investigated and reported on by the President's Scientific Research Board.

Nevertheless, the Commission does wish to call attention to the major issues in this field, pointing out progress which has already been achieved and further steps which should be taken.

Intradepartmental Research

The report of the Scientific Research Board makes it plain that a satisfactorily coordinated research program for the National Government has not yet been realized. To be effective, an organization which will facilitate the development of research policy for the Government as a whole must have roots in each department with major research responsi-

bilities. Every Federal agency with an extensive research program should have a staff organization, reporting to the agency head, for developing general research policy.

A number of such staff groups is now in operation. These groups include the Agricultural Research Administration, the Office of Naval Research, the Office of Research Planning of the Public Health Service, and the Research and Development Division of the Department of the Army's General Staff. While the authority, responsibility, and organizational status of these groups vary widely, they do have a number of common basic characteristics. Each is responsible to the agency head. Each maintains records of research projects conducted by all units of the agency served. Each advises the agency head on such matters of research policy as the fields in which research should be expanded or contracted, and whether research should be undertaken directly by the Federal Government or by non-Federal agencies under a grant or contract, and similar matters.

Over-all Coordination Needed

Effort along these lines within individual agencies is not enough. There is need for an organization to facilitate the development of research policy for the Federal Government as a whole. This was recognized in the report of the President's Scientific Research Board. That Board recommended, as a first step, the establishment of an interdepartmental Committee on Scientific Research and Development.

Such a committee was created by Executive order in December 1947. It was directed to further the most effective administration of scientific research and development activities in the Federal Government, and was authorized to submit recommendations on research policy and administration directly to the President.

The full potentialities of this committee have not been realized since its members have not as yet attacked major problems of research policy for the Federal Government as a whole. This may be due in part to lack of staff and funds.

Creation of a National Science Foundation

An interdepartmental committee working alone and without staff is seriously limited in achieving adequate coordination and in developing over-all plans to completion. This points to the need for a National Science Foundation. The major functions of such a foundation should be (*a*) to examine the total scientific research effort of the Nation, (*b*) to assess the proper role of the Federal Government in this effort, (*c*) to evaluate the division of research effort among the scientific disciplines and among fields of applied research, and (*d*) to evaluate the key factors that impede the development of an effective national research effort. Based upon its investigations, it should advise the President as to the measures necessary to establish a sound scientific research program for the Nation.

In addition, the Foundation should be given appropriations for the support of basic research and for research fellowships in fields not adequately covered by the research grants and fellowships of other Federal Government agencies. The Foundation might administer the grant and fellowship programs for which it has received funds, or delegate administration to other Federal agencies. In addition, it should advise the President as to the proper balance among research grant and fellowship programs supported by appropriations given to other Federal agencies, and as to major policies that should govern the administration of these programs.

The National Science Foundation should consider most carefully the manner in which national policies with respect to scientific research are related to broader questions of educational policy. At present grants for research purposes are being made on a hit-and-miss basis, making the award of research grants, in effect, a new form of patronage. The awarding of research grants must be put upon a more systematic basis, with due recognition given to their impact on the educational programs of our higher institutions of learning.

Recommendation

The Commission recommends that:

- a.* Authority be granted to the President to coordinate research, and to strengthen interdepartmental committee organization for this purpose.
- b.* A National Science Foundation be established.



