

Extra
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One of my early memories is of seeing Maud Adams in L'Aiglon by Rostand and after all these years I recall vividly the young King of Rome playing with Napoleon's armies of lead soldiers. History shows that many great men sought relaxation with toys and toy soldiers were favorites. Napoleon enjoyed forming and reforming these armies, setting up and knocking down these puppets. The late President Roosevelt played with Government Bureaus in the same way.

I have used the term Bureau in its broadest sense as "a division of an executive branch of government, headed by an official responsible to a still higher authority". Included are:

Administrations	Commissions	Divisions
Agencies	Committees	Offices
Authorities	Councils	Services
Boards	Departments	Units

On March 4, 1933 when Mr. Roosevelt was first inaugurated there were 173 Bureaus in the Executive Branch of our Government. Of this number 154 had been created by an Act of Congress, 2 by Executive Order and 17 by Departmental order. On December 1, 1943 only 66 of these Agencies remained in approximately the original form. There were however 157 new Bureaus of which 121 had been created by Executive Order. It is well to note that from this study I have omitted some of the more stable Departments including The State, Treasury, Navy, War, Justice and Post Office Departments and their subdivisions.

It used to be possible to show the organization of our Government on a simple chart. However, by 1939 changes had

become so numerous and the organization so complex that the U. S. Government Manual was published as a loose-leaf notebook. Even this supposedly flexible system could not keep up with the changes and the Manual is now a book issued twice a year. This publication is already nine months behind in listing the 1141 departments, agencies, divisions, and other component parts of the present Government.

This fact is easily understood when we realize that in the 10 year period covered above Mr. Roosevelt made 464 major changes in Bureaus by Executive Order and 92 changes were made by Departmental Order usually under direction of the President.

Some of these Bureaus are needed, and each one has its partisans. However, this multiplicity of Bureaus must have certain attendant drawbacks. Senator Harry Flood Byrd, Chairman of the "Joint Committee on Reduction of Nonessential Federal Expenditures" refers to the United States Government as "the chief hoarder of manpower in this country". At present there are 3,372,710 civil service civilian employees and, in spite of the efforts of Congress, this number is increasing.

After reaching a peak of 917,760 employees on November 11, 1918, during World War I, this number was rapidly reduced to about 550,000 men and women. These employees were able to handle the government for 15 years or until the day Mr. Roosevelt was inaugurated. An added 100,000 were on the payrolls within a year after this date. By August 1939 the number of Federal Employees exceeded a million. In other words, it took more men to run the country in peace times under the New Deal than

it had required during a major war. Just before war was declared in 1941, the so called business of government was occupying $1\frac{1}{2}$ millions of our citizens. With the war as an excuse or an explanation, it is easy to guess what has happened to the personnel of our Bureaus. In November 1944 the number of civilians employed in the Executive Branch of our Federal Government was 3,296,933 or over $3\frac{1}{2}$ times as many as had been employed during war times twenty-six years before. In the last World War the ratio was one civilian government employee to five soldiers--today the figures are one to $2\frac{1}{2}$ soldiers.

In an effort to check this growth, Congress created the "Committee on Reduction of Nonessential Federal Expenditures", already mentioned. Their job has been a hard one in the face of complete lack of cooperation from the Chief Executive down. I should like to quote from a recent speech by Senator Byrd, referring to the over 3 million men now employed by the Federal Government:

"Out of this number, at desks in Washington and scattered throughout every State in the Union, there are 300,000 men and women in jobs created artificially. They draw approximately \$700,000,000 in Government pay each year. These nonessential employees serve no useful purpose and should be dismissed at once. In addition, if the war in Europe ends by the time this article appears, another 500,000 Government employees can and should be demobilized to save taxpayers' money and release needed manpower."

Referring to the efforts of his Committee, Senator Byrd made the following statement:

"While no power could instantly stop Government hiring, gradually the force of public opinion was felt in the bureaus, and by July 1943, the total Federal civilian employment actually dropped. At the end of the year the trend definitely was down. However, the effect was only temporary.

"In January 1944, Government officials evidently decided the general public had forgotten about waste of manpower. They started again to build up their pay rolls. In the first 7 months of 1944, while war plants and other employers were short handed, the Government increased its total employment by nearly 70,000, reaching a record peak of 3,366,780 in July 1944--surpassing by 17,502 the high-water mark reached during 1943, the highest Federal civilian employment figure in the history of the Nation."

Senator Byrd quotes a letter from War Manpower Commissioner McNutt as follows:

"In the field of maximum utilization of manpower in the Federal service, I rely upon the United States Civil Service Commission.-----The Commission will be glad to give you full details of their work and achievements in this field."

Senator Byrd continues:

"Since a year ago last October I have been waiting for the Civil Service Commission to make the move that will force one bureau of the Federal Government, which is composed of more than 1,100 component parts, to disband. To date I can find no record of any such action.

"Instead, with no protest, the Civil Service Commission has continued to recruit intensively all over the United States, filling the orders from bureaus for more and more employees. It does so in competition with industrial employers. In 12 months, while War Manpower Commission rulings were crippling and destroying the business of many so-called nonessential firms by denying them workers, even the Civil Service Commission increased its staff from 6,356 in May 1943 to 7,736 in May 1944."

It may appear remarkable that the roll of Federal Employment can be maintained at well over 3,000,000 at a time when every civilian employer is struggling to maintain a much reduced force of salaried employees. The answer is simple, Uncle Sam has found a way to circumvent the salary freeze order. In August 1941 the average Federal employee received \$1800 a year; in June 1943 this average was \$2544 exclusive of overtime. This was accomplished mainly by "between grade" promotions.

"During a 6-month period from December 1942 to May 1943, it was found that in the entire classi-

fied service 20.7 percent of the employees received at least one full grade promotion.

-----However, 4 agencies show a grade-promotion rate above 40 percent, and 13 at or above 30 percent."

A business that tried this system would soon be in trouble not only with the Government but with the banks. Yet the Federal payroll continues to soar above 7½ billion dollars annually.

When we consider the personnel of these Bureaus particularly among the policy making group, we have reason to be worried. Perhaps we should not expect too much in view of the stated reasons given for some of the more important appointments. In connection with the nomination of Henry Wallace as Secretary of Commerce, I quote from President Roosevelt's letter to Jones:

"Henry Wallace deserves almost any service which he believes he can satisfactorily perform. I told him this at the end of the campaign in which he displayed the utmost devotion to our cause-----".

Wallace was, of course, confirmed with reservations, thus bringing the number of jobs he had held under the New Deal to 128.

Our contacts with many of the Labor Agencies has convinced us that most of this group fall into three categories.

First, Smart lawyers, who due to race or religeous prejudice or known political leanings have not been able, in civil life, to get jobs in keeping with their skill. The following is a list of 20 trial examiners picked at random from the rolls of the N. L. R. B.:

Irving Rogosin
Peter F. Ward
Sidney L. Feiler
W. P. Webb
Melton Boyd
R. N. Denham
Josef L. Hektoen
Jas. R. Hemingway
Louis Plost
Arthur Leff
Jas. C. Batten

C. W. Whittemore
Horace A. Ruckel
Samuel H. Jaffee
Chas. E. Persons
Henry J. Kent
Louis Libbin
Wm. E. Spencer
Howard Myers
Earl S. Bellman
Chas. W. Schneider

about like this time
Second, physically or mentally handicapped individuals who find their power in controlling others under New Deal Rulings boosts their ego.

And lastly there are the professors, far more dangerous than the others because they are trained to talk and supposedly to think. On those rare occasions when the public has tried to interfere with teaching methods there have been loud complaints, witness the "Monkey Trials" of years ago. However, there are a relatively large group from the teaching profession who think they can run business and these Bureaus present a wonderful opportunity to try. Unfortunately, the moment they take up this work they lose their common sense. I can assure you I shall never again meet a Professor of Economics without a shudder.

One great advantage of a job under the New Deal is that it is almost permanent. It takes an Act of Congress to kill a Government Bureau and even then the personnel is transferred to "the successor agency, without re-examination or loss of civil

service status". And, there is almost always a successor agency.

What happens when Congress actually kills a Bureau?

"Last summer, it will be recalled, Congress abolished the National Resources Planning Board. That was the organization, headed by President Roosevelt's uncle, Frederic A. Delano, which issued the enormous report recommending complete security for everyone from the cradle to the grave. It also was the organization which in Part II of its development report for 1943 outlined a proposal for government planning of our lives which, if it were adopted, would destroy virtually all economic freedom in this country."

Of the 29 full-time key employees of this Board, two are in the armed forces, five have jobs in some sort of "planning" organizations and the other 22 are still on the Federal Payroll.

I have shown how Bureaucracy grows and perpetuates itself and have pointed out the two major dangers in war time through the absorption of manpower and money needed to fight the war. The real danger is, of course, the possible effect of Bureaucracy on our Democratic form of Government.

Because many of these Bureaus are appeasement not adjudicating agencies, it is impossible to find out exactly what are their policies or even their aims. In a recent speech before the National Founders Association, Mr. Gilbert H. Montague of the New York Bar made the following statement:

"Both the National War Labor Board and its predecessor the National Defense Mediation Board have each been called boards, and have each been sedulous to imitate much of the form and language of the decisions of peacetime adjudicating administrative agencies like the National Labor Relations Board, the Federal Trade Commission, the Securities and Exchange Commission, and many other peacetime adjudicating administrative agencies.

"But the resemblance is only superficial, for all these peacetime adjudicating administrative agencies arrive at their decisions by weighing and adjudicating the legal or at least the moral rights involved in the disputes coming before them, while the National Labor Board and its predecessor the National Defense Mediation Board, though rendering decisions that in form and language appear to weigh and adjudicate legal and moral rights, have in fact been chiefly influenced by the economic strength of the disputants before them, and thus have really been appeasement, not adjudicating agencies, exerting all the force of the nation at war to induce employers to yield whatever is needed in order to dissuade employees, especially those affiliated with the American Federation of Labor or the Congress of Industrial Organizations, from

instigating strikes and boycotts that may interfere with the war effort.

"Equal patriotism and mutual forbearance having ceased to be a basis on which any appeal can be addressed to this group, it follows that these rearrangements must be strictly along lines dictated by this group--like the Munich settlement with Hitler in 1938, and the John L. Lewis settlements in 1943--and must be extensive enough to procure the satisfaction and acceptance of this group.

"Being an appeasement, not an adjudicating agency, the National War Labor Board has never at any time had anything to hold on to, and its course of decision has therefore been haphazard, floundering, slippery, and ineffectual, like the frantic struggles of a man sliding down the roof of a barn."

This leads to some amusing, if serious, situations.

In February of this year William H. Davis, Chairman of the War Labor Board, stated that, "There are cases in which the issue or issues in dispute are covered by a definite policy of the W.L.B. well known to the parties". Although we did not know these policies, it sounded as though we might learn something definite about some policies so we wrote Mr. Davis next day. He promptly sent us a mimeographed article, "How the Union can Expedite Its Case Before W.L.B.". This gave no information on policy whatsoever.

The condition in which two Bureaus are striving for conflicting objectives is too familiar to require comment. In one column of the newspaper we find the War Food Administrator calling for "all-out food and feed production" and in the adjacent column the War Mobilization Director announces that agriculture is a "nonessential occupation".

Some of us may wonder how all these Bureaus keep all these men even partly employed. It's easy! It takes some time to "prohibit the sale of bean shooters, and two agencies worked for several months to bring about and then to alleviate the diaper shortage. Each election under the N.L.R.B. costs the taxpayers thousands of dollars. So it is very startling to read of a Union being certified because it received "both of the valid votes cast".

We all were taught that Congress should make the laws-- This is no longer the case. As outlined above, each Agency makes its own rules often on the spur of the moment. No one can be sure just what laws he is trying to obey or how they will be interpreted. The late President set the example. In the 1944 report of the Senate Committee to Review Executive Orders, we find the following, "more than 3,600 Executive Orders have been issued by President Roosevelt alone, some of which have no constitutional or statutory basis."

There always was a feeling of safety in remembering that as a last resort an Industry could appeal to the Courts for justice. That exists no longer. Bureaus now try their own cases and enforce their own rulings:

Let me read a few rulings taken from the Federal Register.

You can see from the above that Government by Bureaucrats leaves industry completely at the mercy of the personnel of the various Government departments. It is well to remember also that the Supreme Court has now ruled that a citizen has no recourse in the courts against a ruling of the War Labor Board.

Let us see how this affects you gentlemen. Every one of you will definitely lose something if the welfare of Lynchburg is impaired and yet there is a definite campaign to bring about this result.

During the early days of the War Labor Board, the Atlanta Regional Board was considered fair to both labor and management. However, since one Lynchburg citizen has become increasingly powerful with this Board, this situation has completely changed. I discussed this particular problem with a prominent industrialist in Birmingham, thinking I could quote to you his opinion of this Board. However, I cannot quote him--his remarks were unprintable.

Bringing the point even closer home, a large manufacturer in Lynchburg was recently the subject of a ruling by this Board granting the Union wage and other concessions far beyond their requests. This sounds fine until you realize that other manufacturers have not been saddled with this same increase in cost. Good as these Government economists think they are, the one law they have not been able to alter is the law of supply and demand. This added cost of production can only have an adverse effect on the financial structure of the Company and possibly force this Company out of business unless relief is obtained in time.

I want to leave one thought with you. This thought is from "The Road to Serfdom" by Friedrich A. Hayek:

"In the democracies at present, many who sincerely hate all of Nazism's manifestations are working for ideals whose realization would lead straight to the abhorred tyranny. Most of the people whose views influence developments are in some measure socialists. They believe that our economic life should be 'consciously directed,' that we should substitute 'economic planning' for the competitive system. Yet is there a greater tragedy imaginable than that, in our endeavor consciously to shape our future in accordance with high ideals, we should in fact unwittingly produce the very opposite of what we have been striving for?"

Mr. Alvanley Johnston, Grand Chief Engineer of the Brotherhood of Locomotive Engineers put the same thought in a simpler form, and I quote him:

"When we come to the full realization that, the more government does for us, the more government demands of us, there will be a marked reduction in the number of regulatory laws, and discontinuance of excessive paternalism."